annual report 2018

ADVANCE SYNERGY BERHAD

Contents

STRATEGIC REPORT

Contents

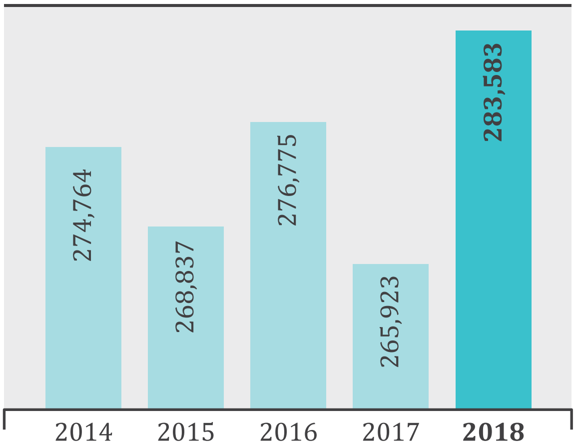
Five-Year Group Financial Highlights

	Year ended 31 December				
	2014 RM'000	**2015 RM'000**	**2016 RM'000**	**2017 RM'000**	**2018 RM'000**
Statements of Comprehensive Income					
Revenue	274,764	268,837	276,775	265,923	283,583
Gross Profit	93,400	93,944	97,476	89,832	83,879
Gross Profit Margin (%)	34.0	34.9	35.2	33.8	29.6
EBITDA	25,995	16,688	21,691	21,841	13,640
Profit/(Loss) before tax	2,630	(842)	7,655	8,360	347
Profit/(Loss) after tax	(2,534)	(7,561)	8,739	3,751	(1,142)
Statements of Financial Position					
Total assets	632,585	630,699	702,274	699,971	725,347
Total liabilities	152,806	151,545	190,784	203,902	238,456
Shareholders' funds	443,281	439,999	447,727	432,856	422,186
Share Information					
Per Ordinary Share					
Earnings/(Loss) per share, basic (sen)	(0.82)	(1.75)	(0.37)	(0.10)	(0.54)
Net assets per share (sen) (Note1)	66.93	66.26	67.42	63.86	45.44
Financial Ratios					
Return on equity (%)	(0.53)	(1.58)	1.71	0.76	(0.23)
Current ratio	2.7 : 1	3.1 : 1	3.5 : 1	2.6 : 1	2.0 : 1
Debt-Equity ratio (Note 2)	0.15 : 1	0.17 : 1	0.20 : 1	0.20 : 1	0.30 : 1

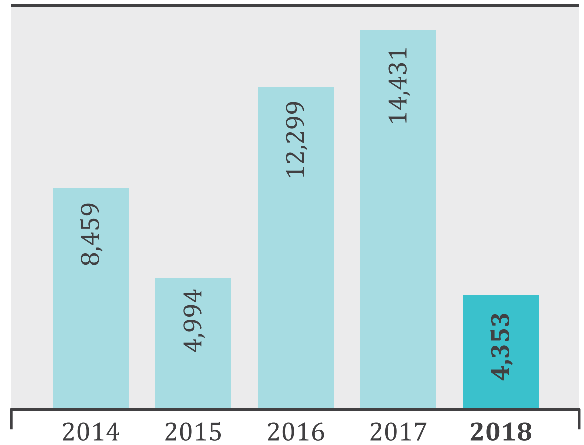
Note 1 : The lower net assets per share for 2018 is mainly due to the increase in the number of ordinary shares of the Company after all outstanding 2% 10- Year Irredeemable Convertible Unsecured Loan Stocks were compulsorily and automatically converted into fully paid new ordinary shares of the Company on 30 January 2018.

Note 2 : Debt comprises current and non-current borrowings.

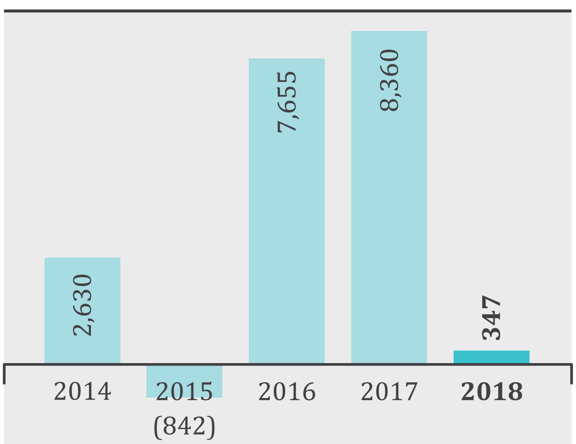
REVENUE
(RM'000)



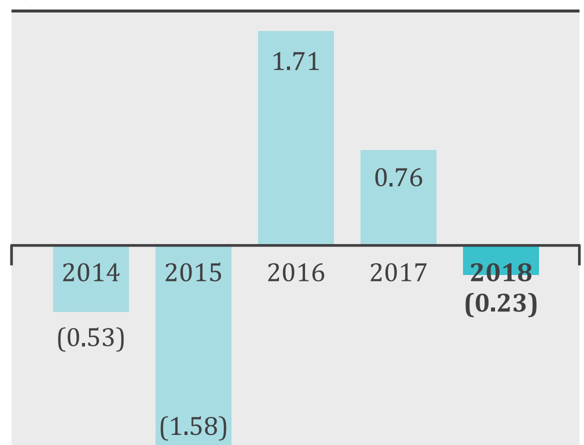
OPERATING PROFIT/(LOSS)
(RM'000)



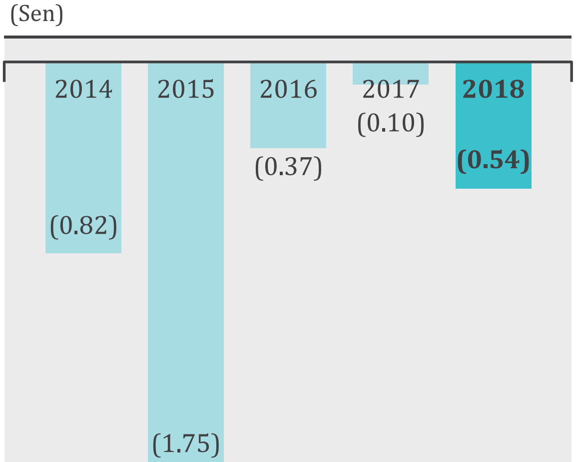
PROFIT/(LOSS) BEFORE TAX
(RM'000)



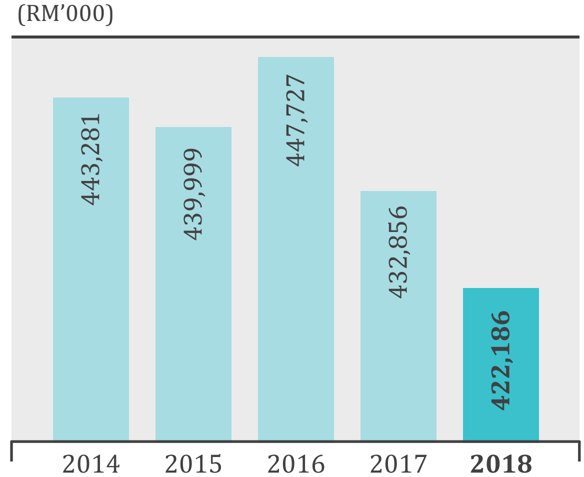
RETURN ON EQUITY
(%)



EARNINGS/(LOSS) PER SHARE
(Sen)



SHAREHOLDERS' FUNDS
(RM'000)



Chairman's Statement

Dear Shareholders

Group results for fiscal 2018 were mixed. Although revenue increased by RM17.7 million to RM283.6 million – a 6.7% increase on the RM265.9 million achieved in fiscal 2017 – gross profit was lower by RM6.0 million. The lower gross margin on revenue contributed to profit before tax, at RM0.3 million for this year.

The information and communications technology ("ICT") and travel & tours divisions were the major contributors to Group revenue, recording turnover of RM94.2 million and RM123.0 million respectively. Compared to the year before, the ICT division improved its turnover results by RM16.8 million and travel & tours revenue was higher by RM10.9 million. Profit before tax increased to RM10.8 million in fiscal 2018 for the ICT division while the travel & tours division recorded a marginally lower result of RM2.0 million compared to the previous year. Continued progress is expected to be made by these two divisions in the coming year to drive further improvement in Group revenue and profitability.

The hospitality division's total revenue for the year was lower at RM54.3 million, reflecting a significantly lower occupancy rate of 51% that had counteracted by the positive effect of higher average room rates achieved during the year. It was yet another challenging year for our hospitality division with numerous adverse developments to address: rising operating costs; a slowdown in government spending which impinged on the performance of hotels operating in Malaysia; and the economic impact of the continued diplomatic crisis in Qatar which significantly affected the performance of Holiday Villa Hotel & Residence Doha City Centre. All these factors contributed to this division's profit before tax decreasing to RM3.4 million this year from the RM15.6 million achieved last year. Fiscal 2019 is expected to be a better year for our hospitality division with Holiday Villa Hotel & Residence Shanghai Jiading being fully operational and contribution starting to be made by other new additions to the division's portfolio of managed and licensed hotels.

Most of the businesses grouped together under our "Others" division did not perform as well as expected in the current year. As a result, revenue for this division decreased to RM10.7 million from RM14.6 million achieved the year before. The card and payment services business was the only one in this division that produced a better result, delivering an improvement in revenue which had in turn, improved its bottom-line performance. During the year, a major restructure and revamp of the bus-body fabrication (formerly coach-building) and education units were carried out while a new roadmap was developed and put into effect for our card and payment services business. Because of the lower revenue achieved and the further restructuring activities during the year, this division recorded a higher loss before tax of RM9.5 million compared to the loss before tax of RM8.6 million last year. I am hopeful, as are management of our Group, that the businesses in this division will show better performance in the year ahead.

Although fiscal 2018 was a difficult year, I am cautiously positive and confident of our Group's prospects for the future. A strong foundation has been laid for the Group following the various restructuring and turnaround plans devised and implemented over recent years. A significant amount of time and effort has also been invested by both the Board and management of the Group to examine and strengthen our governance and sustainability frameworks and processes, all of which will put the Group in good stead not only to weather challenging industry and economic conditions but ultimately to prosper in the long term.

Following the succession planning initiative of 2017, efforts to recruit and further develop a strong team with the right balance of talents, skills and experience to lead and manage the Group's businesses into their next phase of development were persisted in fiscal 2018. This effort will continue in the year ahead.

DIVIDEND

The Board recommends, for shareholders' approval, a single-tier dividend of 0.25 sen per ordinary share, unchanged on the prior year, taking into account the Group's current cash position and future capital expenditure requirements.

Subject to approval by shareholders at the Annual General Meeting to be held on 28 June 2019, the dividend will be paid on 15 August 2019 to shareholders on the record of depositors on 26 July 2019.

APPRECIATION

The Board and I would like to express our appreciation to shareholders, customers and associates for your unwavering confidence, trust and support. To the regulatory authorities, we say thank you for your continued guidance. To the management and staff of the Company and our various divisions whose commitment and dedication have been the source of the Group's commendable performance, the Board and I are most grateful and we look forward to working closely with all of you for a better year ahead.

DATO' AHMAD SEBI BAKAR
Group Chairman

Performance Review

The Group recorded **revenue of RM283.6 million** for fiscal 2018 with profit from operations of RM4.4 million and profit before tax of RM347,000. The Group's **total assets was RM725.3 million** as at 31 December 2018 and our **shareholders' funds stood at RM422.2 million**.

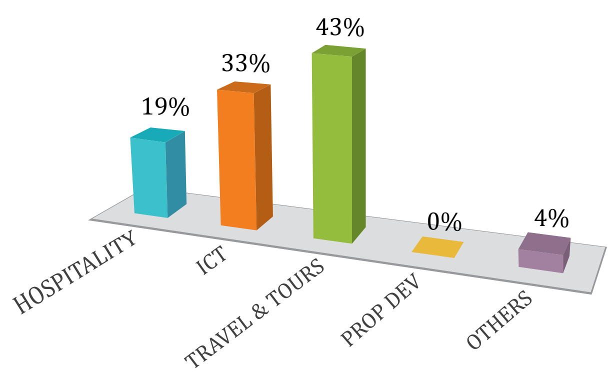
REVENUE

The Group recorded higher revenue of RM283.6 million for fiscal 2018. The biggest contributor to Group revenue was the travel and tours division with revenue of RM123.0 million followed by the ICT division at RM94.2 million. Both divisions achieved higher revenue of RM10.9 million and RM16.8 million respectively compared to fiscal 2017.

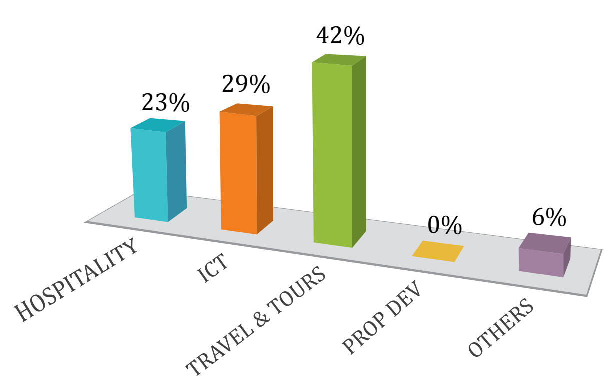
Our hospitality division's revenue was lower at RM54.3 million in fiscal 2018 compared to revenue of RM60.5 million in fiscal 2017. The property development division recorded a revenue of RM38,000 because Phase 2 of the Federal Park project which was anticipated to be launched during the year was delayed as the division is still awaiting the necessary approvals from the relevant authorities for the amended development plan to build townhouses. Revenue of the "Others" division also declined by RM3.9 million compared to fiscal 2017.

However, Group's total revenue was RM17.7 million higher in fiscal 2018 at RM283.6 million from RM265.9 million in fiscal 2017, a 6.7% jump.

The contribution in revenue from each division for fiscal years 2018 and 2017 is illustrated as follows:



2018 REVENUE BY DIVISION



2017 REVENUE BY DIVISION

GROSS PROFIT

Due to the increase in cost of sales for fiscal 2018, gross profit for the Group dropped from RM89.8 million in fiscal 2017 to RM83.9 million in fiscal 2018, a reduction of RM5.9 million and the Group gross profit margin declined in tandem to 29.6% from 33.8% in fiscal 2017. The Group's lower gross profit of RM83.9 million was mainly due to the lower gross profit margin at the ICT and travel and tours divisions. The bulk of the increase in revenue for ICT division for fiscal 2018 compared to prior year was from system sale contracts which generally deliver lower gross profit margin as a result of its typically higher third party costs while the travel and tours division's increase in revenue was accompanied by lower gross margin.

OTHER OPERATING INCOME AND EXPENSES

For the fiscal year 2018, the results of the Group included fair value gain on the Group's investment in unquoted securities and gain in disposal of an associate company as compared to the higher insurance claims recorded in fiscal year 2017 resulting in the reduction in the Group's other operating income from RM20.8 million in fiscal 2017 to RM19.7 million in fiscal 2018, a decline of RM1.1 million. Our Group's operating expenses namely distribution and administration costs were lower by RM1.8 million from RM68.5 million in fiscal 2017 to RM66.7 million in fiscal 2018 as all divisions recorded lower operating expenses in fiscal 2018 compared to the prior year except for travel and tours and property development divisions which saw an increase in expenses totalling RM1.7 million. There was an increase in other operating expenses from RM27.7 million in fiscal 2017 to RM32.5 million in fiscal 2018 mainly due to impairment loss in unquoted securities for travel and tours division and goodwill impairment loss for ICT division in fiscal 2018.

SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

The Group's share of profit in associates in fiscal 2018 was RM2.2 million, higher compared to a share of loss in associates in fiscal 2017 of RM826,000, mainly due to the higher share of profit from the Group's 40% equity investment in Helenium Holdings Limited ("HHL") which owns a serviced block of apartments in Kilburn, London NW6 5UA.

PROFIT BEFORE TAX

The Group made a profit before tax of RM347,000 in fiscal 2018 compared to a profit of RM8.4 million in the prior year. Our 4 major divisions, hospitality, ICT, property development and travel and tours, recorded a total profit of RM13.9 million, lower than the profit of RM26.6 million in fiscal 2017. The "Others" division continued to show losses at RM9.5 million in fiscal 2018 compared to losses of RM8.6 million in fiscal 2017. The fluctuations in the profits of the major divisions in fiscal years 2017 and 2018 were mainly due to the significant movements in other operating income and other operating expenses as explained above and the poor performance from the property development division in 2018 as Phase 2 of the Federal Park project was not launched as expected during the year. The higher loss recorded by the "Others" division in fiscal 2018 compared to fiscal 2017 was mainly due to the higher operating expenses recorded by the bus-body fabrication unit.

PROFIT BEFORE TAX (continued)

After providing for the profit attributable to non-controlling interests, there was a higher loss of RM4.9 million in fiscal 2018 compared to a loss of RM0.7 million in fiscal 2017 resulting in the Group's gross loss per share of 0.54 sen in fiscal 2018 and 0.10 sen in fiscal 2017.

INCOME TAX

The income tax expense for fiscal 2018 was lower as compared to fiscal 2017 mainly due to the write-back of previous year tax expense recorded by the hospitality division. The bulk of the Group's income tax expense for fiscal 2018 was attributable to the hospitality and ICT divisions.

ASSETS

Total assets of the Group increased by 3.6% to RM725.3 million as at 31 December 2018 (2017: RM700.0 million) attributable mainly to the increase in non-current assets from RM353.3 million to RM398.1 million offset by the reduction in current assets to RM327.3 million from RM346.7 million. Trade and other receivables decreased from RM139.1 million as at 31 December 2017 to RM119.1 million as at 31 December 2018 mainly due to the reduction in the trade receivable from the ICT division as a result of collection during the year. However, cash and bank balances and short term deposits reduced to RM141.2 million in fiscal 2018 from RM158.0 million mainly due to the purchase of 2 investment properties in fiscal 2018. The increase in non-current assets was mainly due to the purchase of investment properties. The increase in the investment securities from RM42.6 million in fiscal 2017 to RM47.0 million in fiscal 2018 was mainly from the ICT division which made further investments in unquoted shares during the year.

LIABILITIES

Total liabilities of the Group increased from RM203.9 million in fiscal 2017 to RM238.5 million in fiscal 2018. The increase was mainly due to the increase in bank borrowings of the property development division after its investment in 2 properties in Kuala Lumpur and Shah Alam, Selangor. However, trade payables and other payables reduced from RM96.8 million in fiscal 2017 to RM74.9 million in 2018 mainly due to the reduction in the trade payables from the ICT division as a result of payment during the year.

EQUITY

With the lower financial performance of the Group, total Group equity decreased by 1.9% to RM486.9 million as at 31 December 2018 (2017: RM496.1 million).

HOSPITALITY DIVISION

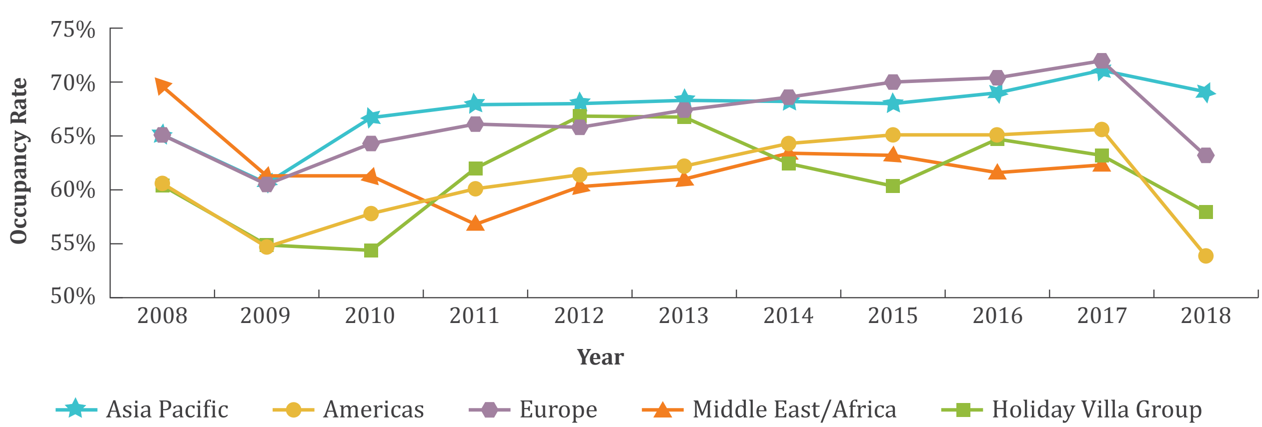
2018 has been a challenging year for the hotel industry. The continued uncertainty in the global economy, rising raw material prices, change of Government in Malaysia that resulted in a slowdown in Government spending have affected the industry significantly. The hospitality division achieved mixed results with better revenue contributed by the newly opened Holiday

Villa Hotel & Residence Shanghai Jiading which was offset by the lower revenue from other local hotels namely, Holiday Villa City Centre Alor Setar which ceased operations in April 2018 and the lower management fees from Holiday Villa Hotel & Residence Doha City Centre ("Holiday Villa Doha"). The diplomatic crisis in Qatar where several gulf countries severed relations and imposed trade and travel restrictions on the Qatar State, without signs of a possible ending, that will continue to have an adverse effect on Holiday Villa Doha. The total fees received from this hotel reduced by almost 32.0% in year 2018. On a brighter note, Chinese tourist arrivals to Malaysia recorded an overwhelming increase from 2.2 million in 2017 to almost 3.0 million in 2018. Indian and Korean tourist arrivals have also increased by 9% and 24% respectively for the corresponding period. As a result, Holiday Villa Langkawi has benefited from these markets.

Our room average occupancy rate for fiscal 2018 was lower at 51.0% compared to 56.0% in fiscal 2017. But average room rate had increased by 6.4% over the same period. The division's revenue was lower by RM6.2 million, a drop of 10.2% at RM54.3 million from 2017's revenue of RM60.5 million. Manpower cost continued to rise as additional amount was provided for the minimum wage for the unionised employees in Langkawi and Alor Setar hotels.

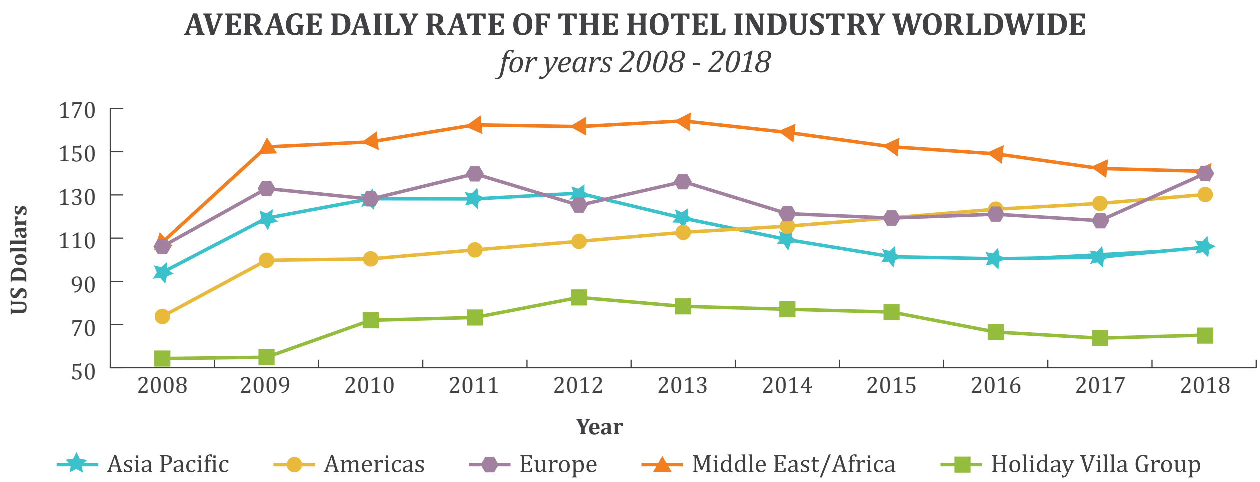
The occupancy rate and average daily rate of the hotel industry worldwide for years 2008-2018 extracted from an online statistics portal compiled from certain participating hotels, majority of which are in the 5-star category, for indicative purposes only is illustrated below:

OCCUPANCY RATE OF THE HOTEL INDUSTRY WORLDWIDE
for years 2008 - 2018



Asia Pacific: Central & South Asia, Northeastern Asia, Southeastern Asia and Australia & Oceania
Americas: North America, Caribbean, Central America and South America
Europe: Eastern Europe, Northern Europe, Southern Europe and Western Europe
Middle East/Africa: Middle East, Northern Africa and Southern Africa

HOSPITALITY DIVISION (continued)



Asia Pacific: Central & South Asia, Northeastern Asia, Southeastern Asia and Australia & Oceania
Americas: North America, Caribbean, Central America and South America
Europe: Eastern Europe, Northern Europe, Southern Europe and Western Europe
Middle East/Africa: Middle East, Northern Africa and Southern Africa

Holiday Villa gained a new hotel management contract in Shanghai, China in 2018 thereby increasing our room portfolio to 5,915 rooms. Since the Shanghai hotel commenced operations in July 2018, its performance has improved and the growth was reflected in the revenue of the hospitality division for fiscal 2018.

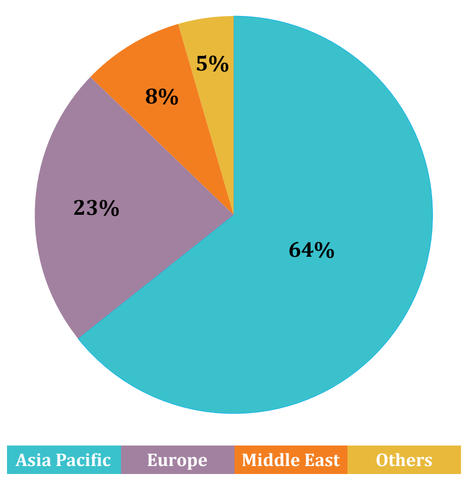
Our top market segments last year were guests from e-booking at 26.4%, an improvement from last year, long-term guests at 20.8%, contract wholesale at 11.6%, Corporate at 10.5% and by Series at 8.8%. Hotels which contributed to the increase in e-Booking through Online Travel Agents (OTA) were Holiday Villa London, Holiday Villa Johor Bahru, Holiday Villa Subang, Holiday Villa Langkawi and Holiday Villa Kota Bharu. In the long-term segment, a drop to 20.8% from 24.2% in 2017 was largely from Holiday Villa Doha whereas there was a slight increase from Holiday Villa Subang. Contract wholesale was consistent in comparison with fiscal 2017 while Corporate sales had 1% growth and Series sales decreased marginally by 0.2%.

In terms of tourist arrivals by country of residence, Asia Pacific is our main market (64%) followed by Europe (23%) and the Middle East (8%). The Malaysian guests make up the highest contributor, contributing 28.1% and remain a strong market for Holiday Villa Johor Bahru, Holiday Villa Subang and Holiday Villa Langkawi. Another strong growth market for these 3 hotels is China contributing 14.1% and Singapore contributing 7%. The United Kingdom ("UK") market is an important market not only for Holiday Villa London but also for other hotels contributing by 4.7%, India market contributes 4.1% and Netherlands contributes 3.8%. Europe, with economic uncertainty and Brexit will have an impact on long haul travels in 2019. Business from Asia Pacific, China and India particularly from third and fourth cities which remain largely untapped, are likely to remain strong. Domestic market will remain the main source of revenue for local hotels.

HOSPITALITY DIVISION (continued)

The breakdown of the hotels and resorts division's business by country of residence in fiscal 2018 is as illustrated below:

2018 HOTELS AND RESORTS' BUSINESS
by Country of Residence (%)



Our current operating inventory stood at 5,915 rooms with the opening of the managed Holiday Villa Hotel & Residence Shanghai Jiading in 2018. Holiday Villa is ranked No. 219 in the world by Hotels 325* in 2017 based on an inventory of 5,892 rooms.

The division's gross operating profit ("GOP") was RM23.9 million or an operating margin of 44.0%. In fiscal 2017, the division's GOP was RM24.3 million or an operating margin of 40.2%. The GOP for fiscal 2018 was lower by 1.6% than the previous year.

The lower GOP was a result of lower gross margin for the fiscal year but robust cost-management strategy to mitigate the ever increasing manpower and other operating costs such as utilities, food & beverage, maintenance and property refurbishment costs has been positive.

In fiscal 2018, there was a gain on disposal of an associated company of RM5.2 million which was included in the other operating income for the division. However, in fiscal 2017, the other operating income included the additional insurance claim of RM12.1 million arising from the fire incident in our hotel in Arosa, Switzerland. These two main events contributed to the division recording a lower other operating income in fiscal 2018, from RM18.2 million (2017) to RM10.8 million (2018). Other operating expenses was higher by RM1.1 million, from RM39.4 million (2017) to RM40.5 million in fiscal 2018 mainly due to the other operating expenses from the newly opened Holiday Villa Hotel & Residence Shanghai Jiading.

As a result, the division made a profit before tax of RM3.4 million in fiscal 2018 compared to a profit of RM15.6 million in the prior year.

** Hotels 325 is a World Hotel ranking published by HOTELS magazine.*

ICT DIVISION

2018 was another good year for the Captii Limited Group which comprises three main segments: Unifiedcomms, GlobeOSS and Captii Ventures. The division expected 2018 to be a challenging year for Unifiedcomms and GlobeOSS on the system sale front. However contrary to earlier expectations, market conditions improved in the second half of the year for the GlobeOSS business. Coupled with improved success rates for sale opportunities, significant growth in GlobeOSS system sale contract revenues was delivered in the second half of the year. Revenue for fiscal 2018 was higher at RM94.2 million, an increase of 21.7% from the previous year (2017: RM77.4 million). GlobeOSS revenue increased significantly by 44.0% to RM58.9 million in fiscal 2018 compared to RM40.9 million achieved in fiscal 2017. Unifiedcomms revenue marginally decreased by 3.6% to RM35.3 million in fiscal 2018 compared to RM36.6 million achieved in fiscal 2017 mainly due to lower exchange rate conversion from Singapore Dollar to Ringgit Malaysia in 2018.

GlobeOSS continued to grow from strength to strength as a leading systems integration and solution provider in the telecoms big data and analytics field. In spite of the competitive operating environment, GlobeOSS managed to secure a substantial increase in system sale contract revenues to complement the more steady growth in managed service contract revenues. Several hard-fought and won system sale contract opportunities during the year resulted in the significant revenue growth achieved by this business segment for the third consecutive year although this came at the expense of thinning margins.

The slightly higher revenue at Unifiedcomms in fiscal 2018 was attributable to the marginal increase in both system sale contracts and management service contracts. The PostPay unit within the Unifiedcomms business which focuses on amongst others, advanced prepaid credit solutions on a managed service model continued to show good progress in fiscal 2018 to countervail the decline or slower growth in other managed service contracts. Unifiedcomms continued to address mobile network operators and integrated telecoms service providers with application and platform software, turnkey solutions and systems and a variety of professional and managed services.

System sales for the division had increased significantly by 42.2% from RM36.0 million in fiscal 2017 to RM51.2 million in fiscal 2018 while managed service revenue increased by 4.1% from RM41.4 million in fiscal 2017 to RM43.1 million in 2018.

With the higher revenue in fiscal 2018, gross profit had increased by 1.4% to RM35.9 million (2017: RM35.4 million). The growth in gross profit was lower than the growth in revenue, due to the sales-mix achieved in 2018 where the bulk of revenue growth came from GlobeOSS where its sales typically yields lower gross profit margin. The overall gross profit margin earned on the consolidated revenue was lower at 38.1%, compared to 45.7% achieved in prior year.

ICT DIVISION (continued)

Overall, our ICT division achieved another profitable year with profit before tax of RM10.8 million. The profit is 22.7% higher than in fiscal 2017 where its profit was at RM8.8 million. The substantial increase in profit is mainly due to the flow-down-effect of the better revenue and the fair value gain of RM2.7 million on investment that the division enjoyed in 2018 on the revaluation of the Captii Ventures' investment portfolio which had increased in value during the year offset by the flow-down-effect of lower gross profit margin realised and impairment loss of goodwill and investment property of RM2.6 million. Compared to the fair value gain in fiscal 2018 of RM2.7 million, in fiscal 2017, the division had a fair value loss assessed on Captii Ventures' investment of RM1.1 million, which is unrealised, as a result of the lower estimated fair valuation of the venture investment portfolio following the adoption of the most appropriate valuation technique. Captii Ventures, the venture investment arm of the ICT division, focuses primarily on the SEA market for start-up investment opportunities.

PROPERTY DEVELOPMENT DIVISION

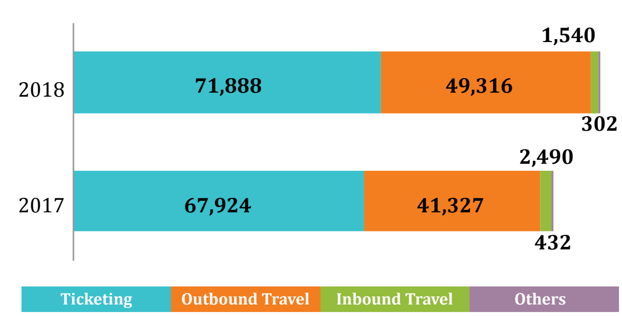
It was a disappointing year for the property development division as their anticipated Phase 2, Federal Park Project, was not launched as expected as the approval for the amended development plans to build townhouses is still pending. Phase 2, Federal Park Project, was revised to be slated to commence in the third quarter of 2019. Consequently, the division recorded a significantly lower revenue of RM38,000 in fiscal 2018 compared to a revenue of RM1.1 million in fiscal 2017. The loss before tax from the division is at RM2.2 million for fiscal 2018. In fiscal 2017, the division made a profit before tax of RM134,000.

TRAVEL AND TOURS DIVISION

2018 was also another good year for the travel and tours division. The division successfully positioned itself as a corporate ticketing provider in the travel industry to cater to the needs of corporate companies in Klang Valley, Melaka and Kuantan. Revenue increased by RM10.8 million or 9.6% to RM123.0 million in fiscal 2018 from a revenue of RM112.2 million in fiscal 2017. Despite the improved revenue, the division's profit before tax was lower at RM2.0 million compared to RM2.1 million in fiscal 2017 as gross profit margin was lower at the ticketing and outbound travel units coupled with the flow-down-effect of lower sales at our inbound travel unit resulting in a loss for the inbound travel. The ticketing unit generated the bulk of the ticketing sales from wholesale segment and "umrah" packages during the year which generally yielded lower gross profit margins which was however partly offset by higher other operating income such as incentives from airlines. The profit of this division was also affected by the impairment loss on investment securities of RM1.2 million in fiscal 2018.

The breakdown of the revenue by business units for fiscal years 2017 and 2018 is illustrated below:

TRAVEL AND TOURS REVENUE
by Business Units (RM'000)



OTHERS DIVISION

This division comprises the card and payment services, bus-body fabrication and education businesses. Total revenue for the division in fiscal 2018 was lower by RM3.9 million at RM10.7 million from RM14.6 million in fiscal 2017 as the division underwent major restructuring such as the winding down and eventual cessation of the TCM business in December 2017, the revamping of the operations for the bus-body fabrication unit and review of the courses and quality of services at the education unit. Consequently, both the bus-body fabrication and education units recorded lower revenues in 2018. This reduction was mitigated by a higher revenue from the card and payment services unit which registered a 16.7% growth in revenue to RM7.7 million.

Our bus-body fabrication unit recorded a lower revenue of RM1.9 million in fiscal 2018 compared to RM5.4 million in fiscal 2017. In 2018, the unit completed and exported 6 buses to Australia compared to 7 units exported in 2017. In 2017, the business unit completed fabrication and delivery of 69 Mass Rapid Transit KL ("MRT") buses for SCANIA. The success for 2017 rides on the success of this division in completing the refurbishment of 100 Volvo buses owned by Rapid KL in 2014 and 2015. During the year, management focused on the review and revamp of the production processes with a view to improve cost control, manpower and material utilisation efficiency and quality control as part of the turnaround plan for the unit. More stringent payment terms were also imposed.

In 2018, our education unit focused on establishing The Language House ("TLH") as a provider of high quality instruction in languages. This entailed a review of the different language courses provided and the quality of the teachers and teaching materials and methods. Resulting therefrom, TLH decided to limit the courses to English, Bahasa Melayu and Mandarin. This new focus was aimed at helping TLH maintain the quality of teaching and learning materials offered in the three main languages. With the review exercises which were completed in Q3 2018, the student recruitment and sales and marketing efforts were slowed down in 2018. As a result, our education unit recorded a decrease in its revenue from RM2.3 million in fiscal 2017 to RM1.1 million in fiscal 2018 mainly due to lower enrolment of foreign students and the cessation of a few foreign languages programmes in 2018.

Our card and payment services business recorded higher merchant sales volume in 2018, an increase of 22.7% from the sales volume in 2017 resulting in higher revenue of RM7.7 million in fiscal 2018 compared to RM6.6 million in the prior year, mainly due to a higher volume of transactions generated from the signing of new merchants and higher spending at the merchants.

With the lower revenue in 2018, the loss before tax for the "Others" division increased to RM9.5 million in fiscal 2018 as compared to a loss before tax of RM8.6 million in fiscal 2017.

The Year Ahead...

Whilst the Group has been resilient in meeting the challenges of 2018, we expect 2019 to be a year of opportunities amidst continuing uncertainty and challenges for certain market segments. Following our proven initiatives to improve on operational efficiencies, productivity and cost reduction coupled with strategies to nurture and grow established core businesses and explore attractive opportunities to expand operations, the coming year will see the Group being more nimble and in a good position to take on strategic priorities and accelerate growth of our core businesses.

HOSPITALITY

2019 will be an exciting year for the Hotels and Resorts division with the opening of Holiday Villa managed properties in Madinah and Hail in the Middle East and in China after the soft opening of the 141 rooms Holiday Villa Jiading, Shanghai, China in July 2018.

In addition, a new LaVilla Boutique Hotel concept will be introduced in 2019 at Cherating, Langkawi and Penang. This LaVilla brand will better serve guests who demand more privacy, space and security in addition to the unique ambiance and facilities of the property.

Another D-Villa, namely, D-Villa Residence, Doha, Qatar is expected to open in 2019. D-Villa brand complements our established Holiday Villa brand as a long-stay option for guests with family who prefer apartment-style facilities.

The division is optimistic that with both the LaVilla and D-Villa brands complementing the Holiday Villa brand, there will be more opportunities to grow our position regionally.

Holiday Villa will also embark on private brand hotel/serviced apartment management with the opening of our first private brand management of 57-59 Philbeach Hotel Apartment in London by early 2020. This marks our first foray into a private brand management to target hotels/serviced apartments which prefer to have their own brand while tapping on our expertise in hotel management and the networking offered by our sales and marketing force and reservation system.

HOSPITALITY (continued)

Any financial impact will only be reflected in the operational results in late 2019 as we expect the opening of the two hotel apartments to be within 2019. The division will also invest in key markets and cities via ownership and/or long-term lease arrangement. The focus to grow the hotels and resorts businesses regionally will partly mitigate the adverse effects from anticipated continued weak local meetings, incentives, conferences and exhibitions (MICE) market for 2019 and the continuing diplomatic crisis in Qatar.

The hotels and resorts division will continue to target all major market segments and at the same time to focus on developing business from Asia region, working with tour operators, local corporate business and securing more residential meetings. To cater for increase in online sales, the division is in the process of upgrading its website for enhanced features to meet the expectation of travellers particularly the Millennials and it is expected to complete by second-half of 2019.

The contract/wholesale market is still an important segment especially for the beach resort hotels, so we will enhance relationship with industry leaders from wholesalers, tour operators, B2B operators to online travel operators. Our very own online booking site is also providing digital marketing services for our hotels. The increase in tourist arrivals in the leisure market from China, India and Korea is expected to continue in 2019.

A recent trend in the travelling pattern is gaining a lot of traction worldwide. Travellers are spending more time in their desired destinations and with a propensity to booking through home-sharing operators like Airbnb, Home-Stay and other short term rentals. These non-traditional lodging operators are highly dependent on mobile internet technology and social media, a marketing infrastructure targeting mostly young people.

Holiday Villa brand however has the competitive advantage of 3 key benefits: Service, Consistency and Safety, over the home-sharing operations.

Our very own "Manja" programme, provides gracious personal attention to create a home atmosphere and comfort for our guests throughout their stay. Besides, we continuously review and upgrade our facilities and conducts regular inspection with particular attention to aspects of personal safety for our guests. Holiday Villa also provides 24-hour service so guests can be assured that we are there to assist them in emergencies. We also have competent staff and good facilities to provide assistance to the elderly or those with physical disabilities.

To strengthen brand recognition, our Villa Gold Card loyalty programme continues to receive good response as Villa Gold members enjoy privileges at participating Holiday Villa hotels worldwide.

HOSPITALITY (continued)

Some of our key activities for 2019 are:

a) To renovate the new serviced apartment in London as the current lease on the property will expire in mid January 2020. UK is an important destination for our guests. It is also among the top-3 revenue generators.

b) As Singapore contributes to the list of tourist arrivals to Malaysia, we will continue to tap into the market in Singapore through our sales office there which was established at the end of 2017.

c) Our quest to sign new management/ licensed contracts to increase our room inventory is on-going.

d) We have also established a boutique-style LaVilla brand to better serve our guests who demand more privacy, peace and security. Federal Villa Langkawi and Eastern Pavilion Cherating will be rebranded as LaVilla Boutique Hotels from 2019. We have also signed up a LaVilla property in Penang scheduled to open in 2019.

ICT

Our ICT division comprises three main segments: (i) Unifiedcomms – segment for content-driven mobile value added services, messaging and signalling systems, solutions and managed services (ii) GlobeOSS – segment for mobile network operation support systems, solutions and managed services (iii) Captii Ventures – segment for strategic investment in early and late-stage technology ventures.

The ICT division will continue to strengthen the managed service contract portfolio and continue to grow its venture investment portfolio as the basis for delivering steady, if not, rapid yet sustainable future growth. Significant uncertainty and hence lumpiness is still to be expected in the contribution of system sales contracts hence the division's managed service contract portfolio continues to have emphasis in the 2019 business plan. Our ICT division will continue to work on means to better manage execution risk in respect of strategies and tactics to grow the revenue and profit. This includes maintaining if not growing the more mature managed service contracts in our portfolio and to more quickly translate secured contracts into substantial sources of recurrent revenue for the division.

The division expects GlobeOSS to continue to grow from strength to strength despite global economic uncertainty and hence lumpiness is still to be expected in the contribution of system sale contracts to the division's future results. Apart from the contribution of existing long-standing managed service contracts, the bulk of the system sale revenues that are expected to be realised by the division's businesses in 2019 are expected to be driven by new solution implementation for new and existing customers, as well as solution enhancement, system upgrade and system capacity expansion activities of existing customers within the SEA region. This same region is also expected to drive managed service contract revenue growth.

ICT (continued)

The ICT division's strategic investment plan through its venture-investment subsidiary, Captii Ventures Pte Ltd ("Captii Ventures"), will continue to complement the growth plans of its existing businesses. Captii Ventures focuses primarily on the SEA market for start-up investment opportunities. Our venture investment business regularly interacts with other venture capital management companies in the region and participates in funding rounds as either lead investor or as a co-investor following the lead investor.

In line with the division's venture investment portfolio, our ICT division also built our own fintech start-up, PostPay (formerly known as Mobilization) which has shown promising growth in terms of revenue and technology. PostPay now focused mainly on providing advanced solutions for prepaid credit on a managed-service model. The growing interest and opportunity in internet-driven application services for enterprises, fintech as well as internet and handset-app delivered digital media will guide the division's venture investment activities. In the year ahead, our ICT division will continue to focus primarily in the growth businesses in the SEA region and will complement the organic growth strategy in place for our Unifiedcomms and GlobeOSS businesses.

TRAVEL AND TOURS

The travel and tours division is cautiously optimistic of their performance for 2019 as the division continues to remain focused on building its corporate client base for the ticketing business and developing and adapting its products to sustain growth in the leisure and corporate group markets for both inbound and outbound travel and tours. The division aims to capture all range of customers in Malaysia from small medium enterprises, medium size corporations and companies to individual travellers. The division will also emphasise on wholesale ticketing and custom travel packages and continue to maintain the good rapport and networking with all the relevant stakeholders, especially hotels, airlines and travel agents.

The industry is expected to be buoyant in the coming year even with the persistent uncertainty of the global economy and we expect footprints from both emerging and developed markets to increase.

The division expects a healthy rise in corporate travel which will augur well for the division as we are positioned strongly in the corporate ticketing services. In moving forward for the coming year, the division will engage the right people in the right place at the right time to ensure optimum growth and we intend to develop our team and provide opportunities to our staff to expand their knowledge, skills and abilities as the division grows and flourishes for a mutually beneficial relationship.

TRAVEL AND TOURS (continued)

The division will focus on the market trends and products diversification in order to increase the yearly revenue and yield. Our ticketing and outbound units target to capture small and medium-sized organisations and individual travellers via the customisation of our travel products. We will also focus on wholesale ticketing and custom travel packages. For the inbound business which recorded weak performance, the division has revamped the inbound management team and will repackage their inbound products to target new markets besides their existing Europe market. In 2019, our inbound travel unit will emphasise on further developing its professional team to ensure that the unit has growth in different market segments. Besides our primary market in Europe, our inbound unit is developing products for market segments in the vibrant Asia Pacific region.

The division believes that there are huge growth opportunities in the local and global tourism business as the division is well-positioned with clear growth strategies focusing on market trends and product diversification.

PROPERTY DEVELOPMENT

The property development division's main growth for the coming year will be from the development of Phase 2, Federal Park comprising mainly 152 units of townhouses, 41 units of single-storey terrace houses and 4 units of double-storey terrace houses which is now planned for commencement in third quarter 2019 as the division is optimistic that approvals for its amended development plan will be obtained. This property development project will put the division back on track on its earnings.

The division will focus on the sale of shophouses under Phase 1 and the development of Phase 2 of its on-going Federal Park project, together with another 17 acres project in Jalan Sejijak comprising 80 units of townhouses, 96 units of double-storey terrace houses and 40 units of single-storey terrace houses and the development of 15 single-storey detached houses in Taman Sri Matang which construction is now about 90% completed, to drive this division's performance for 2019. The showhouse for the Taman Sri Matang project is available and all the 15 units are expected to be sold during the first half of year 2019.

As a reputable niche player, the division will remain focused on its target market segment of medium to medium-low properties. However, the division expects the property market in Kuching to remain soft coupled with stringent financing requirements. With the right pricing and affordability for its development properties, the division is confident of the marketability of its properties to provide a steady income stream. To ensure sustainability, the division is continuously identifying suitable land banks for development.

PROPERTY DEVELOPMENT (continued)

Moving forward, the division will expand its property development business to include property investment. As its first foray into property investment, the division invested in two properties in Jalan Yap Ah Shak, Kuala Lumpur and Temasya, Shah Alam, Selangor in 2018. The two properties will be renovated and refurbished to high quality serviced office buildings which are fully-equipped and will be rented out to a mixture of tenants on flexible rental terms for short and long-term stay. The division is optimistic that this business model will increase the yield of the buildings and add value to the properties.

BUS-BODY FABRICATION

Our bus-body fabrication unit, Quality Bus & Coach (M) Sdn Bhd ("QBC") has gain substantial ground in the local and export markets since 2015 after years of effort to promote and established its presence culminating in the signing of two collaborative agreements with one of China's leading electric bus manufacturer ("the Chinese Partner") for the supply of electrical city buses for the local and ASEAN markets.

The Chinese Partner will supply the chassis together with the structures/components and the division will assemble the chassis and structures/components onto the chassis. The collaboration envisages that there will be technology transfer from the Chinese Partner to the division with regard to the electrical bus chassis.

Electric vehicles or EV, including electric buses with zero emission and therefore eco-friendly are being tried in many pilot projects in China, Europe and the USA. With various major world cities adopting plans to minimise or eliminate air pollution, electric-powered buses are seen as the preferred mode of public transportation of the future. There are also many factors which could propel the growth of electric buses in Malaysia such as lower operating and maintenance costs and no emission.

QBC buses are designed and fabricated in compliance with the internationally recognised safety standards known as the Australian Design Rules ("ADR"). The unit also has approval from Kementerian Perdagangan Dalam Negeri, Koperasi Dan Kepenggunaan to affix the "Barangan Buatan Malaysia" ("Product Made In Malaysia") logo on our locally designed bus models Autobus ("Autobus") LF 12250, Autobus LF 10200 and Autobus SD 12300. Autobus is designed and built to ADR specifications. The ADR certification is a major achievement acknowledging QBC's technical know-how and competency. With ADR certification, Autobus can be exported to global markets. One major export market for the division is Australia. QBC has entered into an assembly contract with I-Bus Pty Ltd ("I-Bus") for the design and manufacturing of bus bodies on the Isuzu Chassis supplied by I-Bus for the Australia market.

BUS-BODY FABRICATION (continued)

2018 was a slow year for the unit as the focus of management was to review and revamp all aspects of the production processes with a view to improve the cost control, manpower and material utilisation efficiency together with quality control. With the various measures put in place QBC is cautiously optimistic that it is in a good position to grow its sales and manage the challenges in 2019.

EDUCATION

Our education unit, TLH believes education is a growth industry and TLH will thrive if it could build a strong academic reputation for itself. In year 2019, TLH will focus on monitoring the quality of all the language courses; review and improve all language courses making them more engaging and relevant to today's learners; and improve teaching and learning materials with emphasis on language in communication, accuracy in grammar and growth in vocabulary. Our teaching professionals use an interactive communicative approach to engage learners, maximise learning opportunities and promote student autonomy. Our professional teaching staff, engaging curricular and excellent teaching and learning facilities will differentiate TLH from the common pack.

Our General English Programme ("GEP") is designed to help non-native English speakers progress at a comfortable pace taking their individual language skills into account in an engaging and encouraging environment. We benchmark our students' progress against the global CEFR (Common European Framework of Reference for Languages) standards. We adopted the CEFR guidelines as our standard as it helps students to better gauge their language proficiency against a global yardstick.

In 2015 and 2016 we focused on improving the image and facilities: relocation of the school, the recruitment and training of teachers and appointment of new student recruitment agents for the overseas market. In 2018, we focused on establishing TLH as a provider of high quality instruction in languages. We reviewed the different language courses provided and decided to limit them to English, Bahasa Melayu and Mandarin.

This led to the cessation of other foreign languages programmes. This new focus was aimed at helping TLH maintain the quality of teaching and learning materials offered in the three main languages. TLH expects that its focus on improving the quality of its products and services will yield positive results in the near future although this has resulted in a reduction in the student intake in 2018. Management expects to achieve the targeted results of the review exercise only in 2019.

EDUCATION (continued)

Mandarin courses were reviewed to make them more relevant to the communication needs of students. We prioritise speaking and listening in different everyday situations and language used by travellers.

This unit explored collaboration with partners who have established credentials in the teaching of Bahasa Melayu. In January 2019, TLH signed a memorandum of understanding with Dewan Bahasa Dan Pustaka ("DBP") on 5 years' collaboration to develop Bahasa Melayu language courses. DBP will provide teachers and teaching materials while TLH will advertise, promote and host various Bahasa Melayu courses.

Our corporate training programmes this year will concentrate on English, Mandarin and Bahasa Melayu. Such training programmes have achieved good response in the past and will continue to be the focus for 2019.

In the student market, TLH will focus on the needs of the local student market offering IELTS (International English Language Testing System) preparation courses, and English courses in general to assist local students achieve proficiency in the subject.

In addition to the Middle East where many of our foreign students come from, TLH is looking at developing a foothold in new markets in ASEAN and East Asia to increase our foreign students.

CARD AND PAYMENT SERVICES

Our card and payments business unit operates its business through the MasterCard and Visa global payment system networks regulated by Bank Negara Malaysia ("BNM") under the Financial Services Act, 2013. The operating environment will continue to face significant changes over the next few years with the initiative by BNM to encourage a cashless society. To achieve the objective of a cashless society, BNM mandated that the deployment of electronic data capture terminals shall increase three-fold by 2020; in addition to other forms of payment solutions being considered for approval by BNM. The entry of mobile payment providers such as AliPay and WeChat Pay has created more electronic payment channels using electronic wallets that enable consumers to make online payments via smart phone. This will continue to complement the use of Chip and Pin payment cards issued by Malaysian card issuers. The implementation of the Chip and Pin payment cards after 1 July 2017 had significantly reduced payment disputes and fraudulent use of payment cards as all Malaysian payment cards are now PIN-enabled. We are confident we can grow our business in line with the industry in the coming year.

CARD AND PAYMENT SERVICES
(continued)

With the completion of the roadmap for our card and payment services unit, management will now undertake the staff recruitment process and revamp of its technology platform to support the new products and services. In the meantime, our focus is to build the brand starting with the company name change to Paydee Sdn Bhd and through the acquisition of high consumer profile merchants by offering very competitive rates to them to create consumer awareness and to continue improving the acquiring business revenue by not just signing more merchants through our master merchants but also acquiring more active merchants and merchants with higher ticket size transactions. The process of appointing more master merchants is on-going. We target to implement E-Commerce Module in 2019, which will encourage more merchants to sign up with our cards and payment services unit. The business unit is also looking at the issuance of convenient payment card for commercial businesses in 2019. We also have plans to upgrade our processing systems to expand our electronic payment services (besides MasterCard and Visa) to include other payment service operators to provide a more comprehensive payment solution to our merchants.

Statement on Sustainability

The Group's Board and Management are committed to establish and maintain an effective Sustainability Management System which is supported by underlying, internal controls, risk management practices, clear accountability and reporting process. The Board evaluates the Environmental, Social and Governance ("ESG") risks and opportunities relevant to the Group during the formulation of their overall business strategy, objectives and performance measurements.

The Management identifies the type of relevant ESG topics caused by its day-to-day operations. Management then determines the Materiality of the ESG topics based on the level of significance of impact on, and influence on stakeholder values, and the achievement of the Group's strategic objectives. The Board supports and approves the identification and assessment parameters of material ESG topics.

The key material ESG factors for Advance Synergy Berhad ("ASB") have been identified and reviewed by ASB's Board and Management. The Board and Management shall continue to dedicate leadership and maintain a high standard of sustainability governance to drive continuous and long-term growth for all of its stakeholders. The Group will work towards ensuring comprehensive disclosures on the management and monitoring of our sustainability initiatives for continual improvement.

STRATEGIC APPROACH FOR SUSTAINABILITY

At ASB, we continue to refine our management approach to adapt to the changing business and sustainability landscape. Aligning with the perspective of our stakeholders, the Senior Management Team ("SMT") has, within the scope of our business operations, identified that the Environment, Employee Relations, Health & Safety, Product Excellence, Stakeholder Relations and Community constitute key sustainability aspects material to our business.

In this regard, we have established sustainability performance management framework (See Exhibit 1), and identified three (3) key pillars, to enhance the monitoring and reporting of our sustainability performance.

STRATEGIC APPROACH FOR SUSTAINABILITY (continued)

Exhibit 1 - ASB Group's Sustainability Performance Management Framework

Three (3) pillars of our sustainability performance

Our Materiality Assessment Process

Supported by a systematic & interactive process to identify, categorise and prioritise material ESG topics

1. Please refer to the Governance section of the annual report.

REPORTING PRACTICE AND BOUNDARY

This sustainability report provides detailed disclosure of management of our key sustainability matters for the financial year ended 31 December 2018. The ASB Group comprises operating subsidiaries and associates that service business and consumer markets in a variety of industries. These operating companies are grouped under the several Key Business Divisions of the ASB Group (See Exhibit 2), which include:

Exhibit 2 - Our Key Business Divisions

2. As Captii Limited ("Captii") under ICT division is a subsidiary listed on the Singapore Exchange Securities Trading Limited ("SGX"), it has produced a detailed 2018 sustainability report that provides information on their sustainability performance. Please refer to Captii's sustainability report in their 2018 annual report for further information.

3. The Other division refers to our card and payment services, bus-body fabrication and the education businesses.

UNDERSTANDING WHAT MATTERS TO US

We use a comprehensive materiality assessment to identify priority areas based on the business strategy outlined in our plan. Our materiality assessments were based on the AA1000 Account Ability Principles of Inclusivity and Materiality, as well as the Global Reporting Initiative ("GRI") Principles for Defining Report Content – stakeholder inclusiveness, sustainability context, materiality and completeness. Materiality with respect to sustainability reporting, as defined by GRI Standards, includes topics and indicators that reflect the organisation's significant ESG impacts; and would substantively influence the assessments and decisions of stakeholders.

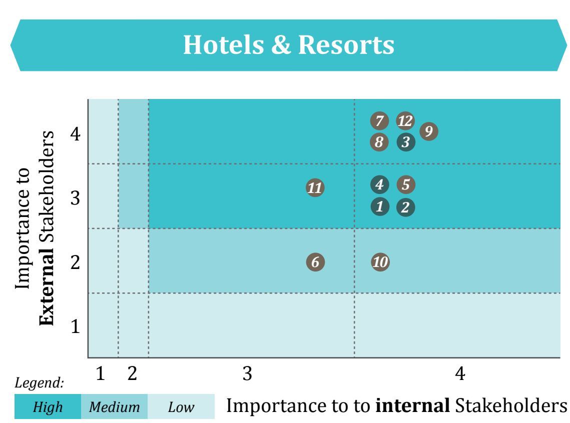
In 2018, a robust process was undertaken to identify and prioritise the Group's material ESG issues. The process was supported by an independent consultant and involved stakeholder consultations, workshops for senior management, an assessment of long-term global trends and an internal review of our businesses.

Through internal discussion and review with the independent consultants, Management have reviewed stakeholders across the Group's value chain and identified these as key stakeholder groups for the respective business.

Hotels & Resorts	ICT	Property Development	Travel & Tours	Other Division – Bus-Body Fabrication
1. Government & Regulators 2. Customers 3. Channel/ Distribution Partners 4. Employees	1. Customers 2. Employees 3. Suppliers	1. Government & Regulators 2. Employees	1. Customers 2. Channel/ Distribution Partners 3. Employees 4. Media	1. Customers 2. Government & Regulators 3. Channel/ Distribution Partners 4. Employees 5. Media

Our material issues are identified as those that are ranked as high and medium on the materiality matrix (See Exhibit 3). We therefore focus our sustainability efforts and reporting on these issues that are of the most concern to our business and stakeholders.

Exhibit 3 - ASB's Materiality Matrix



UNDERSTANDING WHAT MATTERS TO US (continued)

Exhibit 3 - ASB's Materiality Matrix (continued)

ESG Topics That Were Considered		Topics Definition
Environmental	1. Energy Efficiency	Efficiency of energy usage (i.e. electricity consumption).
	2. Water & Effluents	Water consumption and discharge.
	3. Waste Management	Hazardous and non-hazardous waste disposal treatment.
	4. Environmental Compliance	Adherence to relevant environmental laws and guidelines.
Social & Governance	5. Labour Practices	Commitment to fair employment practices, upholding of human rights principles, and investing in our people.
	6. Equality & Diversity	
	7. Product & Services Responsibility	Aspects of our products & services that directly affect customers, namely, quality, health and safety, wellbeing, information and labelling, marketing, and privacy.
	8. Data Privacy & Protection	
	9. Health, Safety & Security	
	10. Supply Chain Management	Resiliency and significant social impacts observed or assessed in our supply chain.
	11. Corporate Responsibility	Responsibility to environment and communities where we operate in.
	12. Anti-Corruption & Anti-Fraud	How we guard against corruption, bribery, and fraud.
	13. Innovation	Continual effort to improve product excellence through innovation and technology

The material ESG issues were also reviewed by ASB's Board and deemed to remain relevant. Moving forward, to keep abreast of critical issues, we will review annually our material issues against the changing business environment, stakeholder opinions, and emerging global and local trends.

SUSTAINING GROWTH

ENVIRONMENTAL MANAGEMENT

Environmental sustainability forms an integral part of the Group's sustainability philosophy. We endeavour to integrate the best sustainability practices across business operations to reduce adverse environmental impact on the ecosystem. In our daily operations, the Group continues to be committed on recycling, energy-saving practices and undertaking measures to reduce wastages, pollution and harmful emissions.

ASB is committed and strive to improve resource efficiency and reduce our environmental impact. We continue to factor in environmental considerations in our businesses.

Our "Going Green @ Holiday Villa" campaign at all Holiday Villa hotels aims to contribute to the preservation of natural resources and environment by focusing on energy conservation, waste management, responsible purchases and landscaping. Works with all stakeholders to promote and implement responsible environmental practices. Both Cherating Holiday Villa and Langkawi Holiday Villa performed environmental impact assessments before the hotels embarked on any development or improvement. We use renewable energy and garbage enzymes made out of fruit peels and vegetables as cleaning agent to reduce environmental impact. The hotels and resorts division also has its own environmental policy in place with the systems that set annual improvement targets to monitor energy consumption, water consumption and waste production.

Our bus-body fabrication division also has a built-in monitoring system on waste production and disposal. The Group ensures that waste materials are deposited at designated environmentally safe areas and disposed off periodically by authorised waste disposal agents.

Commitments & Targets

- Improve the environmental management systems of key business units to meet the requirements of the ISO 14001 standard.

- Continue to explore solutions that minimise environmental impact.

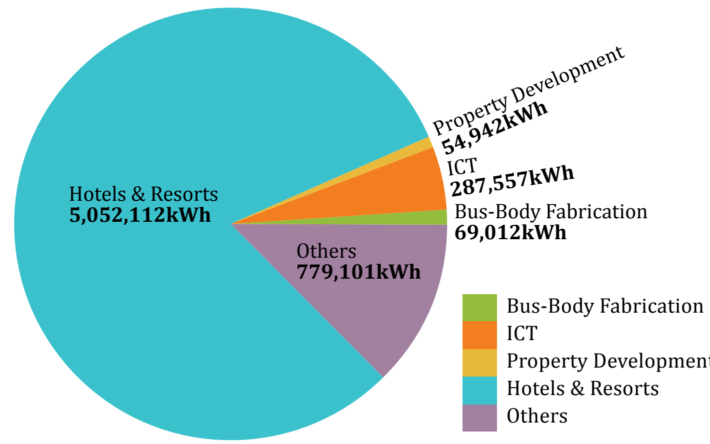
- Install or maintain energy-efficient equipment and devices at our facilities whenever possible, including LED lights and more energy-efficient cooling solutions.

ENVIRONMENTAL MANAGEMENT (continued)

Energy Efficiency

The Group's energy demand comprises a mix of direct and indirect sources of energy. In 2018, the Group consumed a total 6,242,724 kWh of energy.

As this is our first year in data collection, we are not able to provide 2017 data for comparison.



Water Consumption

Water is a precious resource. The Group continues to strengthen its water conservation efforts through initiatives like promoting water-saving practices, adopting water-efficient technologies and equipment as well as implementing process improvements. Given that the business operations of most of our divisions are concentrated in normal office spaces, the level of water consumption is relatively limited, except for hotels and resorts division. In 2018, the total consumption by our hotels and resorts division were 258,663 cubic metres (m3) of water. As this is our first year in data collection, we are not able to provide 2017 data for comparison.

Environmental Compliance

ASB remains committed to comply with all applicable legal requirements enforced by local governing authorities and relevant enforcers. The Group's operations continue to conform to local environmental laws and regulations. All employees of the Group and that of contractors and consultants are encouraged to be proactive and forthcoming in managing and reporting environmental related issues and complaints.

The environmental regulations that we comply include among others the requirements listed below in Table 1.

Compliance
Environmental Quality Act 1974 (and its Amendments)
Environmental Quality (Scheduled Wastes) Regulations 2005
Environmental Quality (Sewage) Regulations 2009
Environmental Quality (Clean Air) Regulations 2014
Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order 2015
Land Conservation Act 1960

Table 1. Environmental Compliance Requirements in Malaysia

Environmental Compliance (continued)

During the reporting period, there were no incidents of non-compliance and penalties pertaining to environmental-related issues. To maintain the highest standard of environmental compliance and to prevent future occurrence of incidence, the Management will continue to review and improve current environmental management system and practices and ensure that all our activities and operations comply with existing regulatory requirements.

PRODUCT EXCELLENCE

We believe that our financial viability hinges on customer satisfaction and our ability to meet customer demand for our product and services. Our business divisions remain committed to execution excellence and building enduring relationships with not only our customers, but key stakeholders in our value chain.

Our card and payment services as well as bus-body fabrication divisions have all rated their customer satisfaction rates at above 80%.

Our ICT division has 24-hour customer careline for customers to lodge feedbacks on service issue.

The following are some of the existing commitments made by our hotels and resorts and ICT divisions:

In their quest to deliver superior quality products and services to their customers and comply with applicable legal requirements, the hotels and resorts division has in place its very own MANJA Programme, a quality management system focusing on the service standards, work processes, job instructions and the standard operating procedure for all aspects of the hotels' operations.

Its MANJA Promise Programme, Phase 1, demonstrated the commitment by our hotel staff to deliver the superior quality products and services to their customers and comply with applicable legal requirements.

Our ICT division embraces the UN Global Compact and at present adopts a best-effort approach in observing the spirit and intent of the ten principles. Although its efforts to uphold the ten principles are not presently embedded in its operational policy and procedure documentation, the work culture of this division's businesses is consistent with the principles.

Commitments & Targets

- Continue to improve product excellence through innovation and technology.
- Continue to maintain a high level of customer satisfaction across our businesses.

SUPPLY CHAIN MANAGEMENT

The Group continue to support local businesses by procuring from supplies and contracting services locally. We believe that a strong local supply chain through productive partnership is vital to the growth of our business.

By such support, we believe that we can positively contribute to the local economy. We select partners who share our work ethics and values and who are willing to provide quality products and services in a responsible manner.

In cases where local suppliers are not suitable, we will source internationally. Where outsourcing is practised, we will ensure that the products conform to our sustainable policies and are labelled with "good manufacturing practices". We believe the Group's long-term business is built mainly on the trust and confidence of customers. Therefore, feedbacks from customers such as customer satisfaction rates and customer complaints are documented for future improvement on development of products and services.

REGULATORY COMPLIANCE

Given the geographical diversity of our businesses, we closely monitor developments in the laws and regulations of countries where the Group operates to ensure that our businesses and operations comply with all relevant laws and regulations.

All our key employees affirm their understanding of the code of business conduct annually. We regularly engage with local government authorities and agencies to keep abreast of changes to laws and regulations.

We recognise that non-compliance with laws and regulations not only has significant financial impact but potentially detrimental reputational impact on the Group. To manage and track compliance issues, the Group appoints compliance officers and conducts internal audits.

Commitments & Targets

We are fully committed to strengthening our regulatory compliance framework. Our emphasis is clear and consistently reiterated. We have zero tolerance for fraud, bribery, corruption and violation of laws and regulations.

The Audit Committee supports the Board in its oversight of regulatory compliance and is responsible for driving the Group's focus on implementing effective compliance and governance systems. At an operational level, the respective business divisions and departments is responsible to identify, self-assess the adequacy and effectiveness of mitigating measures, and manage their financial, operational, compliance and reputational related risks.

REGULATORY COMPLIANCE (continued)

See Governance on pages 67 to 73 of the Annual Report.
See Risk Management on pages 39 to 48 of the Annual Report.

In 2018, there were no incidents of regulatory non-compliance across the business divisions. The Group continues to work towards reinforcing a full compliance culture.

EMPOWERING LIVES

LABOUR PRACTICES & HUMAN RIGHTS

Our employees are one of our most valuable assets. We are committed to fair employment practices, uphold human rights principles and invest in developing and training our people. At the Group, we strive to foster an inclusive and performance driven work environment to attract, retain and develop our talents. We are an equal opportunity employer and have instituted a fair system to ensure equal opportunities and non-preferential treatment for all employees. There is no preference for any religion, age, ethnicity, race, physical disability or gender. Employees are required to observe and adhere all relevant Group policies and practices. As at 31 December 2018, the Group has a total number of 731 employees. The staff turnover has been maintained below the target rate.

We continue to engage our workforce and implement initiatives to achieve our long-term goal of improving collaboration and workplace innovation. Employee engagement initiatives are organised throughout the year to forge stronger bonds among employees and enhance communication between management and staff.

Commitments & Targets

- Continue to promote diversity and equal opportunity in the workplace.
- Further develop our workforce through tech-enabled and self-paced training programmes.

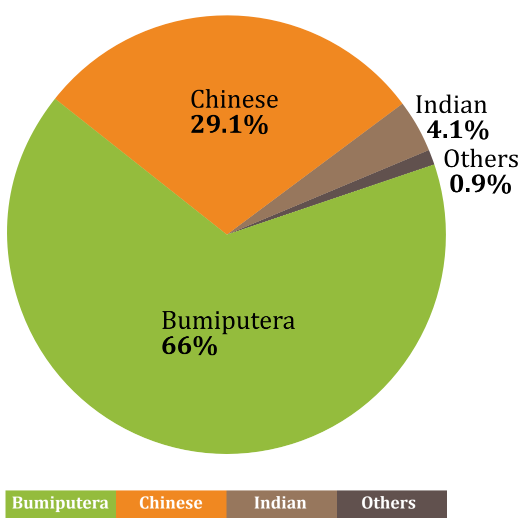
Learning & Development

To encourage and support our employees to develop their fullest potential and have a fulfilling career, the Group places priority on learning and development programmes. Our learning and development roadmap also accounts for future skills required to improve the efficiency of the business. We customise and design training and development activities based on employees' training needs and work requirements. During the financial year ended 31 December 2018, the Group have spent close to RM217,316 (2017: RM277,094) on training across all our subsidiaries. The Group will continue to provide trainings and education opportunities through comprehensive development programmes going forward and promote a conducive corporate environment where everyone could achieve their potential.

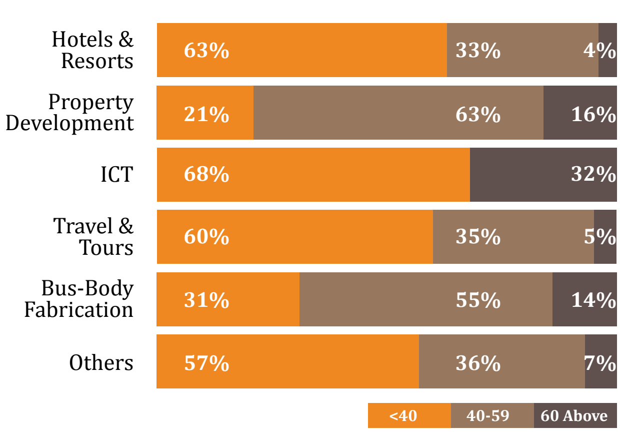
Workforce Diversity & Inclusion

We believe that people should have access to the same opportunities regardless of their ethnicity, religion, gender, marital status or age. We value diversity and inclusion and are committed to the principle of equal employment opportunity. Our hiring policies ensure equal employment opportunities for all. New hires are considered based on individual competencies as well as organisational and job fit. Our employment statistics illustrate the following diversity of our workforce. As at 31 December 2018, 36.7% of our employees are female.

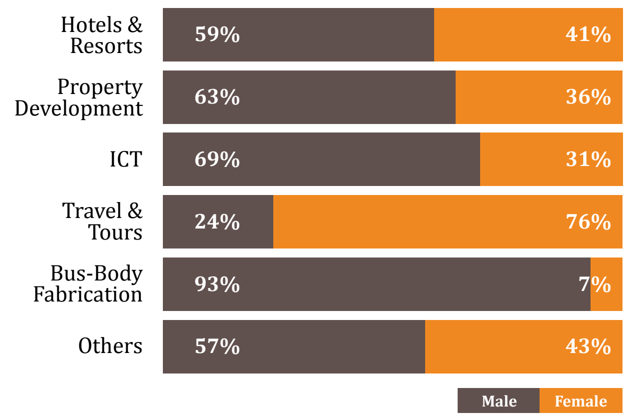
Embracing Diversity In Workforce



Distribution by Divison & Age (%)



Distribution by Divison & Gender (%)



The Group also believe that hiring from local communities enhances our ability to understand local needs and strengthen our capabilities on the ground. The Group offers graduate placement programmes, industrial training and internship in our hotels and resorts, bus-body fabrication as well as ICT divisions.

Our hotels and resorts division gives first preference to local workforce in the location where it operates. Our hotels have been very supportive in providing industrial training experience to undergraduates from the colleges or higher institutions, both local and abroad, to undergo their internship programmes and is proud to note the overwhelming responses especially from the hospitality colleges/universities in wanting to send their top-notch undergraduates for the internship programme with Holiday Villa. The hotels and resorts division are also proactively engaged in the delivery of career counselling sessions to the school students especially on the opportunities available in the hotels and resorts industry and collaborated with the Polytechnics Education Division and Ministry of Higher Education in developing or assessing its community programmes.

Workforce Diversity & Inclusion (continued)

We believe in developing local talents to assume management positions. As of 31 December 2018, more than 90% of our senior management across our business divisions are local.

Code of Business Conduct and Ethics

We maintain a zero tolerance for unethical labour practices such as child labour, forced labour, slavery and human trafficking in all our operations. All employees are required to conduct business dealings in line with our Code of Business Conduct and Ethics Policy. We encourage declaration of conflict of interest on an annual basis as a preventive safeguard for fair dealings and transparent business relationships.

Compliance with Applicable Employment Laws & Regulations

During the period under review, there were no incidents of non-compliance with the applicable employment laws and legislations which include among others the requirements as set out in Table 2 below.

Compliance
Employment Act 1955
Industrial Relations Act 1967

Table 2. Employment Compliance Requirements in Malaysia

The Group strive to continuously cultivate a transparent and inclusive environment for all employees, as well as ensure a top-down approach to promote fair and ethical business dealings. We also have an open-door policy whereby employees are encouraged to speak-up or report grievances directly to their superior, head of department, human resource department, chief executive officer and/or independent directors of the Company. This is to reinforce our commitment to our employees to provide them with a workplace that is healthy, safe and secure. Across our businesses worldwide, there were no grievance cases reported in 2018.

HEALTH & SAFETY MANAGEMENT

The Group remains committed to maintaining a safe and productive environment, free from harassment in which all individuals are treated with respect and dignity and we expect all our employees and individuals that work at our sites to follow our health and safety policies and procedures and be free from substance abuse at all times.

HEALTH & SAFETY MANAGEMENT (continued)

Our employees and partners are assured of a safe working environment through our Health & Safety and Environment Management system ("HSEMS"). While the HSEMS serves as a point of reference, additional measures have been taken to cultivate a safety-first culture through various initiatives.

Processes and systems are in place to identify, mitigate and report risks and communicate best practices across the Group, and we work with our contractors and subcontractors to ensure that they understand our requirements and expectations.

In 2018, there was no incident of fatalities across the Group's operations.

Commitments & Targets

- Strive to raise awareness, maintain vigilance and foster a strong HSE-centric culture across the Group and particularly at the ground level.
- Maintain a zero tolerance to health and safety.
- Leverage technology to drive improvements in safety performance.

We have a Health and Safety Committee to ensure that the Group complies with the Occupational Safety and Health Act, 1994.

Our hotels and resorts division has set a quantifiable target relating to employee occupational health and safety where it is compulsory for all its employees to attend occupational health and safety trainings. Since its implementation, at least 75% of workers of hotels and resorts division have undergone the safety and health training during the year.

To ensure construction safety at the project sites, our tender process and awarded contracts with contractors incorporates the required compliance to Malaysia's safety-at-work legislation which include the Factories and Machinery (Building Operations and Works of Engineering Construction) (Safety) Regulations 1986. With regard to workers employed at the construction sites, our main contractors are obligated to comply with all safety, health and welfare regulations pertaining to them.

In 2018, both the Loss Term Injury and Loss Time Accidents at Group level were zero. The Group strives to continue maintain its health and safety standards and drive continuous improvement in our occupational, health and safety performance.

NURTURING COMMUNITIES

CORPORATE SOCIAL RESPONSIBILITY

Support initiatives to promote the social development of local communities where we operate

ASB is committed to uphold and to honour our social obligations by contributing to the economic and social wellbeing of every community in which we operate. We also believe in the importance of providing opportunities especially to the younger generation, for the betterment of our society.

The Group participates in the ACHIEVE Corporate Social Responsibility ("CSR") Programme ("ACHIEVE") which aims to pool and focus the efforts and resources of the Group with like-minded corporations that share the common desire to support and implement meaningful CSR activities. The ACHIEVE Committee was formed with representatives from various divisions of our Group participating as committee members, to spearhead CSR activities via synergy collaboration with identified organisations. In our yearly programmes, our hotels and resorts division also participate in various community projects for the unfortunate, such as, contributing either financially or in-kind to various non-profit organisations, orphanage homes and under-privileged families.

Remaining eco-friendly in our daily operations

We recognise the importance of good environmental management or preservation practices to minimise disruption to the environment in the communities we operate in to sustain growth. In our daily operations, the Group continues to be committed on recycling, energy-saving practices and undertaking measures to reduce wastages, pollution and harmful emissions. We shall continue to expand and adopt our sustainable environment management practices and efforts in our business operations and strive to influence that of stakeholders in our value chain.

Risk Management

The Board is **responsible for creating the framework** for the Group's Risk Management Committee ("RMC") to operate effectively. This risk management framework includes risk assessment, response, communication and governance. All this is set in place to identify the optimum operating condition in order to achieve the Group's strategic objective and to provide reasonable assurance that internal controls are effective.

IDENTIFYING AND MANAGING RISK

The management of risk is embedded in our culture and it is the responsibility of each employee to ensure that this culture is built into our working practices. Specifically day-to-day management of risk is delegated by the Board to senior executives across the firm, through appropriate committees, systems and controls.

Whilst encouraging an entrepreneurial and commercial culture that is focused on generating value for our clients, the Board actively seeks to ensure all relevant risk exposures are managed and mitigated. Note 38 to the Financial Statements describes how the Group manages the financial risks faced in the normal course of business. The Board receives input from other key committees along with the framework employed by the Group to manage the risks. The risk management framework covers 6 broad processes as illustrated in the chart with corporate risk reporting tool, oversight & accountability and compliance assurance.

IDENTIFYING AND MANAGING RISK (continued)

We are subject to the same general risks as many other businesses; for example, changes in general economic conditions, currency and interest rate fluctuations, changes in taxation legislation, cyber-security breaches, failure of our IT infrastructure, the cost of our raw materials, the impact of competition, political instability and the impact of natural disasters.

For the purpose of this Statement, the Group means the Company and its subsidiaries, excluding its joint ventures and associate companies. This Statement does not cover the joint ventures and associate companies as the Company does not have full control over the operations, management and internal control system of these companies. However, we may have Board representation on the Boards of these companies.

Our Risk Strategy

The Board is responsible for creating the framework for the Group's RMC to operate effectively. This risk management framework includes risk assessment, response, communication and governance. The Board is also responsible for ensuring that appropriate and proportionate resources are allocated to risk management activities.

Our Risk Management Framework

Under the RMC, we have a structured risk management framework throughout the Group. This includes a standard set of risk categories, generic risk descriptions and scoring methodology, together with a process to analyse and manage risk. All our subsidiaries use this framework to identify and document their specific risks.

We rank risks in a Risk Register by combining their economic, operational or environmental impact and the likelihood that they may occur. We do this both before and after we identify the controls we have in place to mitigate each risk. Those risks that pose the greatest threat to our business and score the highest, prior to mitigation, are identified as key risks. All our people are responsible for managing risk. By using a common framework, we are able to view risk from both a top-down and bottom-up perspective and so ensure it is considered and managed at every level of our business. Our safety, health, and environmental risks are reviewed and considered monthly by our respective Risk Management Unit.

Our Key Risks

Risks affect every area of our business. Their nature and potential impact changes constantly but through our regular reviews we identify risks that could impact our strategy and allow us to set up controls to mitigate their effects. We categorise our risks into the following areas:

- **Strategic** risks that could prevent us from achieving our strategic objectives.

- **Operational** risks which, if not successfully managed, would threaten our viability. These relate to our ability to operate a sustainable and safe business.

Our Key Risks (continued)

- **Financial** risks relating to the funding and fiscal security of the Group.

- **Compliance** risks which could affect our compliance with regulations and law, and/or our 'licence to operate' in society.

We have listed below the **key risks** that may affect our business, although there are other risks that may occur and impact the Group's performance.

Strategic risks	Strategy for risk management
Conditions in the global economy, economic fluctuations and volatility and cyclicality of say, the global travel and tours markets may adversely affect the results of the Group.	The Group maintains a balanced portfolio of products serving a wide range of end markets around the globe. Segment performance at business unit level is closely monitored and corrective actions are taken as necessary.
The markets in which the Group operates are highly competitive and the Group may lose market share to other competitors.	The Group continues to invest in existing and new products through research and development ("R&D"). The Group continues to invest in new facilities to allow the Group to maintain its key market positions. The Group strengthens its regional position and growth through alliances and collaborations. The Group operates quality management systems, such as The International Organisation for Standardisation ("ISO") and ADRs for our bus-body fabrication unit, to ensure products meet customers' agreed standards. The Group maintains a strong and good working relationship with our suppliers and customers to ensure support and regular customer feedback to enhance our products and services.

Our Key Risks (continued)

Strategic risks (continued)	**Strategy for risk management** (continued)
The Group's strategic plan involves significant change management, including cost-effective reforms, joint ventures and tie up with foreign parties to enhance market positions and provide new technologies.	Strategic projects are managed in a structured framework which includes formal identification of risks. The Group has extensive experience of change management and making use of external specialist advice as required.
The ability of the Group to compete is highly dependent on its ability to develop technological innovations, to introduce new products and to protect its intellectual property, trade secrets and know-how.	The Group continues to invest in existing and new technologies through R&D.
The ongoing success of the Group is dependent on attracting and retaining high quality senior management and staff who can effectively manage the Group's operations.	The Group offers competitive compensation packages with annual bonus and long-term incentive arrangements for key employees. Appropriate notice periods and non-compete clauses are used to mitigate short-term risk for key positions.
As a multi-national enterprise, the Group could suffer losses of intellectual property and other assets through theft or fraud which could be significant.	The Group maintains controls both to detect and prevent theft and fraud as appropriate to the nature of the risk.

Our Key Risks (continued)

Operational risk (continued)	**Strategy for risk management** (continued)
The failure of the Group to procure key raw materials may lead to production interruptions, and volatility in the prices of such raw materials and energy prices may adversely affect the profitability of the Group and its working capital position.	Sourcing strategies are in place Group-wide to access multiple sources for key raw materials and the Group works closely with key suppliers to ensure availability. The Group looks to identify alternative raw materials where possible. The Group actively manages margins and recovers input cost increases from customers. The Group implements measures for proactive cost management, streamlining of production process and high impact cost and efficiency awareness for all its employees.
The failure or loss of a key production asset, process, information or communication system, whether temporarily or permanently could occur, directly or otherwise, through natural disasters, epidemic, industrial action, sabotage or the like, and would have an adverse impact on operations.	Crisis management procedures are in place for all subsidiaries. These are reviewed and updated regularly. The Group invests in its infrastructure to ensure appropriate levels of resilience in the event of temporary failures in IT systems. Backups and disaster recovery plans are in place for critical systems and processes.

Compliance risk	**Strategy for risk management**
The Group may be liable for damages based on product liability claims brought against its customers in end-use markets.	Technically qualified personnel and control systems are in place around the Group to ensure products meet certification standards.
Compliance with extensive environmental, health and safety laws and regulations could require material expenditure, changes in the operations of the Group or site remediation.	Detailed safety, health and environmental processes are documented in operating guidance which is updated and communicated to staff on a regular basis.

Our Key Risks (continued)

Compliance risk (continued)	Strategy for risk management (continued)
The Group could suffer substantial penalties, damage to reputation and other sanctions for any failure to control anti-competitive behaviour, such as bribery and corruption, or ineffective compliance with local and national legislation.	All our key employees affirm their understanding of the code of business conduct covering corrupt and anti-competitive business practices. Malpractice reporting is similarly covered in the Group policy on protecting our reputation. Training is provided regularly. Our Group constantly monitors new laws and regulations and assess the impact to our Group businesses. To manage and track compliance issues, the Group appoints compliance officers and conducts internal audits.

Financial risks	Strategy for risk management
A significant proportion of the Group's turnover and assets are in currencies other than Ringgit Malaysia and fluctuations in currency exchange rates may significantly impact the results of the Group and may significantly affect the comparability of financial results between financial periods.	The Group has a policy of hedging all significant foreign exchange transactional exposure at operating company level. There is also a natural hedging process at operating subsidiaries as they source their resources locally in countries where they operate.
The Group's balance sheet and cash flow, and also credit market conditions and credit ratings, may restrict the ability of the Group to obtain credit facilities or to refinance its existing debt facilities in the longer term. In addition, interest rate fluctuations and increases in bank lending margins may increase the Group's costs of borrowing.	The Group closely monitors its operating cash flow and capital expenditure on a monthly basis and regularly reviews covenant compliance. The Group has policy on leverage limits and has adequate headroom on a twelve month forecast basis. Interest rate risk is managed through the use of interest rate hedging by a combination of loans with fixed and variable interest rates and the tenure of the loans.

Our Key Risks (continued)

Below are some key areas reviewed by the Group in 2018:

1. **Business Strategy Gap**

   In maintaining its competitiveness and resilience in the diversified industries that it operates in, the Group focuses on the performance of its subsidiaries and investments by close monitoring and evaluation, allocation of resources and funding to meet its strategic goals. In the review, the Group examined and monitored the controls which are in place to ensure that they are robust to mitigate the risk.

2. **Increased Costs and Inefficiencies**

   Increasing cost in 2018 is one major factor which may affect the Group's business and operation and the Group regularly reviews its operations to address any inefficiency that may exist in pockets of the operations.

3. **Revenue Gap**

   The Group reviewed factors which may affect the risk of revenue gap such as competition, economic slowdown and dependence on a few key customers and ensured that the controls put in place within the Group are effective. The assessment included whether to terminate the risk through cessation of business or discontinuation of non-performing product lines or market segments.

4. **Non-Compliance**

   Non-compliance is another key risk area reviewed as the Group operates in many countries and in regulated industries.

5. **Human Capital Gap**

   During the year, the Group focused on addressing the risk of capacity and competency gaps to meet the Group's human capital requirements. Without addressing this risk, execution of plans and initiatives towards achieving targets or goals may be impaired. Proper planning, skill development, relevant training and timely performance review are implemented periodically. This is an on-going effort to optimise the full potential of the Group's biggest asset.

INTERNAL CONTROL SYSTEM

The internal control system focuses on key financial reporting, operational and compliance controls. The system encompasses the policies, processes and activities that contribute to the reliability of financial reporting, the effectiveness and efficiency of operations and compliance with laws and regulations. The internal audit function has operated independently since 2004 reporting to the Audit Committee.

Each year improvements are implemented to the internal audit reviews including its objectives, scope and procedures to enhance effectiveness.

INTERNAL CONTROL SYSTEM
(continued)

The processes which the Board has applied in reviewing the adequacy and effectiveness of the Group's system of internal control includes:

- Rigorous review of the quarterly financial results and reports and evaluating the reasons for unusual variances noted thereof by the Board and Audit Committee;

- The Group Managing Director closely monitors the business and operations of the Group and reports to the Board on significant changes in the business and external environment which affect the operations of the Group at large; and

- The Board has in place an organisational structure with formally defined lines of responsibility, proper segregation of duties and delegation of authority. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability. The procedures include the establishment of limits of authority and policies on health and safety, training and development, equality of opportunity, staff performance and serious misconduct. These procedures are implemented across the Group to provide continuous assurance to senior management and finally to the Board.

INTERNAL AUDIT FUNCTION

The internal audit adopts a risk-based approach in developing its audit plan based on the Group's key risks profile. Internal audit plan and the scope of the internal audit are presented and approved by the Audit Committee on a yearly basis.

The Group's internal audit function is performed by the Internal Auditors (outsourced professional internal audit company) who are independent of the activities audited by them. The principal role of the internal audit function is to review the Group's operations, evaluating their efficiency, effectiveness and compliance with corporate policies, procedures, laws and regulations.

In 2018, the Internal Auditors executed the approved audit plan and performed the following:

- Internal controls review on majority of the Group's operating units for the functions of Cost Management, Credit and Cash Management as well as other operating processes such as Procurement and Production.

- Compliance review on operating units which are required to comply with guidelines and acts issued by external regulatory bodies.

- Reviewed the control procedures taken by the management on recurrent related party transactions.

- Followed-up on the implementation of corrective action plans agreed by management.

INTERNAL AUDIT FUNCTION (continued)

In 2018, the Internal Auditors executed the approved audit plan and performed the following: (continued)

- Issued reports on the results of the internal reviews, identifying weaknesses with suggested recommendations for improvements to management for further action.

- Tabled internal audit reports at the Audit Committee meeting on a quarterly basis.

The internal audit function provides assurance of the effectiveness of the internal control system within the Group to ensure that risks are adequately managed and controlled.

Internal audit performs risk assessment, operational and system review as part of the audit activities. The areas of audit coverage are based on areas of high risk that are independently assessed. All audit findings are deliberated and resolved with the management of the subsidiaries. Follow-up reviews will subsequently be performed to ascertain the effectiveness of the recommended mitigation efforts.

The Audit Committee reviews the internal audit issues identified and recommendations made by the Internal Auditors on a regular basis, in addition to the recommendations made by the external auditors during the annual statutory audit.

REVIEW OF ADEQUACY AND EFFECTIVENESS

The RMC has reviewed and reported to the Board the adequacy and effectiveness of the Group's risk management system, including the Group's risk tolerance and the enterprise-wide risk governance framework. The Audit Committee has reviewed and reported to the Board the adequacy and effectiveness of the system of internal controls operate d by the Group for the year 2018 and up to the date of its last meeting prior to the date of the Annual Report. The Board considers the system of internal controls described in this Statement to be satisfactory and the risks to be at an acceptable level within the context of the Group's business environment. The Board has received assurance from the Group Managing Director and Senior Finance Manager of the Company that the Group's risk management and internal control system for the current Group's business environment is operating adequately and effectively, in all material aspects, based on the risk management framework adopted by the Group.

The Board and the management of the Group will continuously take measures to strengthen and monitor the internal control framework and environment implemented by the Group. For the financial year under review, the Board is satisfied that the system of internal controls is satisfactory and there are no material losses incurred during the current financial year as a result of weaknesses in internal control.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors had reviewed this statement on risk management and internal control for inclusion in the Annual Report for the financial year ended 31 December 2018 and reported to the Board that nothing has come to their attention that caused them to believe that this Statement is not prepared in all materials aspects in accordance with the disclosures required under paragraphs 41 and 42 of the Statement on Risk Management and Internal Control (Guidelines for Directors of Listed Issuers) nor is it factually inaccurate.

AAPG 3, Guidance for Auditors on the Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants does not require the external auditors to consider whether the Directors' statement on risk management and internal controls covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control procedures including the assessment and opinion by the Board and management thereon. They are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will in fact remedy the problems.

CORPORATE GOVERNANCE

Contents

Our Corporate Information

BOARD OF DIRECTORS

Dato' Ahmad Sebi Bakar
Group Chairman

Anton Syazi Dato' Ahmad Sebi
Group Executive Deputy Chairman

Lee Su Nie
Group Managing Director

Puan Sri Datin Masri Khaw Abdullah
Non-Independent Non-Executive Director

Yong Teck Ming
Independent Non-Executive Director

Rali Mohd Nor
Independent Non-Executive Director

Aryati Sasya Dato' Ahmad Sebi
Non-Independent Non-Executive Director

Kam Kin Foong
Independent Non-Executive Director

AUDIT COMMITTEE

Yong Teck Ming
Chairman

Rali Mohd Nor
Member

Kam Kin Foong
Member

RISK MANAGEMENT COMMITTEE

Yong Teck Ming
Chairman

Aryati Sasya Dato' Ahmad Sebi
Member

Kam Kin Foong
Member

NOMINATION COMMITTEE

Rali Mohd Nor
Chairman

Puan Sri Datin Masri Khaw Abdullah *Member*

Kam Kin Foong
Member

REMUNERATION COMMITTEE

Rali Mohd Nor
Chairman

Puan Sri Datin Masri Khaw Abdullah *Member*

Kam Kin Foong
Member

COMPANY SECRETARY	**Ho Tsae Feng** (MAICSA 7028522)

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Fax : 03-2282 9980

PRINCIPAL BANKERS	**Affin Bank Berhad**	**CIMB Bank Berhad**
STOCK EXCHANGE LISTING	**Main Market of Bursa Malaysia Securities Berhad**	
WEBSITE	**www.asb.com.my**	

Our Board

Dato' Ahmad Sebi Bakar

Group Chairman (age 71)

Dato' Ahmad Sebi Bakar is a Non-Independent Non-Executive Director and the Group Chairman of Advance Synergy Berhad. He was appointed to the Board on 9 April 1991 and redesignated from Executive Chairman to Group Executive Chairman on 28 September 2012. On 1 September 2017, he was redesignated to Non-Executive Group Chairman.

Dato' Ahmad Sebi holds a Bachelor of Arts (Hons) from the University of Malaya, Kuala Lumpur, a Diploma in Journalism from the Thomson Foundation, United Kingdom and a Master of Arts from Michigan State University, United States of America.

He was the Editor of the Malay Mail, a member of the New Straits Times Press Group from 1976 to 1982 and subsequently the Group Editor of Berita Harian from 1983 to 1986. From 1986 to 1989, he was the Managing Director of Sistem Televisyen Malaysia Bhd and a director of the New Straits Times Press Group from 1988 to 1989. He was also the Non-Executive Chairman of Unified Communications Holdings Limited (now known as Captii Limited), an indirect subsidiary of Advance Synergy Berhad which is listed on the Singapore Exchange Securities Trading Limited, from December 2003 to June 2006. Besides, he had held both the positions as Executive Chairman and Managing Director of Kumpulan Powernet Berhad from 12 January 2002 to 28 August 2015.

He was conferred the Ahli Mangku Negara (A.M.N.) by the Yang Di-Pertuan Agong, DYMM Tuanku Haji Ahmad Shah Al-Mustain Billah Ibni Almarhum Sultan Abu Bakar in 1983, the Justice of Peace (J.P.) by DYMM Sultan Azlan Muhibbuddin Shah Ibni Almarhum Sultan Yusoff Izzuddin Shah Ghafarullah, Sultan of Perak, in 1986 and the Dato' Setia Diraja Kedah (D.S.D.K.) by DYMM Tuanku Alhaj Abdul Halim Mu'adzam Shah Ibni Almarhum Sultan Badlishah, Sultan of Kedah, in 1988.

Dato' Ahmad Sebi Bakar (continued)

He is actively involved in social and charitable work and is the Chairman of several non-profit organisations, namely, the privately funded Orphanage Foundation of Malaysia (YATIM) and in the past the Bosnia Action Front, Malaysia. He was also the President of the Malaysian National Writers Association (PENA) from 1992 to 2008.

Dato' Ahmad Sebi is a substantial shareholder of Advance Synergy Berhad. He is also a substantial shareholder and a director of Suasana Dinamik Sdn Bhd and Bright Existence Sdn Bhd, companies that are also substantial shareholders of Advance Synergy Berhad.

Except for his daughter, Sasya who is a Non-Independent Non-Executive Director and his son, Anton, who is the Group Executive Deputy Chairman, Dato' Ahmad Sebi does not have any family relationship with any other director or major shareholder of Advance Synergy Berhad. And he has no conflict of interest with Advance Synergy Berhad.

Dato' Ahmad Sebi has not been convicted for any offences within the past 5 years and no public sanction or penalty has been imposed by the relevant regulatory bodies during the financial year.

Anton Syazi Dato' Ahmad Sebi

Group Executive Deputy Chairman (age 41)

Mr Anton Syazi Dato' Ahmad Sebi, was appointed to the Board on 27 February 2017 and was subsequently redesignated as Executive Deputy Chairman on 1 September 2017.

Anton graduated from the London School of Economics, University of London, with a Bachelor of Science in Economics. He has a Master of Arts in Finance and holds an Investment Management Certificate awarded by the UK Society of Investment Professionals.

Anton is also Group Executive Director of Captii Limited ("Captii"), a 58.3%-owned subsidiary of Advance Synergy Berhad and Chairman of Captii Ventures Pte Ltd, a Captii subsidiary. He has been a member of the Captii Board since 22 June 2006 and was previously Group Chief Executive Officer of Captii from 10 August 2010 to 31 August 2017 and Group Deputy Chief Executive Officer from December 2005 to 9 August 2010.

Anton sits on the Board of various other subsidiary, associate and joint venture companies of the Group and has been a Non-Executive Director of SJ Securities Sdn Bhd since 20 September 2005.

Prior to joining Advance Synergy Berhad in June 2001, Anton was with the South East Asia Investment Banking Division of Credit Suisse First Boston.

Anton Syazi Dato' Ahmad Sebi (continued)

He does not have any family relationship with any director and/or major shareholder of Advance Synergy Berhad, nor has he any conflict of interest with Advance Synergy Berhad, except that his father, Dato' Ahmad Sebi, is the Group Chairman and substantial shareholder of Advance Synergy Berhad. Anton is a director of Bright Existence Sdn Bhd and Suasana Dinamik Sdn Bhd, substantial shareholders of Advance Synergy Berhad. His father, Dato' Ahmad Sebi, is also a substantial shareholder and director of Bright Existence Sdn Bhd and Suasana Dinamik Sdn Bhd. His sister, Sasya, is also a Non-Independent Non-Executive Director of Advance Synergy Berhad. Anton has had no convictions for any offences within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Lee Su Nie

Group Managing Director (age 58)

Ms Lee Su Nie is a Non-Independent Director and the Group Managing Director of Advance Synergy Berhad. She was appointed to the Board on 9 July 2007 and redesignated from Executive Director/Chief Executive Officer to Group Managing Director on 28 September 2012.

Su Nie holds a Bachelor of Commerce (Accounting) degree from the University of Birmingham, United Kingdom and a Master of Science (Business Administration) from the University of Bath, United Kingdom. She is also a Fellow Member of The Association of Chartered Certified Accountants, United Kingdom.

In 1985, she joined Kassim Chan Management Consultants Sdn Bhd, where she provided management consultancy services. She joined the Corporate Finance Department of Rakyat Merchant Bankers Berhad in 1989. In 1991, she left Rakyat Merchant Bankers Berhad to join Perdana Merchant Bankers Berhad. She subsequently left her position as First Vice President, Corporate Finance of the Bank to join Advance Synergy Berhad in 1995 as Assistant General Manager, Corporate Planning & Finance. She was subsequently appointed the Group General Manager, Operations of Advance Synergy Berhad prior to her appointment as Chief Executive Officer on 22 April 2004.

She is a Non-Independent Non-Executive Director of Captii Limited, an indirect subsidiary of Advance Synergy Berhad which is listed on the Singapore Exchange Securities Trading Limited. She also sits on the Board of other subsidiaries and associate companies of Advance Synergy Berhad.

She does not have any family relationship with any director and/or major shareholder of Advance Synergy Berhad nor has she any conflict of interest with Advance Synergy Berhad. She has no convictions for any offences within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Puan Sri Datin Masri Khaw Abdullah

Non-Independent Non-Executive Director (age 66)

Puan Sri Datin Masri Khaw Abdullah is a Non-Independent Non-Executive Director of Advance Synergy Berhad. She was appointed to the Board on 6 January 1995.

Puan Sri Datin Masri was one of the first Asians to complete the General Manager's Programme at the Holiday Inn University in Memphis, USA in 1976. In 1982, she completed a summer course on Hotel Development & Design at Cornell University, USA and had undergone Hotel training in Singapore and Canada.

She was awarded the Best Marketing Person of the Year for Holiday Inn Hotels Asia Pacific in 1985. Puan Sri Datin Masri played a key role when Antara Holiday Villas Sdn Bhd garnered several awards namely, the Special Award for Quality Management in the Industry Excellence Award 1997 (organised by the Ministry of International Trade and Industry and received this prestigious award from the former Prime Minister Tun Dr. Mahathir Mohamad on 18 December 1997), the National HR Excellence Award 2004 and the Industry Excellence Award 2005 – Export Excellence (Services). Her experience in the hotel industry dates back to 1969 and she has since contributed significantly to the development of new hotels. She was the co-founder of Holiday Villa chain in 1987 with the opening of the 1st Holiday Villa Cherating.

She is presently the Managing Director and Chief Executive Officer of Antara Holiday Villas Sdn Bhd and Holiday Villas International Limited, subsidiaries of Advance Synergy Berhad. She also sits on the Board of other subsidiaries and an associate company of Advance Synergy Berhad, including Cherating Holiday Villa Berhad, which is a non-listed public company.

Puan Sri Datin Masri is a member of the Remuneration Committee and Nomination Committee of Advance Synergy Berhad.

She does not have any family relationship with any director and/or major shareholder of Advance Synergy Berhad, nor has she any conflict of interest with Advance Synergy Berhad. She has no convictions for any offences within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Yong Teck Ming

Independent Non-Executive Director (age 65)

Mr Yong Teck Ming was appointed to the Board on 9 July 2007. He is an Independent Non-Executive Director of Advance Synergy Berhad. He also serves as Chairman of the Audit Committee and Risk Management Committee.

Yong Teck Ming (continued)

He holds a Bachelor of Commerce Degree from the University of Auckland, New Zealand. He is a member of Chartered Accountants Australia, New Zealand and a member of the Institute of Chartered Secretaries and Administrators, United Kingdom.

Teck Ming started his career in New Zealand in 1973 and worked in several accounting positions before returning to Malaysia in February 1979. From March 1979 to January 1995, he served in various positions in the Berjaya Group of Companies including as Group Executive Director from February 1988 until January 1995. He currently sits on the Boards of several private limited companies.

He does not have any family relationship with any director and/or major shareholder of Advance Synergy Berhad, nor has he any conflict of interest with Advance Synergy Berhad. He has had no convictions for any offences within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Rali Mohd Nor

Independent Non-Executive Director (age 65)

Mr Rali Mohd Nor is an Independent Non-Executive Director of Advance Synergy Berhad. He was appointed to the Board on 10 March 2016.

Rali holds a Master of Business Administration (Finance) from Brunel University, United Kingdom, Advance Post Graduate Diploma in Management Consultancy from Henley Business School, University of Reading, United Kingdom, Diploma in Management (Merit) from Malaysian Institute of Management, Kuala Lumpur and Diploma in Syariah (Merit) from University of Malaya, Kuala Lumpur.

He was formerly the Managing Director and Chief Executive Officer of Proton Parts Centre Sdn Bhd, a subsidiary of PROTON Holdings Berhad since 2003 until his retirement in February 2015. Prior to that, he was the Chief Finance Officer of Proton Parts Centre Sdn Bhd for more than 10 years. He joined PROTON in 1985 as a Production Planning Manager and progressed to serve in International Business Division as a Senior Manager of Parts Business for 6 years. He started his career in Dunlop Malaysian Industries Berhad in 1977 as a Management Trainee and later on served as Planning Superintendent in the Planning Department. He has worked in Dunlop for 8 years before joining PROTON.

Rali Mohd Nor (continued)

He is a Fellow Member of the Institute of Leadership and Management, United Kingdom. He is also a member of the Chartered Institute of Marketing, United Kingdom, the Malaysian Institute of Management, Malaysia and the Harvard Business School Alumni Club of Malaysia. He has attended Senior Management Development Program at Havard Business School Alumni Club of Malaysia and Advance Management Program at Henley Business School.

Rali is a member of the Audit Committee. He is also the Chairman of the Nomination Committee and Remuneration Committee of Advance Synergy Berhad.

He does not have any family relationship with any director and/or major shareholder of Advance Synergy Berhad, nor has he any conflict of interest with Advance Synergy Berhad. He has no convictions for any offences within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Aryati Sasya Dato' Ahmad Sebi

Non-Independent Non-Executive Director (age 44)

Ms Aryati Sasya Dato' Ahmad Sebi is a Non-Independent Non-Executive Director of Advance Synergy Berhad. She was appointed to the Board on 7 March 2013.

Sasya holds a Bachelor of Commerce from Deakin University, Australia, a Diploma in Economics from La Trobe University, Melbourne and a Master of Finance from RMIT University, Melbourne.

She worked at SJ Securities Sdn Bhd, Malaysia as a Research Analyst before joining the retailing industry in 2002. From late 2002 to 2005, she entered the retail industry and undertook a consulting position with a local specialised men's retailer in Melbourne where she was responsible for the day-to-day management of the company as well as preparing sales and market forecasting for the board of directors. Within the same period, she was appointed as a Director of Tantalum Australia NL, now known as ABM Resources NL, a public listed company in Australia. During her time at ABM Resources NL, she gained considerable knowledge of the mining sector as well as expanded her financial analysis skills to include some technical analysis of the commodities sector. She resigned from the Board in 2006.

Presently, she continues to be involved in the corporate industry in a consulting capacity. She has over 9 years' experience in corporate management and finance in various companies ranging from hospitality, mining to manufacturing. She also sits on the board of various companies incorporated in Malaysia and overseas.

Aryati Sasya Dato' Ahmad Sebi (continued)

Sasya is a member of the Risk Management Committee of Advance Synergy Berhad.

She does not have any family relationship with any director and/or major shareholder of Advance Synergy Berhad, nor has she any conflict of interest with Advance Synergy Berhad, except that her father, Dato' Ahmad Sebi, is the Group Chairman and substantial shareholder of Advance Synergy Berhad. Her brother, Anton, is the Group Executive Deputy Chairman and also a director of Bright Existence Sdn Bhd and Suasana Dinamik Sdn Bhd, both companies are substantial shareholders of Advance Synergy Berhad. Her father, Dato' Ahmad Sebi, is also a substantial shareholder and director of Bright Existence Sdn Bhd and Suasana Dinamik Sdn Bhd. She has had no convictions for any offences within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Kam Kin Foong

Independent Non-Executive Director (age 52)

Ms Kam Kin Foong, is an Independent Non-Executive Director of Advance Synergy Berhad. She was appointed to the Board on 12 July 2018.

Kin Foong holds a Bachelor of Science degree in Business Administration majoring in Finance and a Master of Science in Industrial Management from the Central Missouri State University, United States of America.

From 1991 to 1995, she was the Assistant Manager in NJ Metal Stamping Sdn Bhd. She joined Powernet Industries Sdn Bhd in 1995 as a Personal Assistant to the Managing Director and was subsequently promoted to the post of Export Manager in 1997. In 1999, she was appointed as the Executive Director of Powernet Industries Sdn Bhd. Kin Foong was appointed as an Executive Director of Kumpulan Powernet Berhad ("KPB") on 12 January 2002. She left KPB in October 2005 and since then she has been self-employed in investment and management of properties and financial assets. She is presently a Director of Megalpha Sdn Bhd and Megalpha Limited.

Kin Foong is a member of the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee of Advance Synergy Berhad.

She does not have any family relationship with any director and/or major shareholder of Advance Synergy Berhad, nor has she any conflict of interest with Advance Synergy Berhad. She has no convictions for any offences within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Our Company Secretary

Ho Tsae Feng

Company Secretary and Group Secretarial Manager (age 49)

Ms Ho Tsae Feng, is the Company Secretary and Group Secretarial Manager of Advance Synergy Berhad. She joined Advance Synergy Berhad on 2 September 2003 as the Group Secretarial Manager and assumed an additional position as Company Secretary on 28 October 2003. Tsae Feng is an Associate Member of The Malaysian Institute of Chartered Secretaries and Administrators.

Prior to joining Advance Synergy Berhad, she was with The Malayan United Industries Berhad Group as an Assistant Company Secretary from March 2000 until August 2003. From April 1997 to March 2000, she was a Senior Secretarial Assistant with Corporatehouse Services Sdn Bhd, an affiliate to PricewaterhouseCoopers providing corporate secretarial services. From September 1995 to April 1997, she was attached to Ekovest Berhad, a public listed company, as Assistant Company Secretary. She has more than 20 years' experience in corporate secretarial services.

Tsae Feng does not hold any directorship in public company.

She does not have any family relationship with any director and/or major shareholder of Advance Synergy Berhad, nor has she any conflict of interest with Advance Synergy Berhad. She has had no convictions for any offences within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Our Key Management

CORPORATE OFFICE

Dato' Ahmad Sebi Bakar
Group Chairman

Anton Syazi Dato' Ahmad Sebi
Group Executive Deputy Chairman

Lee Su Nie
Group Managing Director

Sng Ngiap Koon
Chief Operating Officer – Asset Development

Yap Chee Kong
General Manager – Corporate Services

Daniel Tan Wooi Hoo
Senior Finance Manager

Ho Tsae Feng
Group Secretarial Manager

HEADS OF GROUP DIVISIONS

HOTELS AND RESORTS

ALANGKA-SUKA HOTELS & RESORTS SDN BHD

Tan Sri Dato' Azman Shah Haron
Chairman

Puan Sri Datin Masri Khaw Abdullah
Managing Director & Chief Executive Officer

PROPERTY DEVELOPMENT

ADVANCE SYNERGY REALTY SDN BHD

Sng Ngiap Koon
Executive Director/Chief Operating Officer

INVESTMENT HOLDING

ADVANCE SYNERGY CAPITAL SDN BHD

Yap Chee Kong
Financial Controller

TRAVEL & TOURS

ORIENT ESCAPE TRAVEL SDN BHD

Cheah Ping Huey
Executive Director

SYNERGY TOURS SDN BHD

Cheah Ping Huey
Chief Executive Officer

INFORMATION & COMMUNICATIONS TECHNOLOGY

CAPTII LIMITED

Wong Tze Leng
Group Executive Chairman

Anton Syazi Dato' Ahmad Sebi
Group Executive Director

CARD & PAYMENT SERVICES

PAYDEE SDN BHD
(formerly known as SYNERGY CARDS SDN BHD)

Low Kok Keng
Chief Executive Officer

BUS-BODY FABRICATION

QUALITY BUS & COACH (M) SDN BHD

Yap Chee Kong
Managing Director

EDUCATION

THE LANGUAGE HOUSE

Patricia Mary Jayasuriya @ Cecilia
Principal

Our Group
Senior Management

Tan Sri Dato' Azman Shah Haron *(age 69)*

• Chairman of Alangka-Suka Hotels & Resorts Sdn Bhd

Tan Sri Dato' Azman Shah Haron is the co-founder of Holiday Villa hotels and resorts and presently, the Chairman of Alangka-Suka Hotels and Resorts Sdn Bhd which owns and manages the Holiday Villa hotel chain operating in Malaysia and abroad. He was appointed the Chairman on 26 August 1996.

Tan Sri Dato' Azman was educated in Japan and Australia and has received extensive training in general hotel management in the United States of America.

Tan Sri Dato' Azman has held various senior appointments in major hotels. Prior to this, he was the Managing Director and shareholder of Central Holdings Berhad, the company which owns and manages the three Holiday Inn hotels in the Klang Valley, namely Holiday Inn On The Park Kuala Lumpur, Holiday Inn City Centre Kuala Lumpur and Holiday Inn Shah Alam over two decades. His excellent leadership brought the three Holiday Inn hotels to great heights. During his tenure, he received numerous awards and accolades, among them were Holiday Inn International Torchbearer's Award (The Holiday Inn Systems Worldwide Performance Award for the Top 50 hotels), Gold Award for Inter-Hotel Performance and Productivity, Tourism Gold Award for Hotel Performance and Service – 1st Class Category by the Malaysian Ministry of Tourism.

He was the President of the Malaysian Association of Hotels for over a decade and a member of the Malaysia Tourism Board for over 12 years. He was also the President and board member of ASEANTA (Asean Tourism Association) and Asean Hotel & Restaurant Association (AHRA) and contributed a lot in the promotion and expansion of tourism activities in the ASEAN region. He was the Past President of International Organisation of Employers (IOE) Geneva and Asean Confederation of Employers (ACE) and also a past Board member of Malaysian Industrial Development Authority (MIDA).

Tan Sri Dato' Azman Shah Haron
(continued)

Tan Sri Dato' Azman is currently the President of Malaysian Employers Federation (MEF), and Chairman of the Consultative Panel for the Hospitality Industry at the Malaysia Productivity Corporation (MPC), Confederation of Asia Pacific Employers (CAPE), Industrial Advisory Committee, Department of Polytechnic, Higher Education Department, as well as a Board Member of the Malaysia Productivity Corporation (MPC) and Employees Provident Fund (EPF).

Currently, he also serves as member of the Task Force (PEMUDAH), Substantive Member on National Labour Advisory Council (NLAC), as Council Member of the National Wages Consultative Committee (NWCC), Ministry of Human Resources and as Member of the Public Services Commission of Malaysia (Suruhanjaya Perkhidmatan Awam (SPA)) and as Treasurer of Rumah Bakti Dato' Harun Idris, Ulu Klang, Selangor (Orphanage).

In recognition of his immense contribution and excellent service, Tan Sri Dato' Azman received awards of Ahli Mahkota Selangor (AMS) Award by His Highness, The Sultan of Selangor, Datuk Paduka Tuanku Jaafar (DPTJ) Award by His Highness, The Yang Di Pertuan Negeri Sembilan and Darjah Kebesaran Panglima Setia Mahkota (PSM) Award by His Majesty, The Yang Di Pertuan Agong XIV Tuanku Al-Haj Abdul Halim Mu'adzam Shah.

Tan Sri Dato' Azman also sits on the Board of various subsidiaries of Advance Synergy Berhad, including Cherating Holiday Villa Berhad, which is a non-listed public company.

He does not have any family relationship with any director and/or major shareholder of Advance Synergy Berhad, nor has he any conflict of interest with Advance Synergy Berhad, save for his spouse, Puan Sri Datin Masri, is a Non-Independent Non-Executive Director of Advance Synergy Berhad.

He has no convictions for any offences within the past 5 years and no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year.

Wong Tze Leng *(age 54)*

• *Group Executive Chairman of Captii Limited*

Mr Wong Tze Leng was appointed the Group Executive Chairman of Captii Limited, a 58.3% – owned subsidiary of Advance Synergy Berhad which is listed on the Singapore Exchange Securities Trading Limited on 10 August 2010. He previously served as Group Chief Executive Officer of Captii Limited, a position he held since 22 December 2002 until his appointment as Executive Chairman.

Tze Leng has over 20 years' experience in the information technology industry, with specific expertise in the telecommunications sector. He started his career in 1988 as an Engineer in the Singapore Institute of Standards & Industrial Research's design and development centre. He gained specialised expertise in computer telephony technology when he joined Federal Computer Services Pte Ltd in 1990 as a Software Engineer and later progressed to the position of Software Manager.

In 1993, he joined Dialogic as an Applications Engineer and was later promoted to the position of Business Development Director for the Asia Pacific region. During his career with Dialogic, he established a close rapport and working relationship with numerous IT companies and telcos in the Asia Pacific region. In 1998, he left Dialogic and founded the Captii Limited Group.

Tze Leng graduated from Monash University, Victoria, Australia, with a Bachelor's degree in Computer Science in 1985 and subsequently obtained a Bachelor's degree in Electrical and Electronic Engineering in 1987 from the same university.

Tze Leng also sits on the Board of various private limited companies including subsidiaries and associated company of Advance Synergy Berhad. He does not hold any directorship in other public companies.

He does not have any family relationship with any director and/or major shareholder of Advance Synergy Berhad, nor has he any conflict of interest with Advance Synergy Berhad, save for his substantial shareholding in Captii Limited. He has no convictions for any offences within the past 5 years and no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year.

Sng Ngiap Koon *(age 71)*

• *Chief Operating Officer – Asset Development of Advance Synergy Berhad*
• *Executive Director/Chief Operating Officer of Advance Synergy Realty Sdn Bhd*

Mr Sng Ngiap Koon was appointed the Executive Director/Chief Operating Officer of Advance Synergy Realty Sdn Bhd on 14 July 2007 and the Chief Operating Officer – Asset Development of Advance Synergy Berhad on 28 September 2012.

Ngiap Koon is an Associate Member of the Institute of Chartered Accountants in England and Wales.

Sng Ngiap Koon (continued)

Prior to 1984, he was working in London, England. Between 1984 to 1985, he was the Group Accountant of Innovest Berhad. He joined Advance Synergy Berhad in 1986 as the Group Accountant. In 1987, he was appointed the Group Financial Controller of Advance Synergy Berhad. Prior to his appointment as the Executive Director of Advance Synergy Berhad in 2003 till 2006, he held the positions of Senior Group General Manager and Company Secretary. He was also a Director of Advance Synergy Berhad from 1988 to early 1991.

Ngiap Koon currently sits on the Board of various subsidiaries of Advance Synergy Berhad including Cherating Holiday Villa Berhad, which is a non-listed public company.

He does not have any family relationship with any director and/or major shareholder of Advance Synergy Berhad, nor has he any conflict of interest with Advance Synergy Berhad. He has no convictions for any offences within the past 5 years and no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year.

Low Kok Keng *(age 60)*

• *Chief Executive Officer of Paydee Sdn Bhd (formerly known as Synergy Cards Sdn Bhd)*

Mr Low Kok Keng was appointed as Chief Executive Officer of Paydee Sdn Bhd (formerly known as Synergy Cards Sdn Bhd) on 13 August 2018.

He began his career in 1984 with British Steel PLC Scotland as Operational Research Analyst. Kok Keng later moved back to Malaysia to serve as a General Manager with MBf Group Technology Division Malaysia, where he was responsible for supporting ICT needs of its finance, insurance and card businesses in Asia Pacific. He was later promoted as Vice President, MBf Card Services Division in 1989, where he built his passion in the cards and payments industry. In MBf Card Services he built and implemented the first Fuel payments card and launched the first Maestro debit card (a Mastercard product), amongst his other successful initiatives. In 1999, he moved on to join CardLink International Ltd to serve as Asia Pacific Regional Director responsible for business development and supports on Fuel Fleet payments services.

He later founded CardTrend Systems Sdn Bhd, a business providing Fuel Fleet and Loyalty-Rewards solutions to petrol, retail and banking operators in Asia Pacific.

Being one of the pioneer in the cards and payments industry in this region, especially in the fuel and loyalty-rewards space, Kok Keng has successfully developed and implemented a few firsts. In MBF Card Services, he implemented the first fuel card (the MBf Shell card) and the first Mastercard debit card (the Maestro debit card). He has also successfully delivered Fuel Fleet card programs for Petronas, Petron (Malaysia and the Philippines), Shell East Zone, and other fuel operators and banks in Asia Pacific, when he was with CardTrend Systems. CardTrend's credibility and business grew to the point where it had several opportunities to compete for regional accounts and the company is too small to take any regional bidding competing against large MNC corporate, and Kok Keng decided to sell CardTrend in 2014 to a large French Fuel Fleet payment operator.

Low Kok Keng (continued)

Kok Keng possesses a BSc from East London University, UK and an MSc. in Operational Research from Lancaster & Strathclyde University, UK.

Kok Keng does not hold any directorship in public companies.

He does not have any family relationship with any director and/or major shareholder of Advance Synergy Berhad, nor has he any conflict of interest with Advance Synergy Berhad. He has no convictions for any offences within the past 5 years and no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year.

Yap Chee Kong *(age 51)*

- *General Manager – Corporate Services of Advance Synergy Berhad*
- *Financial Controller of Advance Synergy Capital Sdn Bhd*
- *Managing Director of Quality Bus & Coach (M) Sdn Bhd*

Mr Yap Chee Kong was appointed as a Financial Controller of Advance Synergy Capital Sdn Bhd on October 2001 and General Manager – Corporate Services of Advance Synergy Berhad on 28 September 2012. He was appointed as the Managing Director of Quality Bus & Coach (M) Sdn Bhd on 27 March 2017.

He is a qualified accountant by training and prior to joining Advance Synergy Capital Sdn Bhd, he was an audit manager with PricewaterhouseCoopers. During his time with PricewaterhouseCoopers, he gained extensive experience in auditing where he held a portfolio of public listed companies involved in diverse range of industries, which included financial institutions and stock broking companies. He also has experience in financial advisory work and was actively involved in due diligence review, technical research, training and recruitment. He was also involved in special audit and special business approval certification of stock broking companies.

He also sits on the Board of various subsidiaries and an associate company of Advance Synergy Berhad. He does not hold any directorship in public companies.

Chee Kong is a member of the Malaysian Institute of Accountants and a fellow member of the Association of Chartered Certified Accountants, England.

He does not have any family relationship with any director and/or major shareholder of Advance Synergy Berhad, nor has he any conflict of interest with Advance Synergy Berhad. He has no convictions for any offences within the past 5 years and no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year.

Cheah Ping Huey *(age 47)*

• *Executive Director of Orient Escape Travel Sdn Bhd*
• *Chief Executive Officer of Synergy Tours Sdn Bhd*

Ms Cheah Ping Huey joined the Travel and Tours Division of Advance Synergy Berhad in 2004 and was appointed the Executive Director of Orient Escape Travel Sdn Bhd on 12 April 2007. Since joining the Group, she has held several positions in the Group including the current positions.

With over 20 years' working experience, Ping Huey has served at management level in various international hotels including Guoman Hotels Group and Nikko Hotel.

Upon graduating from Stamford College with a Diploma in Business Administration in early 90's, she began her career as a Banquet Sales Secretary in Istana Hotel. She accumulated her experience in sales as a Sales Executive and worked her way up the corporate ladder while studying Hotel Management Diploma Course. She was awarded the Youngest Director of Sales, Corporate Division by Nikko Hotel in 2000 and Most Outstanding Sales Achievement in 2001. Her other accomplishments include spearheading the hotels pre-opening Sales & Marketing Team of Guoman Hotels Group in Port Dickson and Hanoi.

In 2002, Ping Huey took on a new challenge and joined the travel industry. She was appointed as General Manager in a Japanese – owned travel agency, Intersect Travel and Tour Sdn Bhd. Her acute insight and quick execution was quickly noted and in 2004, she was appointed the General Manager of Orient Escape Travel Sdn Bhd, a subsidiary of Advance Synergy Berhad and has since grown the company into one of the leading travel agency in Malaysia. In 2007, she was promoted to her current position as the Executive Director of Orient Escape Travel Sdn Bhd. Ping Huey was appointed the Chief Executive Officer of Synergy Tours Sdn Bhd on 1 January 2016.

Ping Huey does not hold any directorship in public companies.

She does not have any family relationship with any director and/or major shareholder of Advance Synergy Berhad, nor has she any conflict of interest with Advance Synergy Berhad. She has no convictions for any offences within the past 5 years other than traffic offence (if any) and no public sanction or penalty imposed on her by the relevant regulatory bodies during the financial year.

Patricia Mary Jayasuriya @ Cecilia *(age 62)*

• *Principal The Language House*

Ms Patricia Mary Jayasuriya @ Cecilia is the Principal of Pusat Bahasa The Language House ("TLH"), the education unit of Advance Synergy Berhad.

Patricia brings almost four decades of experience in education both in Malaysia and Hong Kong to TLH.

A psychology graduate of the University of Manchester, Patricia went on to take a postgraduate qualification in business administration from Cranfield University. She has both professional and academic qualifications in Teaching of English as a Second Language and is a Certified Hospitality Educator.

Patricia takes a hands-on approach in management and is passionate about maintaining quality in education especially in teaching standards and curricular.

Patricia does not hold any directorship in public companies.

She does not have any family relationship with any director and/or major shareholder of Advance Synergy Berhad, nor has she any conflict of interest with Advance Synergy Berhad. She has no convictions for any offences within the past 5 years other than traffic offence (if any) and no public sanction or penalty imposed on her by the relevant regulatory bodies during the financial year.

Notes:

The above Key Senior Management are all Malaysian. The profiles of the following Key Senior Management who are also Directors of Advance Synergy Berhad are set out in the Directors' Profile on pages 52, 53 and 54 of this Annual Report:

1. **Puan Sri Datin Masri Khaw Abdullah**
   • *Managing Director & Chief Executive Officer of Alangka-Suka Hotels and Resorts Sdn Bhd*

2. **Mr Anton Syazi Dato' Ahmad Sebi**
   • *Group Executive Deputy Chairman of Advance Synergy Berhad*
   • *Group Executive Director of Captii Limited*

Governance

The Board has included **gender balance** as one of the main criteria for appointment of new directors to promote the representation of women in the composition of the Board. Currently, we have four (4) women directors representing 50% of the Board of eight (8) members.

COMMITTED TO THE HIGHEST STANDARDS

Responsibility for good governance lies with the Board. The Board is accountable to shareholders and is committed to the highest standards of corporate governance as set out in the Malaysia Code on Corporate Governance ("the Code"). This Corporate Governance Overview Statement, describes how the Board has applied the main practices of good governance, as set out in the Code, during the year under review.

BOARD COMPOSITION AND SUCCESSION

The Board was made up of eight (8) members, comprising the Group Chairman, the Group Executive Deputy Chairman, the Group Managing Director, two (2) Non–Independent Non-Executive Directors and three (3) Independent Non-Executive Directors. All are Malaysian. The age of our Board members ranges from 41 to 71 years. The current Directors bring a wide range of business and financial experience, skills and knowledge necessary for the effective stewardship of the Group. Profiles of the Directors are set out on pages 51 to 57 of this Annual Report.

HOW WE GOVERN THE COMPANY

The Board leads the Group's governance framework; it is responsible for setting the strategic targets for the Group, monitoring progress made, approving proposed actions and for ensuring that the appropriate internal controls are in place and that they are operating effectively.

The Board is assisted by four (4) principal committees (Audit, Nomination, Remuneration and Risk Management), each of which is responsible for reviewing and dealing with matters within its own terms of reference. At scheduled Board meetings, the minutes of all committee meetings are circulated. All the non-executive directors are members of all principal committees. Individual reports from each principal committee can be found on pages 74 to 85.

The roles and responsibilities of the Board and the Board Committees as well as the relationship with the management are clearly set out and with clear accountability.

BOARD COMPOSITION AND SUCCESSION (continued)

Each of the Independent Non-Executive Directors is considered independent of management and free of any relationship that could materially interfere with the exercise of their independent judgement. The Board considers that each Independent Non-Executive Director brings their own senior level of experience, gained within their field.

Although the Group Chairman, Dato' Ahmad Sebi Bakar, is also a major shareholder, the Board believes that the Group Chairman has always acted and will continue to act at all times in the best interest of shareholders as a whole and will strive to protect and enhance the long-term shareholder values and the financial performance of the Group.

Succession planning for the Board is an on-going process and certainly the recent appointment of Mr Anton Syazi Dato' Ahmad Sebi as the Group Executive Deputy Chairman is one planned change to address succession planning. Succession planning is also viewed at executive management level, which at present is stable, on an on-going basis.

Diversity and gender balance

The Board recognises diversity in the boardroom as a critical element for efficient functioning of the Board and good governance practices. The Board also believes that diversity leads to the consideration of all facets of an issue and, consequently, better decisions and performance. Hence, the appointment of Board members and senior management not only takes into consideration the objective criteria and merit but also gives due regard for diversity in skills, experience, age, cultural background and gender.

The Board has included gender balance as one of the main criteria for appointment of new directors to promote the representation of women in the composition of the Board. Currently, we have four (4) women directors representing 50% of the Board of eight (8) members.

The remuneration for all Directors including Executive Directors is determined at levels so as to ensure that the Company attracts and retains the right calibre of Directors needed for the successful performance of the Group. The Remuneration Committee Report is set out on pages 82 to 85.

LEADERSHIP AND RESPONSIBILITIES

The Board is committed to ensuring that it provides leadership to the business as a whole, having regards to the interests and views of its shareholders and other stakeholders. It is also responsible for setting the Group's strategy, value and standards.

The Board has a formal schedule of matters reserved for its decision as follows:

- Strategy and management
- Communication
- Board membership and other appointments
- Remuneration
- Financial reporting and controls
- Delegation of authority
- Internal controls
- Corporate governance matters
- Contracts/acquisitions/disposal
- Dividend Policy
- Capital structure
- Other matters

LEADERSHIP AND RESPONSIBILITIES (continued)

The Board acknowledges its overall responsibility for maintaining a soundrisk management framework and internal control system to safeguard shareholders' investments, the Company's assets, and the need to review the adequacy and integrity of these systems regularly. The effectiveness of the Group's risk management and internal controls framework is reviewed periodically by the RMC and Audit Committee. The Risk Management and Audit Committee reports can be found on pages 39 to 48 and pages 74 to 77 respectively.

The presence of three (3) Independent Non-Executive Directors making up more than one-third (1/3) of the total number of Directors fulfills a pivotal role in ensuring that there is balance of power and authority. Although all the Directors have an equal responsibility for the Group's operations, the role of the Independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by the executive management are fully deliberated upon, and take into account the long term interests of the shareholders, employees, customers, suppliers and the many communities in which the Group conducts its business. Together, their representations on the Board fairly reflect the investment of the minority shareholders of the Company and in addition carry sufficient weight for decision making.

INDEPENDENCE OF DIRECTORS

The Board, through the Nomination Committee, evaluates the independence of its independent directors annually in accordance with the criteria as prescribed by the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Independent Directors are required to affirm their commitment to bring independent and objective judgement upon their appointments and annually thereafter.

During the financial year ended 31 December 2018, the Board, through the Nomination Committee, has conducted such assessment on all the Independent Directors and each Independent Director has confirmed his independence to the Nomination Committee. Based on the said assessment, the Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company during deliberation at meetings of the Board and Committees.

The Code stipulates that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to re-designation as a Non-Independent Director.

That notwithstanding, the Nomination Committee also is tasked by the Code, to assess and assist the Board in recommending and providing justification for shareholders' consideration and approval in the event such an Independent Director is to remain independent after serving a cumulative nine-year term.

The shareholders of the Company had at the 94th Annual General Meeting ("AGM") which was held on 7 June 2018 approved that Mr Yong Teck Ming 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 on 9 July 2017 to continue to act as an Independent Non-Executive Director of the Company.

INDEPENDENCE OF DIRECTORS
(continued)

On 12 April 2019, the Nomination Committee met and concluded that during Mr Yong Teck Ming's long service to the Company, his performance as an Independent Non-Executive Director was excellent and there is no reason to believe that he will not continue to act independently and to contribute to the Company taking into consideration the following:

(a) he fulfilled the Independent Director criteria under the Listing Requirements of Bursa Securities and thus is able to function as a check and balance and to bring an element of objectivity to the Board;

(b) he is a member of the Chartered Accountants, Australia, New Zealand and a member of the Institute of Chartered Secretaries and Administrators, United Kingdom. He has vast experience in accounting and a diverse range of business which will enable him to provide the Board with constructive opinion;

(c) he has been with the Company for more than nine (9) years and is familiar with the Company's business operations which will enable him to contribute actively and effectively during deliberation at meetings of the Board and Board Committees;

(d) he has exercised his objective and independent judgement on all Board deliberations;

(e) he has devoted sufficient time and attention to his professional obligations for informed and balanced decision making;

(f) he has exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the best interest of the Company and shareholders; and

(g) he has been providing invaluable contributions to the Board in his role as an Independent Non-Executive Director and Chairman of the Audit Committee and RMC.

In view of the above, the Nomination Committee recommended to the Board that a resolution for the retention of Mr Yong Teck Ming as an Independent Non-Executive Director of the Company, be tabled for shareholders' approval at the forthcoming 95th AGM of the Company. The Board is unanimous in supporting this recommendation.

SUFFICIENT PROVISIONS

The Company recognises that its Directors may be invited to become directors of other companies and the Directors are therefore at liberty to accept other Board appointments so long as such appointments are not in conflict with the business of the Group and do not adversely affect the Directors' performance as a member of the Board. In maintaining and monitoring the limitation on directorship as required by the Listing Requirements of Bursa Securities, the Directors upon appointment, and from time to time during their tenure, will notify the Company Secretary of their directorship in other companies for disclosure to the Board at Board meetings.

SUFFICIENT PROVISIONS (continued)

The Board is of the opinion that the provisions of the Companies Act 2016 ("Act") and Listing Requirements of Bursa Securities are sufficient to ensure adequate commitment given by the Directors to perform their duties without it being formally regulated.

To facilitate the Directors' time planning, a planned annual meeting calendar is prepared and circulated to them before the beginning of each year. It provides the scheduled dates for meetings of the Board and Board Committees as well as the AGM.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities and this is demonstrated by the attendance record of the Directors at the meetings of the Board and Board Committees for the financial year ended 31 December 2018 as set out below:

Name of Directors	Board	Audit Committee	Nomination Committee	Remuneration Committee	Risk Management Committee
Dato' Ahmad Sebi Bakar	6 / 6	-	-	-	-
Anton Syazi Dato' Ahmad Sebi	6 / 6	-	-	-	-
Lee Su Nie	6 / 6	-	-	-	-
Puan Sri Datin Masri Khaw Abdullah	6 / 6	-	3 / 3	2 / 2	-
Yong Teck Ming	6 / 6	5 / 5	-	-	4 / 4
Rali Mohd Nor	6 / 6	5 / 5	3 / 3	3 / 3	*4 / 4
Aryati Sasya Dato' Ahmad Sebi	6 / 6	*5 / 5	-	3 / 3	4 / 4
Kam Kin Foong *(appointed on 12 July 2018)*	2 / 2	2 / 2	1 / 1	1 / 1	2 / 2

** Attended the meetings by invitation.*

CONTINUAL TRAINING FOR DIRECTORS

The Board acknowledges the importance of continual education and training to enhance its competencies, to broaden its perspectives, skills, knowledge and to keep abreast of the relevant changes in law, regulations and the business environment.

In addition to the relevant regulatory and governance updates provided by the Company Secretary and the Directors each updating themselves by attending relevant courses/ seminar, the Board also evaluates the training needs of its members on a continuous basis pursuant to the Listing Requirements of Bursa Securities and is updated on quarterly basis on the training programmes/courses/seminars attended by Directors.

CONTINUAL TRAINING FOR DIRECTORS (continued)

The Directors have also been regularly updated on developments in corporate governance, relevant laws, regulations and business practices as a continuing effort to train and equip themselves to effectively discharge their duties.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

For corporate reporting to our shareholders and stakeholders, our Board ensures that information are complete and accurate and are disseminated in a timely manner. The Company has established a dedicated section for investor on its website. This section provides information relating to corporate governance, annual reports, announcements to Bursa Securities and Board Charter. Contact details are provided on the Company's website to address queries from its shareholders and stakeholders.

The Board acknowledges the importance of establishing a direct line of communication with shareholders and investors through timely dissemination of information on the Group's performance and operations via distribution of annual reports and relevant circulars, and release of quarterly financial results, press releases and announcements.

The AGM is the principal forum for dialogue with shareholders. There is an open 'question and answer' session in which shareholders may pose questions regarding the resolutions being proposed at the meeting and also on matters relating to the Group's businesses and affairs.

The Board members are in attendance at general meetings to provide explanations to all shareholders' queries and shareholders are encouraged to participate in discussions and to give their views to the Directors. The Chair of the Audit, Nomination, Remuneration and Risk Management Committees are also in attendance to provide meaningful response to questions.

ACTIVITIES AND FOCUS OF THE BOARD DURING THE YEAR AND FOR THE COMING YEAR

During the financial year ended 31 December 2018, six (6) Board meetings were held where the Board deliberated upon and considered a variety of matters including the Group's corporate developments, financial results, investments and reports on risk management and internal audits of the Group. The Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. All proceedings from the Board meetings are minuted and signed by the Chairman of the meeting.

The Board, through the Nomination Committee, also conducted assessments on all the independent directors, reviewed the training programmes attended by the Directors to keep abreast with the current developments in laws, regulations and business practices to aid them in discharging their duties, and assessed the appointment of Ms Kam Kin Foong as an Independent Non-Executive Director to fill the vacancy following the resignation of Dato' Ahmad Ghiti Mohd Daud as Independent Non-Executive Director of the Company on 3 May 2018 due to personal reasons.

ACTIVITIES AND FOCUS OF THE BOARD DURING THE YEAR AND FOR THE COMING YEAR (continued)

The Remuneration Committee met to review the annual fixed fee structure of members of the Board taking into consideration the increasing responsibilities and time commitment expected from the Directors and the remuneration packages of the Group Chairman, Group Executive Deputy Chairman, Group Managing Director and Chief Operating Officers of the Company and advised the Board accordingly.

During the financial year ended 31 December 2018, the Audit Committee met with the external auditors three (3) times without the presence of the Executive Directors to discuss the audit plan, audit findings and the Company's audited financial statements.

The Board also focused on the Group Risk Management Framework assessing the risk registers, key risk areas and internal controls to ensure that the Group Risk Management Framework was sufficiently robust in addressing and mitigating the various risks of the Group.

For the coming year, there will be continuous on-going assessment by the Board of the business risks and the effectiveness of the risk management frameworks and internal control systems to manage risks.

More emphasis was placed on sustainability reporting during the year under review, whereby the Board, with the support by an independent consultant, has identified and reviewed key material ESG factors/issues, established sustainability performance management framework and identified three (3) key pillars to enhance the monitoring and reporting of the sustainability performance. Moving forward, the Board will review annually the material ESG issues against the changing business environment, stakeholder opinions, and emerging global and local trends to keep abreast of critical issues.

This report is to be read together with the Corporate Governance Report 2018 of the Company which is available on the Company's website. The Corporate Governance Report 2018 provides the details on how the Company has applied each practice as set out in the Code during the financial year 2018.

Audit
Committee Report

Key objectives are the provision of effective governance over the appropriateness of the Group's financial reporting, including the adequacy of related disclosures, the performance of both the internal and external audit functions, and the management of the Group's systems of internal control, business risks and related compliance activities.

COMPOSITION

The Audit Committee comprises a Chairman, and two (2) members, all of whom are independent non-executive directors. Members of the Audit Committee are appointed by the Board following recommendations by the Nomination Committee. The Audit Committee's membership is reviewed by the Nomination Committee and as part of the annual Board performance evaluation.

Each member of the Audit Committee brings an appropriate balance of senior level financial and commercial experience, combined with a good understanding of the Company's business and is therefore considered by the Board to be competent. The Board considers that each member of the Audit Committee is independent within the definition set out in the Listing Requirements of Bursa Securities. The Audit Committee Chairman is considered by the Board to have significant, recent and relevant financial experience and to be competent in auditing and accounting.

Audit Committee members are expected to have an understanding of the principles of, and recent developments in, financial reporting, including the applicable accounting standards and statements, recommended practice, key aspects of the Company's policies, financial, internal control mechanisms, and matters that require the use of judgement in the presentation of accounts and key figures as well as the role of internal and external auditors. Members of the Audit Committee undertake ongoing training as required.

OBJECTIVES

The Audit Committee's key objectives are the provision of effective governance over the appropriateness of the Group's financial reporting, including the adequacy of related disclosures, the performance of both the internal and external audit functions, and the management of the Group's systems of internal control, business risks and related compliance activities.

OBJECTIVES (continued)

The Audit Committee is responsible for the development, implementation and monitoring of the Company's policy on external audit. The Audit Committee reserves oversight responsibility for monitoring the auditor's independence, objectivity and compliance with ethical, professional and regulatory requirements.

The Audit Committee is also responsible for the re-tendering selection process and recommends the appointment, reappointment and removal of the Company's external auditor, and considers the risks associated with the change of the external auditors in its risk evaluation and planning.

The Audit Committee also reviews and sets the terms, areas of responsibility and scope of the audit as set out in the external auditor's engagement letter; the overall work plan for the forthcoming year, together with the associated fee proposal and cost effectiveness of the audit; the external auditors' independence; any major issues which arise during the course of the audit and their resolution; key accounting and audit judgements; the level of errors identified during the audit; the recommendations made to management by the auditor and management's response; and the auditor's overall performance.

The duties and functions of the Audit Committee are set out in its Terms of Reference ("TOR") which are available on the Company's website at www.asb.com.my under Schedule 1 of the Board Charter.

MEETINGS AND ATTENDANCE

The Audit Committee met five (5) times during the year under review and members' attendance at the meetings is set out in the table below:

Name of Directors	Attended
Yong Teck Ming *Chairman*	5 / 5
Rali Mohd Nor *Member*	5 / 5
Kam Kin Foong *Member (Appointed on 12 July 2018)*	2 / 2
Dato' Ahmad Ghiti Mohd Daud *Member (Resigned on 3 May 2018)*	2 / 2

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2018, the principal activities of the Audit Committee comprised:

Financial Reporting

(i) Reviewed the quarterly unaudited financial results and turnaround plan for non-performing subsidiaries prior to tabling of the same to the Board for approval.

(ii) Reviewed the draft announcements on quarterly and yearly unaudited financial results of the Group prior to tabling the same to the Board for approval.

(iii) Reviewed the annual audited financial statements for the financial year ended 31 December 2017 prior to submission to the Board for approval.

SUMMARY OF ACTIVITIES (continued)

Financial Reporting (continued)

(iv) Reviewed the applicability of the new accounting standards and new financial reporting regime issued by the Malaysian Accounting Standards Board.

Internal Audit

(i) Reviewed the objectives, adequacy and coverage of the internal audit ("IA") activities of the proposed 2018 IA plan. A total of twenty one (21) internal audit assignments was approved for the 2018 internal audit plan.

(ii) Reviewed a total of twenty-one (21) IA reports (comprising one (1) from 2016 IA plan, seven (7) from 2017 IA plan and thirteen (13) from 2018 IA plan on the adequacy and effectiveness of internal control systems and risk management including audit recommendations and the management's responses thereto.

(iii) Reviewed the resource requirements of the internal audit function.

(iv) Reviewed the processes on implementation of Goods and Services Tax ("GST") including GST accounting and related transactions.

(v) Reviewed compliance on Anti-Money Laundering and Counter Financing of Terrorism ("AML/CFT") policies, process and procedures on AML/CFT's Independent Assessments.

External Audit

(i) Convened meetings with the external auditors on 28 February 2018, 28 March 2018 and 28 November 2018 without the presence of the management to review and deliberate on various matters including the audit planning memorandum and audit review memorandum prepared by the external auditors. These memorandum includes significant audit findings, auditing and accounting issues, adequacy of management's response and other key matters arising from the statutory audit for the financial years ended 31 December 2017 and 2018, as well as the changes in regulatory environment following the enforcement of the new Act which came into effect on 31 January 2017.

(ii) Reviewed the audit fees payable to the external auditors.

(iii) Considered and recommended to the Board the re-appointment of external auditors.

Related Party Transactions and Recurrent Related Party Transactions

Reviewed the Group's related party transactions and recurrent related party transactions as well as conflict of interest situations that may arise within the Company or the Group and to ensure that the transactions are conducted in the best interest of the Company, on fair and reasonable as well as on normal commercial terms and are not detrimental to the interest of the minority shareholders.

SUMMARY OF ACTIVITIES (continued)

Audit Committee Report

Reviewed the Audit Committee Report and recommended to the Board for inclusion in the Annual Report for the financial year ended 31 December 2017.

TOR of Audit Committee

The detailed information on the TOR of Audit Committee is accessible via the Company's website at *www.asb.com.my* under Schedule 1 of the Board Charter.

INTERNAL AUDIT FUNCTION

The Audit Committee has adopted a top-down, risk-based approach in the implementation and monitoring of internal controls of the Group. This approach was achieved through critical in-depth review and deliberation of the reports and relevant issues presented during the Audit Committee meetings. This top-down, risk-based approach has enabled the Audit Committee to identify any major breakdown in the risk management and internal controls of the Group and to make the necessary recommendations to address the issues.

The Audit Committee is assisted by the Internal Auditors (outsourced professional internal audit company) to provide an independent appraisal and assurance to ensure the maintaining of a sound system of internal control to safeguard shareholders' investment. The Internal Auditors conducts regular systematic reviews of the system of controls in accordance with the Internal Audit Plan approved by the Audit Committee and independently reports directly to the Audit Committee.

During the financial year ended 31 December 2018, the Internal Auditors carried out various operational, system and risk assessment reviews to review and appraise the effectiveness of the risk management and internal control processes within the Group. Follow-up audits were also performed by the Internal Auditors to ensure that audit recommendations and corrective action plans were implemented accordingly. A total of twenty-one (21) – IA reports was presented to the Audit Committee during the financial year ended 31 December 2018. The Internal Auditors also reviewed the related party transactions entered into by the Company and its subsidiaries to ensure that the transactions were carried out on an arm's length basis.

The costs incurred for the internal audit function of the Group in respect of the financial year ended 31 December 2018 was RM161,000.

Nomination Committee Report

The Nomination Committee considers candidates for directorship proposed by the Executive Directors and, where practicable, by any other senior executive or any director or shareholder or any suitably qualified candidates from independent sources.

COMPOSITION

The Nomination Committee consists of three (3) Non-Executive Directors:

Rali Mohd Nor
Chairman, Independent Non-Executive Director
(appointed as Chairman on 12 July 2018)

Puan Sri Datin Masri Khaw Abdullah
Member, Non-Independent Non-Executive Director

Kam Kin Foong
Member, Independent Non-Executive Director
(appointed on 12 July 2018)

Dato' Ahmad Ghiti Mohd Daud
Chairman, Independent Non-Executive Director
(resigned on 3 May 2018)

The Committee's role is to review the size and structure of the Board, considers succession planning and makes recommendations to the Board on potential candidates for the Board. Its key objective is to ensure that the Board comprises individuals with the necessary skill, knowledge and experience to ensure that the Board is effective in discharging its responsibilities, to recommend proposed appointments to the Board for approval and to assess the contribution of each Director on an on-going basis.

The Chairman of our Nomination Committee is an Independent Non-Executive Director. The Board believes that the existing Chairman of the Nomination Committee is competent to chair the Nomination Committee by virtue of his vast experience and is capable to lead the Nomination Committee in ensuring that the Board composition meets the needs of the Company.

With the establishment of the Nomination Committee, a formal transparent procedure is in place for the appointment of new Directors to the Board whereby the Nomination Committee will recommend to the Board candidates for directorships in the Company. This procedure involves identification of candidates for directorship, evaluation of suitability of candidates, deliberation by the Nomination Committee and recommendation to the Board.

COMPOSITION (continued)

The Nomination Committee is responsible for making recommendations on any nomination to the Board and to Committees of the Board. The Nomination Committee considers candidates for directorship proposed by the Executive Directors and, where practicable, by any other senior executive or any director or shareholder or any suitably qualified candidates from independent sources.

Its key objective is to ensure that the Board comprises individuals with the necessary skill, knowledge and experience to ensure that the Board is effective in discharging its responsibilities, to recommend proposed appointments to the Board for approval and to assess the contribution of each Director on an on-going basis.

DUTIES AND FUNCTIONS

The duties and functions of the Nomination Committee are set out in its TOR which is reviewed annually by the Nomination Committee and approved by the Board before the same was uploaded to the Company's website under Schedule 1 of the Board Charter.

The Nomination Committee will assess annually, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director including Independent Non-Executive Directors, as well as Executive Directors.

The Board, through the Nomination Committee, reviews annually its required mix of skills and experience and other qualities, including core competencies, which Non-Executive Directors should bring to the Board.

In line with the recent amendments to the Listing Requirements of Bursa Securities, the Nomination Committee will also review the term of office and performance of the Audit Committee and each of its members annually to ensure that the Audit Committee has carried out their duties in accordance with their TOR.

PRINCIPAL ACTIVITIES

The Committee's focus during the year was overseeing the process for the appointment of Ms Kam Kin Foong as an Independent Non-Executive Director and filling the vacancy in the Board, Audit Committee, Nomination Committee and Remuneration Committee left by Dato' Ahmad Ghiti Mohd Daud who resigned on 3 May 2018 to pursue his personal interest. The Board after having considered the mixed of skills, experience, qualification and other quality required to meet the Group's needs and based on recommendation of the Nomination Committee, the Board appointed Ms Kam Kin Foong as Independent Non-Executive Director and member of the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee on 12 July 2018.

During the financial year ended 31 December 2018, the Committee also assisted the Board to assess the independence of independent director including a director who has served on the Board for a cumulative term of more than nine (9) years and to recommend to the Board for approval to retain the said director.

During the financial year ended 31 December 2018, the Nomination Committee reviewed the following training programmes/courses/seminars attended by Directors and concluded that all Directors have attended programmes/courses/seminars to keep abreast with the current developments in laws, regulations, corporate governance and business practices to aid them in discharging their duties:

PRINCIPAL ACTIVITIES (continued)

Directors	Date	Programmes/courses/seminars/ conferences attended	Organiser
Dato' Ahmad Sebi Bakar	23.11.2018	Sales Tax and Service Tax ("SST") In-House Training	RSM Tax Consultants (Malaysia) Sdn Bhd ("RSM Tax")
Anton Syazi Dato' Ahmad Sebi	25.09.2018	Cryptocurrency, Blockchain& Beyond: A Cautionary Tale 2018	Securities Industry Development Corporation ("SIDC")
Lee Su Nie	15.03.2018	Corporate Governance Briefing Sessions: MCCG Reporting & CG Guide	Bursa Malaysia
	16.10.2018	Policing to Consulting workshop for Chief Internal Auditor.	Bursa Malaysia
	10.10.2018	Gearing up for Corporate Liability	Malaysian Anti Corruption Academy ("MACA")
	23.10.2018	Directors Risk Management Programme: "I am Ready to Manage Risks"	Bursa Malaysia
	23.11.2018	Sustainability Reporting Project Kick Off	Baker Tilly Monteiro Heng Governance Sdn Bhd ("BTMH Governance")
		SST In-House Training	RSM Tax
Puan Sri Datin Masri Khaw Abdullah	15.03.2018	Corporate Governance Briefing Sessions: MCCG Reporting & CG Guide	Bursa Malaysia
	10.10.2018	Gearing up for Corporate Liability	MACA
Yong Teck Ming	02.03.2018	Corporate Governance Briefing Sessions: MCCG Reporting & CG Guide	Bursa Malaysia
	26.03.2018	How Innovation is Changing Leadership	SIDC
	05.09.2018	Case Study workshop for Independent Directors	SIDC
	05.12.2018	Non-Financials-"Does it matter"	The ICLIF Leadership and Governance Centre ("ICLIF")

PRINCIPAL ACTIVITIES (continued)

Directors	Date	Programmes/courses/seminars/ conferences attended	Organiser
Rali Mohd Nor	05.07.2018	Sustainability Engagement Series for Directors/CEOs	Bursa Malaysia
	08.11.2018	Impact of AI on Shareholder Value & Market Performance, "What Every Listco Needs to Know”	MyFinB (M) Sdn. Bhd
	23.11.2018	SST In-House Training	RSM Tax
Aryati Sasya Dato’ Ahmad Sebi	23.11.2018	Sustainability Reporting Project Kick Off	BTMH
		SST In-House Training	RSM Tax Sdn Bhd
	04.12.2018	Companies of the Future: The Role for Boards	Institute of Corporate Directors Malaysia
Kam Kin Foong	05.09.2018	Case Study workshop for Independent Directors	SIDC
	08.10.2018 - 09.10.2018	Mandatory Accreditation Programme	ICLIF
	23.11.2018	SST In-House Training	RSM Tax

DIVERSITY

The Committee and the Board have sought to ensure that the best candidates are appointed to promote the success of the Group and the appointments are based on merit, with due regard for the benefits of diversity on the Board.

Further information regarding Board diversity can be found on page 68 and gender diversity in the Group as a whole on page 68.

LOOKING AHEAD

In the year ahead, the Nomination Committee will continue to assess the Board composition and how it may be enhanced.

Remuneration Committee Report

The policy for variable compensation is to recognisecorporate performance and individual achievement of objectives through discretionary bonus.

COMPOSITION

The Remuneration Committee consists of three (3) Non-Executive Directors:

Rali Mohd Nor
Chairman, Independent Non-Executive Director (appointed as Chairman on 12 July 2018)

Puan Sri Datin Masri Khaw Abdullah
Member, Non-Independent Non-Executive Director

Kam Kin Foong
Member, Independent Non-Executive Director (appointed on 12 July 2018)

Dato' Ahmad Ghiti Mohd Daud
Chairman, Independent Non-Executive Director (resigned on 3 May 2018)

The Remuneration Committee is responsible for setting the remuneration policy for all directors including the executive directors and other senior executives in the Group. The Remuneration Committee ensures that the Directors are fairly remunerated or rewarded for the contributions or individual level of responsibilities. Additionally, the Remuneration Committee is responsible for determining the overall Remuneration Policy applied to the Group, including the quantum of variable remuneration and the method of delivery. In carrying out its delegated responsibilities the Committee receives advice, when they consider it to be appropriate, on remuneration, tax, accounting and regulatory issues from external advisers and internally from the Human Resources, Compliance, Risk and Finance departments.

REMUNERATION POLICY FOR EXECUTIVES

The Remuneration Committee believes strongly that total remuneration should take into account the competition for talent in an industry where successful people are rewarded and mobile. The Group compensates employees through both fixed and variable compensation.

Fixed compensation comprises principally base salaries and the Committee reviews these as part of their overall annual review taking into account the performance of the individual, comparisons with peer group companies within the industry, the experience of the individual and their level of responsibility. Other elements related to base salary include an employer's contribution to the Employees Provident Fund.

REMUNERATION POLICY FOR EXECUTIVES (continued)

The policy for variable compensation is to recognise corporate performance and individual achievement of objectives through discretionary bonus. Discretionary variable compensation can be delivered in two main forms:

• Annual cash bonus; and
• A long-term incentive award.

The executive directors and other senior executive assess individual performance through clearly defined objectives and structured process of review and feedback. In particular, the aggregate fixed and variable remuneration by individual is determined with regard to the performance of the individual, performance of the area or function of the business in which the individual works or for which the individual is responsible, the profitability of the Group and levels of reward for comparable roles in the external market.

Executive directors and members of the senior management team do not participate in decisions concerning their own remuneration.

REMUNERATION FOR THE YEAR

The remuneration breakdown of individual Directors which includes fees, salary, bonus, benefits-in-kind and other emoluments for the financial year ended 31 December 2018 are as follows:

(a) Remuneration of Directors received from the Company:

Name of Director	Fees RM	Salaries, Bonuses, Allowances and other emoluments RM	Benefits-in-kind RM	Total RM
Executive				
Anton Syazi Dato' Ahmad Sebi	-	**789,080**	-	**789,080**
Lee Su Nie	-	1,002,000	42,200	1,044,200
Non-Executive				
Dato' Ahmad Sebi Bakar	150,000	80,000	65,500	295,500
Puan Sri Datin Masri Khaw Abdullah	-	-	-	-
Yong Teck Ming	47,000	-	-	47,000
Rali Mohd Nor	42,844	-	-	42,844

REMUNERATION FOR THE YEAR (continued)

(a) Remuneration of Directors received from the Company: (continued)

Name of Director	Fees RM	Salaries, Bonuses, Allowances and other emoluments RM	Benefits-in-kind RM	Total RM
Non-Executive (continued)				
Aryati Sasya Dato' Ahmad Sebi	30,000	-	-	30,000
Kam Kin Foong *(appointed on 12 July 2018)*	19,907	-	-	19,907
Dato' Ahmad Ghiti Mohd Daud *(resigned on 3 May 2018)*	16,175	-	-	16,175

(b) Remuneration of Directors received from the Group:

Name of Director	Fees RM	Salaries, Bonuses, Allowances and other emoluments RM	Benefits-in-kind RM	Total RM
Executive				
Anton Syazi Dato' Ahmad Sebi	10,841	836,540	-	847,381
Lee Su Nie	-	1,002,000	42,200	1,044,200
Non-Executive				
Dato' Ahmad Sebi Bakar	150,000	413,200	72,700	635,900
Puan Sri Datin Masri Khaw Abdullah	10,841	565,500	-	567,341
Yong Teck Ming	47,000	-	-	47,000
Rali Mohd Nor	42,844	-	-	42,844
Aryati Sasya Dato' Ahmad Sebi	30,000	-	-	30,000
Kam Kin Foong *(appointed on 12 July 2018)*	19,907	-	-	19,907
Dato' Ahmad Ghiti Mohd Daud *(resigned on 3 May 2018)*	16,175	-	-	16,175

REMUNERATION FOR THE YEAR (continued)

(c) Remuneration of top five (5) senior management:

In view of the competitive nature of the human resource market, the remuneration of the top five (5) senior management which includes salary, bonus, benefits in-kind and other emoluments for the financial year ended 31 December 2018 is disclosed in bands of RM50,000:

Remuneration Range	Number of Senior Management staff
Between RM350,001 – RM400,000	1
Between RM400,001 – RM450,000	1
Between RM550,001 – RM600,000	1
Between RM600,001 – RM650,000	1
Between RM850,001 – RM900,000	1

Directors' responsibility statement
in respect of the audited financial statements

In presenting the annual financial statements and quarterly announcement of results, the Board aims to present a balanced and understandable assessment of the Group's position and prospects. This also applies to other price sensitive public reports and reports to regulators. The Audit Committee assists the Board in scrutinising such reports to ensure accuracy and adequacy. The Audit Committee meets on a quarterly basis to review the integrity and reliability of the quarterly announcement of results. At least twice a year, the Audit Committee will meet to review the integrity and reliability of the Group's annual financial results in the presence of the external auditors without the management, prior to recommending them for the Board's approval and issuance to shareholders.

As part of the Directors' responsibility for preparing financial statements, the Directors are required by the Act to prepare financial statements for each financial year which have been made out in accordance with applicable approved financial reporting standards in Malaysia and the Act so as to give a true and fair view of the financial position of the Group and the Company at the end of the financial year and of the financial performance and cash flows of the Group and the Company for the financial year. The Directors have the responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Act.

In preparing the financial statements, the Directors have:

- Selected suitable accounting policies and applied them consistently;

- Made judgments and estimates that are reasonable and prudent;

- Ensured that all applicable financial reporting standards have been followed; and

- Prepared financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

Additional Compliance Information

1. AUDIT AND NON-AUDIT FEES PAID OR PAYABLE TO EXTERNAL AUDITORS

For the financial year ended 31 December 2018, the following audit and non-audit fees are paid or payable by the Company and the Group:

Description	Company	Group
Audit Fees paid or payable to the external auditors, Messrs Baker Tilly Monteiro Heng ("BTMH")	RM100,300	RM430,500
Non-Audit Fees paid or payable to BTMH, or a firm or corporation affiliate to BTMH (Note 1)	RM9,000	RM9,000

Note 1 The amount disclosed included non-audit fees incurred for reviewing the statement on risk management and internal control.

2. MATERIAL CONTRACTS INVOLVING THE INTERESTS OF THE DIRECTORS, CHIEF EXECUTIVE WHO IS NOT A DIRECTOR OR MAJOR SHAREHOLDERS

Save as disclosed below, there were no material contracts entered into by the Group which involved the interest of the directors, chief executive who is not a director or major shareholders either still subsisting at the end of the financial year ended 31 December 2018 or entered into since the end of the previous financial year:

Dato' Ahmad Sebi Bakar (a director, Group Chairman and major shareholder of the Company), with effect from 29 October 2010 became the ultimate owner of the 100% equity interest in Leeds Property Limited ("Leeds Property") which owns the Holiday Villa Hotel and Suites London ("Hotel"), has an indirect interest in the existing Lease Agreement dated 23 September 2015 entered into by Holiday Villa (UK) Ltd ("HVUK"), together with Alangka-Suka Hotels and Resorts Sdn Bhd ("ASHR") as guarantor, with Leeds Property for the lease of the Hotel currently being operated by HVUK ("HVUK Lease"). HVUK is a wholly-owned subsidiary of the Company [held via Holiday Villas International Limited, a wholly-owned subsidiary of ASHR, which in turn is a wholly-owned subsidiary of the Company]. Mr Anton Syazi Dato' Ahmad Sebi, a director and Group Executive Deputy Chairman of the Company, and son of Dato' Ahmad Sebi Bakar, is also a Director of Leeds Property.

The HVUK Lease commenced on 16 December 2015 and will expire on 17 January 2020.

3. OTHER INFORMATION

Synergy Realty Incorporated, an indirect wholly-owned subsidiary of the Company [held via Advance Synergy Properties Sdn Bhd] had provided funding via advances to and/or subscription of shares in HHL, a 40%-owned indirect associated company of the Company totaling GBP1,558,660 (equivalent RM8.83 million).

HHL owns a property in North London situated on Kilburn High Road comprising 38 serviced apartments and 12 residential apartments ("Kilburn Apartments"), ground floor retail unit and a basement unit. The above funding has been utilised for working capital and to refurbish and renovate the Kilburn Apartments and to convert the 50 existing units into a higher density configuration and such funding shall be unsecured, interest-free and to be repaid on demand.

Dato' Ahmad Sebi Bakar, the Group Chairman and substantial shareholder of the Company, is a director of HHL and holds 35% equity interest in HHL.

His son, Mr Anton Syazi Dato' Ahmad Sebi, who is the Group Executive Deputy Chairman of the Company and holds less than 5% equity interest in the Company, is a Director of HHL and owns 25% equity interest in HHL.

FINANCIAL STATEMENTS

Contents

Directors' Report

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and the provision of full corporate and financial support to its subsidiaries. The principal activities of the subsidiaries are stated in Note 9 to the financial statements.

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

RESULTS

	Group	Company
	RM'000	RM'000
Net (loss)/profit for the financial year	(1,142)	3,331
Attributable to:		
Owners of the parent	(4,897)	3,331
Non-controlling interests	3,755	-
	(1,142)	3,331

DIVIDENDS

Since the end of the previous financial year, a first and final single tier dividend of 0.25 sen per ordinary share totalling RM2,322,982 in respect of the financial year ended 31 December 2017 was paid on 15 August 2018 after the approval from the shareholders of the Company was obtained at the Annual General Meeting held on 7 June 2018.

At the forthcoming Annual General Meeting, a first and final single tier dividend of 0.25 sen per ordinary share in respect of the financial year ended 31 December 2018 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2019.

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.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts.

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

CURRENT ASSETS

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

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

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

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

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

In the opinion of the directors, no contingent or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company that would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors, except as disclosed in the financial statements,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

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

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

The names of 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 the report are:

Dato' Ahmad Sebi Bakar	
Anton Syazi Ahmad Sebi	
Lee Su Nie	
Puan Sri Datin Masri Khaw Abdullah	
Yong Teck Ming	
Rali Mohd Nor	
Aryati Sasya Ahmad Sebi	
Kam Kin Foong	(Appointed on 12.07.2018)
Dato' Ahmad Ghiti Mohd Daud	(Resigned on 03.05.2018)

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

Dato' Ahmad Sebi Bakar
Anton Syazi Ahmad Sebi
Lee Su Nie
Tan Sri Dato' Azman Shah Haron
Puan Sri Datin Masri Khaw Abdullah
Rali Mohd Nor
Aryati Sasya Ahmad Sebi
Ahmad Kamal Ali Merican
Alain Cheseaux
Ann Wan Kuan
Armeda Haji Udin
Chee Chong Fatt
Chew Lee Fong

DIRECTORS (Continued)

The names of the directors of the Company's subsidiaries in office during the financial year and during the period from the end of the financial year to the date of this report are (Continued):

Chin Wei Li	
Chuah Seong Phaik	
Chye Kit Choong	
Cheah Foo Choong	
Dato' Abdul Murad Khalid	(Resigned on 03.09.2018)
Datuk Hardew Kaur a/p Hazar Singh	
Frank Michael Turrisi	
Ho Ting Sai	
Hossam Ahmed Wahid Eldin Naguib Suwailem	
Ir. Haji Mansor Salleh @ Md Salleh	
Lee Chien Siong	
Lim Hong Hoo	
Md Nazri Mubin Julkiflee	
Ng Sai Kit	
Nina Karina Azman Shah	
Phang Deng Sheng	
Phuah Peng Hock	
Sng Ngiap Koon	
Triandi Putranta Soewando	
Wong Joon Hian	
Wong Kwai Yim, Woo	
Wong Tze Leng	
Yap Chee Kong	
Yap Wai Shoong	
Yong Choon Vooi	
Dato' Ahmad Ghiti Mohd Daud	(Resigned on 03.05.2018)

REMUNERATION COMMITTEE

The Remuneration Committee is responsible for setting the remuneration policy for all directors including the executive directors and other senior executives in the Group. The Remuneration Committee ensures that the Directors are fairly remunerated and rewarded for the contributions or individual level of responsibilities. Additionally the Remuneration Committee is responsible for determining the overall Remuneration Policy applied to the Group, including the quantum of variable remuneration and the method of delivery.

The members of the Remuneration Committee during the financial year ended 31 December 2018 are as follows:

• Rali Mohd Nor	(Chairman, Independent Non-Executive Director) (Appointed as Chairman on 12.07.2018)
• Puan Sri Datin Masri Khaw Abdullah	(Member, Non-Independent Non-Executive Director)
• Kam Kin Foong	(Member, Independent Non-Executive Director) (Appointed on 12.07.2018)
• Dato' Ahmad Ghiti Mohd Daud	(Chairman, Independent Non-Executive Director) (Resigned on 03.05.2018)

DIRECTORS’ INTERESTS

According to the Register of Directors’ Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of the Directors in office at the end of the financial year in the securities of Advance Synergy Berhad (“ASB”) and shares of its related corporations during the financial year ended 31 December 2018 are as follows:

	Number of ASB ordinary shares			
	At 1.1.2018 / Date of Appointment	**Bought**	**Sold**	**At 31.12.2018**
Direct Interest				
Dato’ Ahmad Sebi Bakar #	76,810,009	-	-	76,810,009
Kam Kin Foong	900,000	-	-	900,000
Deemed Interest				
Dato’ Ahmad Sebi Bakar #	[*1]92,338,936	47,052,917	-	[*1]139,391,853
Anton Syazi Ahmad Sebi	[*2]30,467,000	-	-	[*2]30,467,000
Lee Su Nie	[*3]365,000	-	-	[*3]365,000
Puan Sri Datin Masri Khaw Abdullah	[*4]5,000,000	7,000,000	-	[*4]12,000,000

	Number of ordinary shares			
	At 1.1.2018 / Date of Appointment	**Bought**	**Sold**	**At 31.12.2018**
Subsidiary				
Captii Limited (“Captii”)				
Direct Interest				
Anton Syazi Ahmad Sebi	517,600	-	-	517,600
Lee Su Nie	20,000	-	-	20,000
Deemed Interest				
Kam Kin Foong	[*5]55,000	-	-	[*5]55,000

	Number of ordinary shares			
	At 1.1.2018	**Bought**	**Sold**	**At 31.12.2018**
Segi Koleksi Sdn. Bhd. (“SKSB”)				
Deemed Interest				
Dato’ Ahmad Sebi Bakar	[*6]105,000	-	-	[*6]105,000
Anton Syazi Ahmad Sebi	[*7]105,000	-	-	[*7]105,000
Aryati Sasya Ahmad Sebi	[*7]105,000	-	-	[*7]105,000

	Number of ordinary shares			
	At 1.1.2018	**Bought**	**Sold**	**At 31.12.2018**
Metroprime Corporation Sdn. Bhd.				
Deemed Interest				
Dato’ Ahmad Sebi Bakar	[*8]350,000	-	-	[*8]350,000
Anton Syazi Ahmad Sebi	[*9]350,000	-	-	[*9]350,000
Aryati Sasya Ahmad Sebi	[*9]350,000	-	-	[*9]350,000

DIRECTORS' INTERESTS (Continued)

	Number of ordinary shares			
	At 1.1.2018	**Bought**	**Sold**	**At 31.12.2018**
Subsidiary (Continued)				
Acrylic Synergy Sdn. Bhd.				
Direct Interest				
Anton Syazi Ahmad Sebi	1	-	-	1

	Number of ordinary shares of CHF500.00 each			
	At 1.1.2018	**Bought**	**Sold**	**At 31.12.2018**
Posthotel Arosa AG ("Arosa")				
Deemed Interest				
Anton Syazi Ahmad Sebi	-	[*10]3,150	-	[*10]3,150
Aryati Sasya Ahmad Sebi	[*10]3,150	-	-	[*10]3,150

	Number of ordinary shares of GBP1.00 each			
	At 1.1.2018	**Bought**	**Sold**	**At 31.12.2018**
57-59 Philbeach Gardens Limited				
Deemed Interest				
Anton Syazi Ahmad Sebi	-	[*11]1	-	[*11]1
Aryati Sasya Ahmad Sebi	-	[*11]1	-	[*11]1

	Number of ASB ICULS*			
	At 1.1.2018	**Bought**	**Sold**	**At 31.12.2018**
Deemed Interest				
Dato' Ahmad Sebi Bakar	[*12]94,105,835	-	[*12]94,105,835	-
Puan Sri Datin Masri Khaw Abdullah	[*4]12,240,000	-	[*4]12,240,000	-

* 2% 10-Year Irredeemable Convertible Unsecured Loan Stocks at 100% of the nominal value of RM0.15 each issued by ASB. The ICULS matured on 26 January 2018 and all outstanding ICULS were compulsorily and automatically converted into fully paid new ordinary shares of the Company.

\# By virtue of his interest in ASB, Dato' Ahmad Sebi Bakar is also deemed to be interested in the shares of all investee companies (including subsidiaries) to the extent that ASB has an interest.

[*1] By virtue of his interest in Bright Existence Sdn. Bhd. ("BESB") and Suasana Dinamik Sdn. Bhd. ("SDSB"), Dato' Ahmad Sebi Bakar is also deemed to be interested in the shares to the extent that BESB and SDSB have an interest respectively. The total as at 31 December 2018 included 47,052,917 new ordinary shares arising from conversion 94,105,835 ICULS by surrendering for cancellation two (2) ICULS for every one (1) new ordinary share at RM0.30 in ASB.

[*2] By virtue of his interest in Eighth Review Sdn. Bhd. ("ERSB"), he is also deemed to be interested in the shares to the extent that ERSB has an interest.

[*3] This is her spouse's interest in the ordinary shares of ASB which shall be treated as her interest in the ordinary shares of ASB pursuant to Section 59(11)(c) of the Companies Act 2016 in Malaysia.

DIRECTORS' INTERESTS (Continued)

*4 By virtue of her interest in ASH Holdings Sdn. Bhd. ("ASH"), Puan Sri Datin Masri Khaw Abdullah is deemed to be interested in the securities of ASB to the extent that ASH has an interest. The total as at 31 December 2018 included 6,120,000 new ordinary shares arising from conversion 12,240,000 ICULS by surrendering for cancellation two (2) ICULS for every one (1) new ordinary share at RM0.30 in ASB and 880,000 ordinary shares purchased in open market.

*5 This is her spouse's interest in the ordinary shares of Captii which shall be treated as her interest in the ordinary shares of Captii pursuant to Section 59(11)(c) of the Companies Act 2016 in Malaysia.

*6 This is the interest of his children (Ms Aryati Sasya Ahmad Sebi and Mr Anton Syazi Ahmad Sebi) in SKSB which shall be treated as his interest in the ordinary shares of SKSB pursuant to Section 59(11)(c) of the Companies Act 2016 in Malaysia.

*7 By virtue of their interest in Pacific Existence Sdn. Bhd. ("PESB"), Ms Aryati Sasya Ahmad Sebi and Mr Anton Syazi Ahmad Sebi are also deemed to be interested in the shares to the extent that PESB has an interest.

*8 By virtue of his interest in SKSB pursuant to Section 8 of the Companies Act 2016 in Malaysia, Dato' Ahmad Sebi Bakar is deemed to be interested in the shares to the extent that SKSB has an interest.

*9 By virtue of their interest in SKSB via PESB, Ms Aryati Sasya Ahmad Sebi and Mr Anton Syazi Ahmad Sebi are deemed to be interested in the shares to the extent that SKSB has an interest.

*10 By virtue of their interest in Kibar Konsep Sdn. Bhd. ("KKSB"), Ms Aryati Sasya Ahmad Sebi and Mr Anton Syazi Ahmad Sebi are also deemed to be interested in the shares to the extent that KKSB has an interest.

*11 By virtue of their interest in Arosa via KKSB, Ms Aryati Sasya Ahmad Sebi and Mr Anton Syazi Ahmad Sebi are also deemed to be interested in the shares to the extent that Arosa has an interest.

*12 By virtue of his interest in BESB, Dato' Ahmad Sebi Bakar is deemed to be interested in the securities of the Company to the extent that BESB has an interest.

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in the securities of the Company and shares of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors shown in the Directors' Remuneration and the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 35 to the financial statements.

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

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Company were RM30 million and RM34,310 respectively.

DIRECTORS' REMUNERATION

	Group	Company
	RM'000	RM'000
Directors' fees	328	306
Directors' other emoluments	2,817	1,791
Benefit-in-kind	115	108

SUBSIDIARIES

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

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of the significant events during the financial year are disclosed in Note 40 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of the significant events subsequent to the end of the financial year are disclosed in Note 41 to the financial statements.

AUDITORS' REMUNERATION

	Group	Company
	RM'000	RM'000
Auditors' remuneration		
- statutory:		
- holding company	100	100
- subsidiaries	847	-
- under/(over) accrual in prior years	2	(6)
- non-statutory:		
- holding company	9	9

AUDITORS

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

The auditors, Messrs Baker Tilly Monteiro Heng PLT (converted from a conventional partnership, Baker Tilly Monteiro Heng on 5 March 2019), have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

LEE SU NIE
Director

YONG TECK MING
Director

Selangor Darul Ehsan
Date: 12 April 2019

Statements of Financial Position

as at 31 December 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	158,965	156,848	23	30
Investment properties	6	49,789	8,060	-	-
Intangible assets	7	94,183	95,867	-	-
Investment in subsidiaries	9	-	-	617,813	474,593
Investment in associates	10	43,781	46,742	-	-
Investment in joint venture	11	-	-	-	-
Investment securities	12	47,023	42,565	-	-
Deferred tax assets	13	4,341	3,191	-	9
Total non-current assets		398,082	353,273	617,836	474,632
Current assets					
Inventories	14	45,223	40,086	-	-
Trade and other receivables	15	119,059	139,125	144	141,559
Prepayments		8,623	6,674	-	-
Contract assets	16	7,321	-	-	-
Tax recoverable		5,072	1,946	1,661	1,665
Investment securities	12	410	459	-	-
Financial assets held for trading	17	317	361	-	-
Cash and bank balances and short term deposits	18	141,240	158,047	6,808	4,093
Total current assets		327,265	346,698	8,613	147,317
TOTAL ASSETS		725,347	699,971	626,449	621,949

as at 31 December 2018 (continued)

		Group		Company	
		2018	**2017**	**2018**	**2017**
	Note	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	19	381,377	320,650	381,377	320,650
Other reserves	20	24,084	32,580	69	69
Retained earnings	20	16,725	18,902	12,763	11,755
ICULS					
- equity component	21	-	60,724	-	60,724
Shareholders' funds		422,186	432,856	394,209	393,198
Non-controlling interests		64,705	63,213	-	-
Total equity		486,891	496,069	394,209	393,198
Non-current liabilities					
Borrowings	22	67,786	60,763	-	-
Deferred tax liabilities	13	4,521	5,362	-	-
Provision for retirement benefit obligations	23	1,666	1,747	-	-
ICULS					
- liability component	21	-	108	-	108
Total non-current liabilities		73,973	67,980	-	108
Current liabilities					
Borrowings	22	76,125	39,039	-	-
Tax payable		323	46	-	-
Trade and other payables	24	74,910	96,837	232,240	228,643
Contract liabilities	16	13,125	-	-	-
Total current liabilities		164,483	135,922	232,240	228,643
Total liabilities		238,456	203,902	232,240	228,751
TOTAL EQUITY AND LIABILITIES		725,347	699,971	626,449	621,949

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

Statements of Comprehensive Income

for the financial year ended 31 December 2018

		Group		Company	
		2018	**2017**	**2018**	**2017**
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	25	283,583	265,923	12,011	9,645
Cost of sales	26	(199,704)	(176,091)	-	-
Gross profit		83,879	89,832	12,011	9,645
Other operating income		19,685	20,762	-	1
Distribution costs		(6,424)	(6,202)	-	-
Administrative expenses		(60,294)	(62,257)	(4,594)	(3,430)
Other operating expenses		(32,493)	(27,704)	(1,218)	(870)
Operating profit	27	4,353	14,431	6,199	5,346
Finance costs	28	(6,165)	(5,245)	(2,853)	(2,340)
Share of results of associates and joint ventures		2,159	(826)	-	-
Profit before tax		347	8,360	3,346	3,006
Income tax expense	29	(1,489)	(4,609)	(15)	(128)
(Loss)/Profit for the financial year		(1,142)	3,751	3,331	2,878
Other comprehensive income/(expenses) for the financial year, net of tax:					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(1,790)	(7,798)	-	-
Fair value gain on financial assets designated at fair value through other comprehensive income		(3,135)	-	-	-
Fair value on available-for-sale financial assets		-	(2,170)	-	-
		(4,925)	(9,968)	-	-
		(4,925)	(9,968)	-	-
Total comprehensive (loss)/income for the financial year		(6,067)	(6,217)	3,331	2,878

		Group		Company	
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit attributable to:					
Owners of the parent		(4,897)	(663)	3,331	2,878
Non-controlling interests		3,755	4,414	-	-
		(1,142)	3,751	3,331	2,878
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(8,350)	(9,179)	3,331	2,878
Non-controlling interests		2,283	2,962	-	-
		(6,067)	(6,217)	3,331	2,878
Loss per ordinary share attributable to owners of the parent (sen)					
-Basic	30	(0.54)	(0.10)		
-Diluted	30	(0.54)	(0.10)		

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

Statements of Changes In Equity

for the financial year ended 31 December 2018

Group	Share Capital RM'000	ICULS-Equity Component RM'000	Revaluation Reserve RM'000	Exchange Translation Reserve RM'000	Fair Value Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
At 1 January 2018,	320,650	60,724	23,510	7,189	1,881	18,902	432,856	63,213	496,069
Net (loss)/profit for the financial year	-	-	-	-	-	(4,897)	(4,897)	3,755	(1,142)
Fair value of financial assets through other comprehensive income	-	-	-	-	(3,135)	-	(3,135)	-	(3,135)
Realisation of revaluation reserve	-	-	(5,043)	-	-	5,043	-	-	-
Foreign currency translation differences for foreign operations	-	-	-	(318)	-	-	(318)	(1,472)	(1,790)
Total comprehensive (loss)/income for the financial year	-	-	(5,043)	(318)	(3,135)	146	(8,350)	2,283	(6,067)
Transactions with owners:									
Issue of new ordinary shares pursuant to the conversion of ICULS	60,727	(60,724)	-	-	-	-	3	-	3
Dividends paid (Note 31)	-	-	-	-	-	(2,323)	(2,323)	-	(2,323)
Dividends paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	(791)	(791)
Total transactions with owners	60,727	(60,724)	-	-	-	(2,323)	(2,320)	(791)	(3,111)
At 31 December 2018	381,377	-	18,467	6,871	(1,254)	16,725	422,186	64,705	486,891

Group	Share Capital RM'000	ICULS-Equity Component RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Exchange Translation Reserve RM'000	Fair Value Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
At 1 January 2017, as previously reported	199,216	64,803	117,317	23,510	13,535	4,051	31,591	454,023	60,053	514,076
Effect of completion of purchase price allocation	-	-	-	-	-	-	(6,296)	(6,296)	3,710	(2,586)
At 1 January 2017, as restated	199,216	64,803	117,317	23,510	13,535	4,051	25,295	447,727	63,763	511,490
Net (loss)/profit for the financial year	-	-	-	-	-	-	(663)	(663)	4,414	3,751
Fair value of financial assets through other comprehensive income	-	-	-	-	-	(2,170)	-	(2,170)	-	(2,170)
Foreign currency translation differences for foreign operations	-	-	-	-	(6,346)	-	-	(6,346)	(1,452)	(7,798)
Total comprehensive (loss)/income for the financial year	-	-	-	-	(6,346)	(2,170)	(663)	(9,179)	2,962	(6,217)
Transactions with owners:										
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	(4,037)	(4,037)	(974)	(5,011)
Issue of new ordinary shares pursuant to the conversion of ICULS	4,117	(4,079)	-	-	-	-	-	38	-	38
Dividends paid (Note 31)	-	-	-	-	-	-	(1,693)	(1,693)	-	(1,693)
Dividends paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	(2,538)	(2,538)
Total transactions with owners	4,117	(4,079)	-	-	-	-	(5,730)	(5,692)	(3,512)	(9,204)
Transition to no par value regime	117,317	-	(117,317)	-	-	-	-	-	-	-
At 31 December 2017	320,650	60,724	-	23,510	7,189	1,881	18,902	432,856	63,213	496,069

Company	Share Capital RM'000	ICULS-Equity Component RM'000	Share Premium RM'000	Capital Reserve RM'000	Retained Earnings RM'000	Total RM'000
At 1 January 2017	199,216	64,803	117,317	69	10,570	391,975
Total comprehensive income for the financial year	-	-	-	-	2,878	2,878
Transactions with owners:						
Issue of new ordinary shares pursuant to the conversion of ICULS	4,117	(4,079)	-	-	-	38
Dividends paid	-	-	-	-	(1,693)	(1,693)
Total transactions with owners	4,117	(4,079)	-	-	(1,693)	(1,655)
Transition to no par value regime	117,317	-	(117,317)	-	-	-
At 31 December 2017	320,650	60,724	-	69	11,755	393,198
Total comprehensive income for the financial year	-	-	-	-	3,331	3,331
Transactions with owners:						
Issue of new ordinary shares pursuant to the conversion of ICULS	60,727	(60,724)	-	-	-	3
Dividends paid	-	-	-	-	(2,323)	(2,323)
Total transactions with owners	60,727	(60,724)	-	-	(2,323)	(2,320)
At 31 December 2018	381,377	-	-	69	12,763	394,209

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

Statements of Cash Flows

for the financial year ended 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:					
Profit before tax		347	8,360	3,346	3,006
Adjustments for:					
Write down of inventories		14	12	-	-
Amortisation of intangible assets		1,497	1,825	-	-
Bad debts written off		186	151	-	-
Depreciation		5,631	6,411	8	8
(Gain)/Loss on disposal of:					
- property, plant and equipment		(23)	16	-	-
- an associate		(5,239)	-	-	-
- fair value through profit or loss investment securities		(231)	-	-	-
Gross dividend income		(804)	(5)	-	-
Impairment loss on:					
- goodwill		1,497	540	-	-
- development expenditure		37	-	-	-
Expected credit losses on receivables		1,210	637	-	-
Insurance claim compensation		-	(12,161)	-	-
Interest expenses		6,165	5,245	2,853	2,340
Interest income		(2,420)	(3,015)	(29)	(24)
Net unrealised loss on foreign exchange		426	1,828	-	-
Property, plant and equipment written off		1,035	96	-	-
Provision for retirement benefits obligations		332	206	-	-
Share of results in associates and joint venture		(2,159)	826	-	-
Reversal of expected credit losses on receivables		-	(60)	-	-
Fair value change in:					
- investment in associates		927	744	-	-
- foreign currency held for trading		2	8	-	-
- held for trading investments		49	2	-	-
- investment properties		1,060	-	-	-
- fair value through profit or loss investment securities		(5,852)	658	-	-
Write back of payables		-	(198)	-	-
Operating profit before working capital changes		3,687	12,126	6,178	5,330

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Changes in working capital:					
Inventories		(5,150)	1,918	-	-
Receivables		9,399	6,117	(1,464)	2,990
Financial assets held for trading		42	60	-	-
Payables		(7,767)	2,038	4,653	2
Net cash generated from operations		211	22,259	9,367	8,322
Retirement benefits paid		(413)	(68)	-	-
Tax paid		(6,317)	(6,740)	(2)	(7)
Net cash (used in)/generated from operating activities		(6,519)	15,451	9,365	8,315
CASH FLOWS FROM INVESTING ACTIVITIES:					
Acquisition of intangibles assets		(1,298)	(1,007)	-	-
Acquisition of additional shares in an existing subsidiary		-	(5,010)	-	-
Acquisition of fair value through profit or loss investment securities		(3,415)	(13,975)	-	-
Acquisition of additional shares in an associate		(1,991)	(1,916)	-	-
Dividend income received		804	5	-	-
Interest received		2,420	3,015	29	24
Proceeds from disposal of fair value through profit or loss investment securities		2,286	-	-	-
Proceeds from disposal of property, plant and equipment		23	25	-	-
Proceeds from disposal an associate		11,630	-	-	-
Capital repayment from investment securities		-	1,320	-	-
Proceeds from insurance claim compensation		-	52,822	-	-
Purchase of property, plant and equipment	(a)	(8,907)	(11,990)	(1)	(2)
Purchase of investment properties		(42,789)	-	-	-
Net cash (used in)/generated from investing activities		(41,237)	23,289	28	22

		Group		Company	
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES:	(b)				
Dividends paid to non-controlling interests of a subsidiary		(791)	(2,538)	-	-
Dividends paid		(2,323)	(1,693)	(2,323)	(1,693)
Banker acceptance		900	-	-	-
Debtor financing		5,228	-	-	-
Drawdown of term loans		33,074	-	-	-
Drawdown of revolving credit		6,000	14,250	-	-
Interest paid		(7,309)	(6,757)	(4,355)	(3,860)
Payments to hire purchase payables		(59)	(57)	-	-
Placement of pledged deposits		(2,366)	(5,180)	-	-
Repayment of term loans		(1,711)	(19,660)	-	-
Net cash generated from/(used in) financing activities		30,643	(21,635)	(6,678)	(5,553)
Effects of exchange rate changes		(3,169)	(3,258)	-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS		(20,282)	13,847	2,715	2,784
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR					
As previously reported		114,289	102,998	4,093	1,309
Effect of exchange rate changes		431	(2,556)	-	-
		114,720	100,442	4,093	1,309
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		94,438	114,289	6,808	4,093
ANALYSIS OF CASH AND CASH EQUIVALENTS:					
Cash and bank balances	18	67,368	79,392	258	243
Short term deposits	18	73,872	78,655	6,550	3,850
Bank overdrafts	22	(2,404)	(1,728)	-	-
		138,836	156,319	6,808	4,093
Less: Deposit placed with lease payables as security deposit for lease payments	18(c)	(24,890)	(24,745)	-	-
Less: Deposit pledged to licensed banks	18(a)	(18,886)	(16,683)	-	-
Less: Cash held under Housing Development Account	18(b)	(622)	(602)	-	-
		94,438	114,289	6,808	4,093

(a) Purchase of property, plant and equipment

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	RM'000	RM'000	RM'000
Purchase of property, plant and equipment	8,907	11,990	1	2

(b) Reconciliation of liabilities arising from financial liabilities

	1.1.2018	**Cash flows**	**Foreign exchange movement**	**31.12.2018**
	RM'000	RM'000	RM'000	RM'000
Revolving credit	35,000	6,000	-	41,000
Finance lease payable	23,017	-	-	23,017
Hire purchase payables	193	(59)	-	134
Term loans	39,864	31,364	-	71,228
Banker acceptance	-	900	-	900
Debtor financing	-	5,228	-	5,228
	98,074	43,433	-	141,507

	1.1.2017	**Cash flows movement**	**Foreign exchange movement**	**31.12.2017**
	RM'000	RM'000	RM'000	RM'000
Revolving credit	20,750	14,250	-	35,000
Finance lease payable	23,009	8	-	23,017
Hire purchase	250	(57)	-	193
Term loans	59,235	(19,660)	289	39,864
	103,244	(5,459)	289	98,074

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

Notes to the Financial Statements

31 December 2018

1. GENERAL INFORMATION

The principal activities of the Company during the financial year are that of investment holding and the provision of full corporate and financial support to its subsidiaries. The principal activities of the Company's subsidiaries are stated in Note 9 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

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

The registered office of the Company is located at Level 3, East Wing, Wisma Synergy, No. 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan.

The principal place of business of the Company is located at Level 3, West Wing, Wisma Synergy, No. 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan.

The financial statements are expressed in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ('000) except when otherwise stated.

The financial statements were approved and authorised for issue by the Board of Directors in accordance with a resolution of the directors on 12 April 2019.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int")

The Group and the Company have adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:

<u>New MFRSs</u>

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

<u>Amendments/Improvements to MFRSs</u>

MFRS 1	First-time adoption of MFRSs
MFRS 2	Share-based Payment
MFRS 4	Insurance Contracts
MFRS 128	Investments in Associates and Joint Ventures
MFRS 140	Investment Property

<u>New IC Int</u>

IC Int 22	Foreign Currency Transactions and Advance Consideration

2. **BASIS OF PREPARATION (Continued)**

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

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

MFRS 9 Financial Instruments

MFRS 9 replaced the guidance of MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and liabilities, on impairment of financial assets, and on hedge accounting.

Key requirements of MFRS 9:

- MFRS 9 introduces an approach for classification and measurement of financial assets which is driven by cash flow characteristics and the business model in which an asset is held.

  In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses which replaced the "incurred loss" model in MFRS 139. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised. Trade receivables and contract assets that do not contain a significant financing component shall always measure the loss allowance at an amount equal lifetime expected credit losses.

- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

2. **BASIS OF PREPARATION (Continued)**

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

MFRS 9 Financial Instruments (Continued)

The retrospective application of MFRS 9 does not require restatement of 2017 comparative financial statements. As such, the Group and the Company have not restated the comparative information, which continues to be reported under MFRS 139. The Group and the Company recognised any difference between the carrying amount of financial instruments under MFRS 139 and the restated carrying amount under MFRS 9 in the opening balance of retained earnings of the annual reporting period including the date of initial application i.e. 1 January 2018.

Impact of the adoption of MFRS 9

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. Other than the enhanced new disclosures relating to financial instruments, which the Group and the Company have complied with in the current financial year, the adoption of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below.

(i) Classification and measurement

The following is the changes in the classification of the Group's and the Company's financial assets:

Trade and other receivables, including refundable deposits previously classified as Loans and Receivables under MFRS 139 as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Accordingly, these financial assets are classified and measured as debt instruments at amortised cost beginning 1 January 2018.

2. BASIS OF PREPARATION (Continued)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

MFRS 9 Financial Instruments (Continued)

Impact of the adoption of MFRS 9 (Continued)

(i) Classification and measurement (Continued)

In summary, upon the adoption of MFRS 9, the Group and the Company had the following reclassification as at 1 January 2018:

		MFRS 9 measurement category		
MFRS 139 measurement category	**1 January 2018**	**Fair value through profit or loss**	**Amortised cost**	**Fair value through other comprehensive income**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial assets				
Group				
Loan and receivables				
Trade and other receivables	139,125	-	139,125	-
Cash and bank balances and short term deposits	158,047	-	158,047	-
Available-for-sales				
Quoted securities	9,650	-	-	9,650
Unquoted securities	4,036	-	-	4,036
Fair value through profit or loss				
Quoted securities	459	459	-	-
Unquoted securities	28,879	28,879	-	-
Financial assets held for trading	361	361	-	-
Company				
Loan and receivables				
Trade and other receivables	141,559	-	141,559	-
Cash and bank balances and short term deposits	4,093	-	4,093	-

(ii) Impairment

In previous financial years, trade and other receivables are impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the receivables (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the receivables ("incurred loss model"). Upon adoption of MFRS 9, the Group and the Company are recording expected credit losses on all its trade and other receivables, either on a 12-month or lifetime basis. Accordingly, the Group and Company do not recognise additional impairment losses on its trade and other receivables at the date of initial application arising from application of simplified approach and general approach respectively to reconcile the lifetime expected credit losses.

2. **BASIS OF PREPARATION (Continued)**

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract;
(v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

The Group and the Company have applied MFRS 15 retrospectively with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings (or other components of equity) at the date of initial application of 1 January 2018. As such, the comparative information was not restated and continues to be reported under MFRS 111, MFRS 118 and related Interpretations. The Group and the Company have elected the practical expedient to apply the standard only to contracts that are not completed as at 1 January 2018. The Group and the Company also elected the practical expedient of not to retrospectively restate the contract for those modifications before the date of initial application, but instead, to reflect the aggregate effect of all past contract modifications when identifying the performance obligations, and determining and allocating the transaction price to the satisfied and unsatisfied performance obligations.

2. BASIS OF PREPARATION (Continued)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

MFRS 15 Revenue from Contracts with Customers (Continued)

Impact of the adoption of MFRS 15

The adoption of MFRS 15 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. Other than the enhanced new disclosures relating to contracts with customers, which the Group and the Company have complied with in the current financial year, the adoption of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below.

Presentation of contract assets and contract liabilities

The Group and the Company have changed the presentation of certain amounts in the statements of financial position to reflect the terminology of MFRS 15.

Contract assets recognised in relation to property development contracts and system sales contracts which previously presented as accrued billing and amount owing from customers for contract work.

Contract liabilities recognised in relation to expected volume discounts and refunds to customers which were previously presented as provisions.

The effect of adoption of MFRS 15 as at 1 January 2018 is as follows:

	Increase/ (Decrease) RM'000
Group	
Assets	
Current assets	
Trade and other receivables	(15,056)
Contract assets	15,056
Liabilities	
Current liabilities	
Trade and other payables	(6,475)
Contract liabilities	6,475

2. BASIS OF PREPARATION (Continued)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

MFRS 15 Revenue from Contracts with Customers (Continued)

The amounts by which each financial statement line item is affected as at and for the financial year ended 31 December 2018 as a result of the adoption of MFRS 15, including the reasons for the significant changes, are as follows:

Statements of financial position

		Reported under	
		MFRS 111 /	**Increase/**
	MFRS 15	**MFRS 118**	**(Decrease)**
Group	**RM'000**	**RM'000**	**RM'000**
Assets			
Current assets			
Trade and other receivables	119,059	126,380	(7,321)
Contract assets	-	7,321	7,321
Liabilities			
Current liabilities			
Trade and other payables	74,910	88,035	(13,125)
Contract liabilities	-	13,125	13,125

The adoption of MFRS 9 and MFRS 15 did not have a material impact on the Group's and the Company's profit or loss, operating, investing and financing cash flows.

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that an entity, which is a venture capital organisation, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates or joint ventures at fair value through profit or loss.

Amendments to MFRS 140 Investment Property

Amendments to MFRS 140 clarify that to transfer to, or from, investment properties there must be evidence of a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition of investment property. A change in intention, in isolation, does not provide evidence of a change in use.

The amendments also clarify that the list of circumstances that evidence a change in use is not exhaustive.

IC Int 22 Foreign Currency Transactions and Advance Consideration

IC Int 22 clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

2. BASIS OF PREPARATION (Continued)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective

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

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2021#
MFRS 2	Share-based Payment	1 January 2020*
MFRS 3	Business Combinations	1 January 2019/ 1 January 2020*
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2021#
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 7	Financial Instruments: Disclosures	1 January 2021#
MFRS 9	Financial Instruments	1 January 2019
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 15	Revenue from Contracts with Customers	1 January 2021#
MFRS 101	Presentation of Financial Statements	1 January 2020*
MFRS 107	Statements of Cash Flows	1 January 2021#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020*
MFRS 112	Income Taxes	1 January 2019
MFRS 116	Property, Plant and Equipment	1 January 2021#
MFRS 119	Employee Benefits	1 January 2019
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2019/ Deferred
MFRS 132	Financial instruments: Presentation	1 January 2021#
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 136	Impairment of Assets	1 January 2021#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*
MFRS 138	Intangible Assets	1 January 2020*
MFRS 140	Investment Property	1 January 2021#

2. BASIS OF PREPARATION (Continued)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (Continued)

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

		Effective for financial periods beginning on or after
<u>New IC Int</u>		
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019
<u>Amendments to IC Int</u>		
IC Int 12	Service Concession Arrangements	1 January 2020*
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC Int 132	Intangible Assets – Web Site Costs	1 January 2020*

* *Amendments to References to the Conceptual Framework in MFRS Standards*

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

2.3.1 The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below.

MFRS 16 Leases

Currently under MFRS 117 *Leases*, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

On initial adoption of MFRS 16, there may be impact on the accounting treatment for leases, which the Group as a lessee currently accounts for as operating leases. On adoption of this standard, the Group will be required to capitalise its rented premises on the statements of financial position by recognising them as "rights-of-use" assets and their corresponding lease liabilities for the present value of future lease payments.

2. **BASIS OF PREPARATION (Continued)**

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (Continued)

MFRS 16 Leases (Continued)

The Group and the Company plan to adopt this standard when it becomes effective in the financial year beginning 1 January 2019 by applying the transitional provisions and include the required additional disclosures in their financial statements of that year. The Group is likely electing the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, existing lease contracts that are still effective on 1 January 2019 will be accounted for as lease contracts under MFRS 16.

Amendments to MFRS 3 Business Combinations and MFRS 11 Joint Arrangements

Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

Amendments to MFRS 9 Financial Instruments

Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

2. **BASIS OF PREPARATION (Continued)**

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (Continued)

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint to which the equity method is not applied.

IC Int 23 Uncertainty over Income Tax Treatments

IC Int 23 clarifies that where there is uncertainty over income tax treatments, an entity shall:

(i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.
(ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

Amendments to References to the Conceptual Framework in MFRS Standards

The Malaysian Accounting Standards Board has issued a *revised Conceptual Framework for Financial Reporting* and amendments to fourteen Standards under the Malaysian Financial Reporting Standards Framework on 30 April 2018.

The revised Conceptual Framework comprises a comprehensive set of concepts of financial reporting. It is built on the previous version of the Conceptual Framework issued in 2011. The changes to the chapters on the objective of financial reporting and qualitative characteristics of useful financial information are limited, but with improved wordings to give more prominence to the importance of providing information need to assess management's stewardship of the entity's economic resources.

2. BASIS OF PREPARATION (Continued)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (Continued)

Amendments to References to the Conceptual Framework in MFRS Standards (Continued)

Other improvements of the revised Conceptual Framework include a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance – in particular the definition of a liability – and clarifications in important areas, such as the role of prudence and measurement uncertainty in financial reporting.

The amendments to the fourteen Standards are to update the references and quotations in these Standards which include MFRS 2, MFRS 3, MFRS 6, MFRS 14, MFRS 101, MFRS 108, MFRS 134, MFRS 137, MFRS 138, IC Int 12, IC Int 19, IC Int 20, IC Int 22 and IC Int 132.

2.3.2 The Group and the Company is currently performing a detailed analysis to determine the election of the practical expedients and to quantify the financial effects arising from the adoption of the new MFRSs, amendments/improvements to MFRSs and new IC Int.

2.4 Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.5 Basis of Measurement

The financial statements of the Group and the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

2.6 Use of Estimates and Judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgements are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group's and the Company's financial statements are disclosed in Note 4 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries and associates used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of consolidation (Continued)

(a) Subsidiaries and business combination (Continued)

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, 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 or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of consolidation (Continued)

(b) Associates (Continued)

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of an available-for-sale financial asset or a held for trading financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(c) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(d) Transactions eliminated on consolidation

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

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and associates are measured at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.10(b) to the financial statements.

Contributions to subsidiaries are amounts which the Company does not expect repayment in the foreseeable future and are considered as part of the Company's investment in the subsidiaries.

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

3.3 Foreign currency transactions

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Foreign currency transactions (Continued)

(b) Translation of foreign operations (Continued)

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

3.4 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial instrument.

<u>Accounting policies applied from 1 January 2018</u>

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company has applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

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

3.4 Financial instruments (Continued)

Accounting policies applied from 1 January 2018 (Continued)

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when its business model for managing those assets change.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

- Amortised cost

  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(a) to the financial statements. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Financial instruments (Continued)

Accounting policies applied from 1 January 2018 (Continued)

(a) Subsequent measurement (Continued)

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

(i) Financial assets (Continued)

Debt instruments (Continued)

- Fair value through other comprehensive income (FVOCI)

  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(a) to the financial statements. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

- Fair value through profit or loss (FVPL)

  Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

  Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Financial instruments (Continued)

Accounting policies applied from 1 January 2018 (Continued)

(a) Subsequent measurement (Continued)

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

(i) Financial assets (Continued)

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

(ii) Financial liabilities

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

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

Financial liabilities at fair value through profit or loss

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Financial instruments (Continued)

Accounting policies applied from 1 January 2018 (Continued)

(a) Subsequent measurement (Continued)

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

(ii) Financial liabilities (Continued)

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

Financial liabilities at amortised cost

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

(b) Financial guarantee contracts

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

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

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves purchase or sell an asset).

Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Financial instruments (Continued)

Accounting policies applied from 1 January 2018 (Continued)

(d) Derecognition

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

(i) the contractual rights to receive the cash flows from the financial asset expire, or

(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

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

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

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

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

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

3.4 Financial instruments (Continued)

Accounting policies applied from 1 January 2018 (Continued)

(e) Offsetting of financial instruments

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

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

Accounting policies applied until 31 December 2017

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss when the financial assets are either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or are designated into this category upon initial recognition.

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

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at costs.

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

3.4 Financial instruments (Continued)

Accounting policies applied until 31 December 2017 (Continued)

(a) Subsequent measurement (Continued)

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

(i) Financial assets (Continued)

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(a) to the financial statements. Gains and losses are recognised in profit or loss through the amortisation process.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(a) to the financial statements. Gains and losses are recognised in profit or loss through the amortisation process.

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

3.4 Financial instruments (Continued)

Accounting policies applied until 31 December 2017 (Continued)

(a) Subsequent measurement (Continued)

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

(i) Financial assets (Continued)

Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available-for-sale or are not classified in any of the three preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Unquoted equity instruments carried at cost

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(a) to the financial statements.

(ii) Financial liabilities

Same accounting policies applied in 31 December 2018 and 31 December 2017.

(b) Financial guarantee contracts

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Financial instruments (Continued)

Accounting policies applied until 31 December 2017 (Continued)

(c) Regular way purchase or sale of financial assets

Same accounting policies applied in 31 December 2018 and 31 December 2017.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

(e) Offsetting of financial instruments

Same accounting policies applied in 31 December 2018 and 31 December 2017.

3.5 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition of measurement of impairment losses is in accordance with Note 3.10(b) to the financial statements.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.15 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Property, plant and equipment (Continued)

(a) Recognition and measurement (Continued)

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

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

(b) Subsequent cost

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

Leasehold land is depreciated on straight-line basis over the lease terms of 38 to 57 years. All other property, plant and equipment are depreciated on straight line basis over the estimated useful lives of the assets using the following annual rates:

Short term leasehold land	22 years
Hotel properties (buildings)	30-50 years
Buildings	0.5%-5%
Plant and machinery	10%-20%
Motor vehicles	15%-20%
Furniture, fittings and equipment	2%-25%
Renovation	2%-20%
Computer equipment and software	20%-33.33%
Crockeries, glassware, cutleries, linen and kitchen utensils	10%
Telecommunications, research and development equipment	20%-33.33%

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Leases

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

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

(a) Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment properties.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user’s benefit.

Any upfront lease payments are classified as land use rights within intangible assets.

(b) Lessor accounting

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor’s net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. The Group uses the cost model to measure its investment properties after initial recognition. Accordingly, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(b) to the financial statements.

Leasehold land is depreciated on a straight-line basis over the lease term of 38 years. Buildings are depreciated on a straight-line basis over their estimated useful lives of 15 years.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.15 to the financial statements.

An investment property is derecognised on their disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of investment properties.

3.8 Inventories

Inventories of materials and goods are measured at the lower of cost (determined principally on the first-in first-out basis) and net realisable value.

Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

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

3.9 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts.

3.10 Impairment of assets

(a) Impairment of financial assets and contract assets

<u>Accounting policies applied from 1 January 2018</u>

Financial assets measured at amortised cost, financial assets measured at FVOCI, lease receivables, contract assets or a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables and contract assets, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 to 90 days past due.

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

3.10 Impairment of assets (Continued)

(a) Impairment of financial assets and contract assets (Continued)

Accounting policies applied from 1 January 2018 (Continued)

The Group and the Company consider a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- 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;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

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

3.10 Impairment of assets (Continued)

(a) Impairment of financial assets and contract assets (Continued)

Accounting policies applied from 1 January 2018 (Continued)

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statements of financial position.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

Accounting policies applied until 31 December 2017

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries and associates) are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables and held-to-maturity investments

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If there is no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Impairment of assets (Continued)

(a) Impairment of financial assets and contract assets (Continued)

Accounting policies applied until 31 December 2017 (Continued)

Loans and receivables and held-to-maturity investments (Continued)

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment that was recognised, the previously recognised impairment loss is then reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

Available-for-sale financial assets

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

Where there is objective evidence that the asset is impaired, the decline in the fair value of an available-for-sale financial asset together with the cumulative loss recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

Impairment losses on available-for-sale equity investments are not reversed through profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss, is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to a loss event occurring after the recognition of the impairment loss in profit or loss.

Unquoted equity instruments carried at cost

In the case of unquoted equity instruments carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

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

3.10 Impairment of assets (Continued)

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs").

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount of asset is reduced to its recoverable amount.

Impairment losses are recognised in profit or loss.

For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11 Share capital

(a) Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(b) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

3.12 Employee benefits

(a) Short-term employee benefits

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

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. The Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

3.13 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 an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

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

3.14 Revenue and other income

Accounting policies applied from 1 January 2018

The Group and the Company recognise revenue that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as goods and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

Revenue from contracts with customers

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer net of sales and service tax, returns, rebates and discounts. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

Revenue from property development is recognised progressively when property development services are rendered and such services do not create an asset with an alternative's use to the Group, and the Group has a present right to payment for services rendered to date. The progress towards complete satisfaction of the performance obligation is measured based on a method that best depicts the Group's performance in satisfying the performance obligation of the contract. This is determined by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract. Otherwise, revenue is recognised at a point in time upon delivery of property and customer's acceptance, and the Group has a present right to payment for the property sold.

A receivable is recognised when the development activities are carried out as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. When the services rendered exceed the billings to customers, a contract asset is recognised. If the billings exceed the services rendered, a contract liability is recognised.

Sale of completed properties

Revenue from sale of completed properties is recognised when significant risks and rewards of ownership of the completed properties have been transferred to the buyer and where the Group does not have continuing managerial involvement and effective control over the completed properties sold.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 Revenue and other income (Continued)

Accounting policies applied until 31 December 2017

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of discounts, rebates, returns and taxes.

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(a) Interest income

Interest income is recognised using the effective interest method.

(b) Dividend income

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

(c) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentive granted is recognised as an integral part of the total rental income, over the term of the lease.

3.15 Borrowing costs

Borrowing costs are interests and other costs that the Group incurs in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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

The Group begins capitalising borrowing costs when the Group has incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

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

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

3.16 Taxes

(a) Income tax

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

(i) Current tax

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

(ii) Deferred tax

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

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

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

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

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

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

3.16 Taxes (Continued)

(a) Income tax (Continued)

(ii) Deferred tax (Continued)

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

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

(b) Goods and services tax

Revenues, expenses and assets are recognised net of amount of goods and services tax (“GST”) except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of GST included.

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

3.17 Earnings per share

The Group presents basic and diluted earnings per share (“EPS”) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.18 Operating segment

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision-maker that makes strategic decisions.

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

3.19 Fair value measurements

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

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

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

There were no transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances.

3.20 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

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

3.21 Contract assets/(liabilities)

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance).

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(a) to the financial statements.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Key Source of Estimation Uncertainty

(a) Impairment of Goodwill on Consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of CGU to which the goodwill is allocated. Estimating a value-in-use amount requires management to make an estimation of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the key assumptions applied in the impairment assessment of goodwill are disclosed in Note 8 to the financial statements.

The carrying amounts of the Group's goodwill key assumptions used to determine the recoverable amount for different cash-generating units, including sensitivity analysis, are disclosed in Note 8 to the financial statements.

(b) Fair Value of Unquoted Investments

The financial asset is not traded in an active market or if the quoted price is not readily and regularly available, the fair value is established by using valuation techniques that are appropriate in circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The fair value measurement requires the selection among a range of different valuation methodologies, making estimates about expected future cash flows and discounted rates. The models are tested for validity by calibrating to prices from any observable current market transactions in the same instrument when available. Where cost is used as an estimate of fair value, significant judgement is required where management considers various indicators where cost might not be representative of fair value.

5. **PROPERTY, PLANT AND EQUIPMENT**

Group	Freehold land	Buildings	Short Term Leasehold land and building	Hotel properties -Freehold lands	Hotel properties -Buildings	Plant and machinery	Furniture, fittings and equipment	Renovation	Motor vehicles	Computer equipment and software	Crockeries, glassware, cutleries, linen and kitchen utensils	Telecom-munic-tions and research and develop-ment equipment	Construc-tion work-in-progress	Total
2018	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost/Valuation														
At 1 January 2018	27,168	18,866	1,703	60,954	35,158	6,969	42,094	16,836	3,327	18,129	2,974	30,614	7,342	272,134
Additions	-	1,400	-	-	-	174	1,841	2,130	33	305	225	1,981	818	8,907
Disposals	-	-	-	-	-	-	(2)	-	(56)	-	-	-	-	(58)
Written off	-	-	-	-	-	-	(6,180)	(750)	(249)	(208)	(1,280)	(256)	-	(8,923)
Reclassification	-	-	-	-	122	-	(53)	7,403	-	-	-	6	(7,502)	(24)
Foreign exchange translation adjustment	-	17	(86)	278	-	-	(201)	(482)	(4)	(7)	-	(370)	(24)	(879)
At 31 December 2018	27,168	20,283	1,617	61,232	35,280	7,143	37,499	25,137	3,051	18,219	1,919	31,975	634	271,157
Representing:														
Cost	27,168	20,283	1,617	-	-	7,143	37,499	25,137	3,051	18,219	1,919	31,975	634	174,645
Valuation	-	-	-	61,232	35,280	-	-	-	-	-	-	-	-	96,512
Total	27,168	20,283	1,617	61,232	35,280	7,143	37,499	25,137	3,051	18,219	1,919	31,975	634	271,157

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group 2018	Freehold land RM'000	Buildings RM'000	Short Term Leasehold land and building RM'000	Hotel properties -Freehold lands RM'000	Hotel properties -Buildings RM'000	Plant and machinery RM'000	Furniture, fittings and equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Computer equipment and software RM'000	Crockeries, glassware, cutleries, linen and kitchen utensils RM'000	Telecom-munic-tions and research and develop-ment equipment RM'000	Construc-tion work-in-progress RM'000	Total RM'000
Accumulated Depreciation														
At 1 January 2018	-	3,611	1,136	-	6,860	5,820	38,117	9,304	2,649	17,609	979	18,783	-	104,868
Depreciation for the financial year	-	366	18	-	908	221	1,035	1,088	213	207	294	1,281	-	5,631
Disposals	-	-	-	-	-	-	(2)	-	(56)	-	-	-	-	(58)
Written off	-	-	-	-	-	-	(5,904)	(728)	(249)	(208)	(544)	(255)	-	(7,888)
Reclassification	-	-	-	-	-	-	(232)	17	-	6	2	9	-	(198)
Capitalisation to intangible assets	-	-	-	-	-	-	8	15	-	3	-	25	-	51
Foreign exchange translation adjustment	-	13	(57)	-	-	-	(195)	(49)	(5)	(6)	-	(334)	-	(633)
At 31 December 2018	-	3,990	1,097	-	7,768	6,041	32,827	9,647	2,552	17,611	731	19,509	-	101,773
Accumulated Impairment Loss														
At 1 January 2018	-	-	-	-	-	-	-	3,017	-	-	-	7,401	-	10,418
Foreign exchange translation adjustment	-	-	-	-	-	-	-	-	-	-	-	1	-	1
At 31 December 2018	-	-	-	-	-	-	-	3,017	-	-	-	7,402	-	10,419
Carrying Amount at 31 December 2018	27,168	16,293	520	61,232	27,512	1,102	46,72	12,473	499	608	1,188	5,064	634	158,965
Representing:														
Cost	27,168	16,293	520	-	-	1,102	4,672	12,473	499	608	1,188	5,064	634	70,221
Valuation	-	-	-	61,232	27,512	-	-	-	-	-	-	-	-	88,744
Total	27,168	16,293	520	61,232	27,512	1,102	4,672	12,473	499	608	1,188	5,064	634	158,965

5. **PROPERTY, PLANT AND EQUIPMENT (Continued)**

Group	Freehold land	Buildings	Short Term Leasehold land and building	Hotel properties -Freehold lands	Hotel properties -Buildings	Plant and machinery	Furniture, fittings and equipment	Renovation	Motor vehicles	Computer equipment and software	Crockeries, glassware, cutleries, linen and kitchen utensils	Telecom-munic-tions and research and develop-ment equipment	Construc-tion work-in-progress	Total
2017	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost/Valuation														
At 1 January 2017	27,168	19,082	1,897	62,144	35,091	6,843	41,890	17,059	3,203	18,242	2,149	29,028	-	263,796
Additions	-	-	-	-	-	126	1,266	230	128	209	52	2,447	7,532	11,990
Disposals	-	-	-	-	-	-	(121)	(8)	-	(84)	-	-	-	(213)
Written off	-	-	-	-	-	-	(43)	(268)	-	(206)	-	-	-	(517)
Reclassification	-	-	-	-	67	-	(771)	-	(3)	(1)	773	(40)	(67)	(42)
Foreign exchange translation adjustment	-	(216)	(194)	(1,190)	-	-	(127)	(177)	(1)	(31)	-	(821)	(123)	(2,880)
At 31 December 2017	27,168	18,866	1,703	60,954	35,158	6,969	42,094	16,836	3,327	18,129	2,974	30,614	7,342	272,134
Representing:														
Cost	27,168	18,866	1,703	-	-	6,969	42,094	16,836	3,327	18,129	2,974	30,614	7,342	176,022
Valuation	-	-	-	60,954	35,158	-	-	-	-	-	-	-	-	96,112
Total	27,168	18,866	1,703	60,954	35,158	6,969	42,094	16,836	3,327	18,129	2,974	30,614	7,342	272,134

5. **PROPERTY, PLANT AND EQUIPMENT (Continued)**

Group	**Freehold land**	**Buildings**	**Short Term Leasehold land and building**	**Hotel properties -Freehold lands**	**Hotel properties -Buildings**	**Plant and machinery**	**Furniture, fittings and equipment**	**Renovation**	**Motor vehicles**	**Computer equipment and software**	**Crockeries, glassware, cutleries, linen and kitchen utensils**	**Telecom-munic-tions and research and develop-ment equipment**	**Construc-tion work-in-progress**	**Total**
2017	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accumulated Depreciation														
At 1 January 2017	-	3,340	1,179	-	5,586	5,522	37,143	8,695	2,524	17,498	506	17,868	-	99,861
Depreciation for the financial year	-	360	83	-	1,274	298	1,305	852	194	359	344	1342	-	6,411
Disposals	-	-	-	-	-	-	(90)	(4)	-	(77)	-	-	-	(171)
Written off	-	-	-	-	-	-	(78)	(200)	-	(143)	-	-	-	(421)
Reclassification	-	-	-	-	-	-	(48)	16	(68)	2	129	(30)	-	1
Capitalisation to intangible assets	-	-	-	-	-	-	10	19	-	2	-	29	-	60
Foreign exchange translation adjustment	-	(89)	(126)	-	-	-	(125)	(74)	(1)	(32)	-	(426)	-	(873)
At 31 December 2017	-	3,611	1,136	-	6,860	5,820	38,117	9,304	2,649	17,609	979	18,783	-	104,868
Accumulated Impairment Loss														
At 1 January 2017	-	-	-	-	-	-	-	3,017	-	-	-	7,629	-	10,646
Foreign exchange translation adjustment	-	-	-	-	-	-	-	-	-	-	-	(228)	-	(228)
At 31 December 2017	-	-	-	-	-	-	-	3,017	-	-	-	7,401	-	10,418
Carrying Amount at 31 December 2017	27,168	15,255	567	60,954	28,298	1,149	3,977	4,515	678	520	1,995	4,430	7,342	156,848
Representing:														
Cost	27,168	15,255	567	-	-	1,149	3,977	4,515	678	520	1,995	4,430	7,342	67,596
Valuation	-	-	-	60,954	28,298	-	-	-	-	-	-	-	-	89,252
Total	27,168	15,255	567	60,954	28,298	1,149	3,977	4,515	678	520	1,995	4,430	7,342	156,848

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Computer equipment	Motor vehicles	Furniture, fittings and equipment	Total
Company	RM'000	RM'000	RM'000	RM'000
2018				
Cost				
At 1 January 2018	107	5	191	303
Additions	1	-	-	1
At 31 December 2018	108	5	191	304
Accumulated Depreciation				
At 1 January 2018	103	5	165	273
Depreciation for the financial year	2	-	6	8
At 31 December 2018	105	5	171	281
Carrying Amount at 31 December 2018	3	-	20	23

	Computer equipment	Motor vehicles	Furniture, fittings and equipment	Total
Company	RM'000	RM'000	RM'000	RM'000
2017				
Cost				
At 1 January 2017	105	5	191	301
Additions	2	-	-	2
At 31 December 2017	107	5	191	303
Accumulated Depreciation				
At 1 January 2017	102	5	158	265
Depreciation for the financial year	1	-	7	8
At 31 December 2017	103	5	165	273
Carrying Amount at 31 December 2017	4	-	26	30

(a) Included in property, plant and equipment of the Group are assets acquired under hire purchase instalment plans with the following carrying amounts:

	Group	
	2018	**2017**
	RM'000	RM'000
Motor vehicles	243	355

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Included in property, plant and equipment of the Group are assets pledged to the licensed banks to secure credit facilities granted to the Company and its subsidiaries as disclosed in Note 22 to the financial statements with the following carrying amounts:

	Group	
	2018	**2017**
	RM'000	RM'000
Hotel properties	32,801	33,496
Buildings	39,346	39,617
	72,147	73,113

(c) Had the revalued assets been carried at cost less accumulated depreciation, the carrying amounts would have been as follows:

Group	**Cost**	**Accumulated depreciation**	**Carrying amount**
	RM'000	RM'000	RM'000
2018			
Hotel properties			
- lands	28,444	-	28,444
- buildings	30,468	(7,720)	22,748
	58,912	(7,720)	51,192
2017			
Hotel properties			
- lands	28,325	-	28,325
- buildings	30,652	(7,127)	23,525
	58,977	(7,127)	51,850

(d) Fair value information

Fair values of revalued properties are categorised as follows:

Group	**Level 1**	**Level 2**	**Level 3**	**Total**
2018	RM'000	RM'000	RM'000	RM'000
Hotel properties				
- lands	-	60,155	-	60,155
- buildings	-	31,900	-	31,900
	-	92,055	-	92,055
2017				
Hotel properties				
- lands	-	59,547	-	59,547
- buildings	-	31,900	-	31,900
	-	91,447	-	91,447

5. **PROPERTY, PLANT AND EQUIPMENT (Continued)**

(d) Fair value information (Continued)

The fair value of revalued properties has been determined based on the valuation report dated in April 2016 and May 2016 carried out by accredited independent valuers with recognised and relevant qualification and recent experience in the location and assets being valued. The valuation method used was Comparison Method that makes reference to recent transactions and sales evidences involving other similar properties in the vicinity. The most significant input to this valuation approach is price per square feet of comparable properties.

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Fair value hierarchy

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical properties that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the properties, either directly or indirectly.

Level 3 fair value

Level 3 fair value is estimated using unobservable input for the properties.

The Group does not have non-financial assets measured at Level 1 and Level 3 hierarchy.

Transfer between levels of fair value hierarchy

There is no transfer between levels of fair values hierarchy during the financial year.

(e) Included in property, plant and equipment of the Group are assets under sale and finance leaseback arrangements as follows:

	Group	
	2018	**2017**
	RM'000	RM'000
Hotel properties - Freehold land	27,077	27,077
Hotel properties - Buildings	9,846	9,937
	36,923	37,014

(f) The leasehold land and building has unexpired lease period of less than fifty (50) years.

6. INVESTMENT PROPERTIES

	Group	
	2018	**2017**
	RM'000	RM'000
At fair value:		
At 1 January	8,060	8,060
Additions	42,789	-
Fair value change recognised to profit or loss	(1,060)	-
At 31 December	49,789	8,060

There are no restrictions on the realisability of investment properties or the remittance of income and proceeds on disposal.

The fair value of the shop office was measured in December 2018 based on the highest and best use method to reflect the actual market state and circumstances as of the end of financial year. The fair value was based on a valuation made by C H William Talhar & Wong, a firm of independent professional valuers, which hold a recognised and relevant professional qualification with sufficient recent experience in the location and category of the investment property being valued. There has been no change to the valuation technique during the year. Management determined that the highest and best use of the assets is the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

Strata title of the shop office has not been issued by Department of Director General of Lands and Mines in Malaysia as at 31 December 2018.

Details of the Group's investment properties are as follows:

Descriptions	**Location**	**Existing use**
Shop office	Lot 3A-5-1, 5th floor, block 3A, Plaza Sentral, Kuala Lumpur, Malaysia.	Generate rental Income
Commercial building 1	9, Jalan Kajibumi U1/70, Seksyen U1, Temasya Glenmarie, Shah Alam, Selangor, Malaysia	Generate rental Income
Commercial building 2	17, Jalan Yap Ah Shak, Kuala Lumpur, Malaysia	Generate rental Income

6. **INVESTMENT PROPERTIES (Continued)**

The following amounts are recognised in the profit or loss:

	Group	
	2018	**2017**
	RM'000	RM'000
Rental income	-	-
Direct operating expenses arising from investment properties that generate rental income	(150)	(150)

Fair value information

Fair value of investment property is categorised as follows:

	Level 1	**Level 2**	**Level 3**	**Total**
	RM'000	RM'000	RM'000	RM'000
Group				
2018				
Building	-	49,789	-	49,789
2017				
Building	-	8,060	-	8,060

Valuation techniques and significant other observable inputs

Shop office

Valuation technique for recurring fair value measurements:	Comparison with market evidence of recently transaction prices for similar properties
Significant observable inputs:	Price per square foot RM868 (2017: RM1,001)
Sensitivity on management's estimates – 10% variation from estimate:	Impact-lower by RM700,000 (2017: RM806,000); higher by RM700,000 (2017: RM806,000)

Commercial building 1

Valuation technique for recurring fair value measurements:	Comparison with market evidence of recently transaction prices for similar properties
Significant observable inputs:	Price per square foot RM474
Sensitivity on management's estimates – 10% variation from estimate:	Impact-lower by RM3,150,000; higher by RM3.150,000

6. INVESTMENT PROPERTIES (Continued)

Valuation techniques and significant other observable inputs (Continued)

Commercial building 2

Valuation technique for recurring fair value measurements:	Comparison with market evidence of recently transaction prices for similar properties
Significant observable inputs:	Price per square foot RM852
Sensitivity on management's estimates – 10% variation from estimate:	Impact-lower by RM2,700,000; higher by RM2.700,000

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Fair value hierarchy

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.

Level 3 fair value

Level 3 fair value is estimated using unobservable input for the investment property.

The Group does not have non-financial assets measured at Level 1 and Level 3 hierarchy.

Transfer between levels of fair value hierarchy

There is no transfer between levels of fair values hierarchy during the financial year.

7. INTANGIBLE ASSETS

Group 2018	Goodwill on consolidation RM'000 (Note 8)	Intellectual property RM'000 (Note a)	Software development expenditure RM'000 (Note b)	Licenses RM'000 (Note c)	Total RM'000
Cost					
At 1 January 2018	98,576	5,250	26,481	745	131,052
Additions	-	-	1,199	99	1,298
Capitalisation of development equipment	-	-	51	-	51
At 31 December 2018	98,576	5,250	27,731	844	132,401
Accumulated Amortisation and Impairment					
At 1 January 2018	6,355	5,250	23,265	315	35,185
Amortisation for the financial year	-	-	1,444	53	1,497
Impairment for the financial year	1,497	-	37		1,534
Foreign exchange translation difference	21	-	(19)	-	2
At 31 December 2018	7,873	5,250	24,727	368	38,218
Carrying Amount at 31 December 2018	90,703	-	3,004	476	94,183

Group 2017	Goodwill on consolidation RM'000 (Note 8)	Intellectual property RM'000 (Note a)	Software development expenditure RM'000 (Note b)	Licenses RM'000 (Note c)	Total RM'000
Cost					
At 1 January 2017	98,576	5,250	25,577	582	129,985
Additions	-	-	844	163	1,007
Capitalisation of development equipment	-	-	60	-	60
At 31 December 2017	98,576	5,250	26,481	745	131,052
Accumulated Amortisation and Impairment					
At 1 January 2017	5,815	5,250	21,572	176	32,813
Amortisation for the financial year	-	-	1,686	139	1,825
Impairment for the financial year	540	-	-		540
Foreign exchange translation difference	-	-	7	-	7
At 31 December 2017	6,355	5,250	23,265	315	35,185
Carrying Amount at 31 December 2017	92,221	-	3,216	430	95,867

7. **INTANGIBLE ASSETS (Continued)**

(a) **Intellectual property**

Intellectual property comprises rights and titles relating to mobile software.

(b) **Software development expenditure**

The software development expenditure mainly comprises staff costs, operating expenses and depreciation expenses for the development of the Captii Group's proprietary mobile software and has an average amortisation period of 3 years (2017: 3 years).

(c) **Licenses**

The licenses comprise compliance and testing costs of bus models and have an average amortisation period of 5 years.

8. **GOODWILL ON CONSOLIDATION**

	Group	
	2018	**2017**
	RM'000	RM'000
At 1 January	92,221	92,761
Impairment loss	(1,497)	(540)
Foreign exchange translation adjustment	(21)	-
At 31 December	90,703	92,221

The carrying amounts of goodwill allocated to the Group's CGU are as follows:

	Group	
	2018	**2017**
	RM'000	RM'000
Information and communications technology - CGU 1	83,684	85,202
Hotels and resorts - CGU 2	2,348	2,348
Travel and tours - CGU 3	3,659	3,659
Others	1,012	1,012
	90,703	92,221

Impairment loss

Impairment loss of RM1,497,000 was recognised during the year, representing the impairment of a subsidiary of information and communication technology.

8. **GOODWILL ON CONSOLIDATION (Continued)**

CGU 1

The recoverable amount of the CGU was determined based on its value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets and forecasts approved by management covering a five-year period using a discount rate of 14.5% (2017: 14.5%). The forecasted growth rate used to extrapolate cash flow projections beyond the five-year period is 2% (2017: 2%).

The discount rate applied to the cash flow projections is pre-tax and reflects management's estimate of the risks specific to the CGU at the date of assessment. Management determined the forecasted growth rate and budgeted gross margin based on past performance and its expectations of market developments.

Based on the sensitivity analysis performed, management believe that no reasonably possible change in base case key assumptions would cause the carrying values of the CGU to exceed its recoverable amounts.

The value in use was determined by management using discounted cash flow valuation technique. The key assumptions used for value in use calculations are as stated above.

CGU 2 and CGU 3

The recoverable amount of the CGUs was determined based on its value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets and forecasts approved by management covering a five-year period using a discount rate of 10% - 12.4% (2017: 10%). The forecasted growth rate used to extrapolate cash flow projections beyond the five-year period is 3% - 5% (2017: 3% - 5%).

The discount rate applied to the cash flow projections is pre-tax and reflects management's estimate of the risks specific to the CGUs at the date of assessment. Management determined the forecasted growth rate and budgeted gross margin based on past performance and its expectations of market developments.

Based on the sensitivity analysis performed, management believe that no reasonably possible change in base case key assumptions would cause the carrying values of the CGUs to exceed its recoverable amounts.

The value in use was determined by management using discounted cash flow valuation technique. The key assumptions used for value in use calculations are as stated above.

9. **INVESTMENT IN SUBSIDIARIES**

	Company	
	2018	**2017**
	RM'000	RM'000
Unquoted shares - at cost	700,874	700,874
Less: Impairment loss	(226,281)	(226,281)
	474,593	474,593
Loans that are part of net investments	143,220	-
	617,813	474,593

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

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

(a) Certain shares of subsidiaries in the Group have been charged to financial institutions for credit facilities granted to the Group as disclosed in Note 22(e) to the financial statements.

(b) The details of the subsidiaries are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2018 %	Effective Equity Interest 2017 %	Principal Activities
Direct subsidiaries				
Advance Synergy Capital Sdn. Bhd.	Malaysia	100	100	Investment holding and provision of management services
Advance Synergy Properties Sdn. Bhd.	Malaysia	100	100	Investment holding
* Advance Synergy Realty Sdn. Bhd.	Malaysia	100	100	Property development
Advance Synergy Timber Sdn. Bhd.	Malaysia	100	100	Dormant
Alam Samudera Corporation Sdn. Bhd.	Malaysia	100	100	Investment holding
Alangka-Suka Hotels & Resorts Sdn. Bhd.	Malaysia	100	100	Investment holding
* Ausborn Sawmill Sdn. Bhd.	Malaysia	100	100	Inactive
* Bornion Sawmill Sdn. Bhd.	Malaysia	100	100	Inactive
Calmford Incorporated	British Virgin Islands	100	100	Investment holding
Diversified Gain Sdn. Bhd.	Malaysia	100	100	Investment holding
Excellent Arch Sdn. Bhd.	Malaysia	100	100	Investment holding
Excellent Display Sdn. Bhd.	Malaysia	100	100	Property investment, management and rental of properties
iSynergy Sdn. Bhd.	Malaysia	100	100	Inactive
Nagapura Management Corporation Sdn. Bhd.	Malaysia	100	100	Provision of management services
Sadong Development Sdn. Bhd.	Malaysia	100	100	Property development

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

(b) The details of the subsidiaries are as follows (Continued):

Name of Company	Country of Incorporation	Effective Equity Interest 2018 %	Effective Equity Interest 2017 %	Principal Activities
Direct subsidiaries (Continued)				
Segi Koleksi Sdn. Bhd.	Malaysia	70	70	Investment holding
Strategic Research & Consultancy Sdn. Bhd.	Malaysia	100	100	Investment holding
Synergy Gold Incorporated	British Virgin Islands	100	100	Inactive
Synergy Petroleum Incorporated	British Virgin Islands	100	100	Investment holding
Worldwide Matrix Sdn. Bhd.	Malaysia	100	100	Investment holding
Indirect subsidiaries held through Advance Synergy Capital Sdn. Bhd.				
AESBI Power Systems Sdn. Bhd.	Malaysia	100	100	Property investment and management services
ASC Credit Sdn. Bhd.	Malaysia	100	100	Provision of credit and leasing
ASC Equities Sdn. Bhd.	Malaysia	100	100	Investment holding and venture capital business
Paydee Sdn. Bhd. *(formerly known as Synergy Cards Sdn. Bhd.)*	Malaysia	100	100	Provision of payment card issuing and acquiring services
Quality Bus & Coach (M) Sdn. Bhd.	Malaysia	71	71	Designing, building and fabrication of coaches
Triton-K Sdn. Bhd.	Malaysia	100	100	Provision of management services
Indirect subsidiary held through Quality Bus & Coach (M) Sdn. Bhd.				
# Quality Bus & Coach Pty. Ltd.	Australia	71	71	Designing, building and fabrication of coaches and coach certification and testing
Indirect subsidiary held through Quality Bus & Coach Pty. Ltd.				
# Autobus Australia Pty. Ltd.	Australia	71	71	Designing, building and fabrication of coaches and coach certification and testing

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

(b) The details of the subsidiaries are as follows (Continued):

Name of Company	Country of Incorporation	Effective Equity Interest 2018 %	Effective Equity Interest 2017 %	Principal Activities
Indirect subsidiaries held through Alangka-Suka Hotels & Resorts Sdn. Bhd.				
Alangka-Suka International Limited	British Virgin Islands	100	100	Investment holding
Alor Setar Holiday Villa Sdn. Bhd.	Malaysia	100	100	Operates Holiday Villa City Centre Alor Setar. Ceased operation since 22 June 2018.
Antara Holiday Villas Sdn. Bhd.	Malaysia	100	100	Hotel management services
Asbina Hotel & Property Sdn. Bhd.	Malaysia	100	100	Inactive
Cherating Holiday Villa Berhad	Malaysia	100	100	Operates Holiday Villa Beach Resort & Spa Cherating
Grand Hotel Sudan Limited	British Virgin Islands	100	100	Inactive
Holiday Villa Assets Sdn. Bhd.	Malaysia	100	100	Investment holding
Holiday Villa Travel & Tours Sdn. Bhd.	Malaysia	100	100	Hiring of limousines
Holiday Villas International Limited	British Virgin Islands	100	100	Hotel management services
Langkawi Holiday Villa Sdn. Bhd.	Malaysia	100	100	Operates Holiday Villa Beach Resort & Spa Langkawi
Mayor Hotels Sdn. Bhd.	Malaysia	100	100	Owns and operates City Villa Kuala Lumpur
Super Leisure Sdn. Bhd.	Malaysia	100	100	Investment holding
Indirect subsidiaries held through Alangka-Suka International Limited				
Asbina Shenzhen Limited	British Virgin Islands	90	90	Dormant
Holiday Villa Makkah Limited	British Virgin Islands	100	100	Inactive
# Interwell Management Limited	England and Wales	100	100	Dormant
Larkswood Assets Limited	British Virgin Islands	100	100	Inactive
* P.T. Diwangkara Holiday Villa Bali	Republic of Indonesia	94.81	94.81	Manages Wina Holiday Villa Kuta Bali

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

(b) The details of the subsidiaries are as follows (Continued):

Name of Company	Country of Incorporation	Effective Equity Interest 2018 %	Effective Equity Interest 2017 %	Principal Activities
Indirect subsidiary held through Asbina Hotel & Property Sdn. Bhd.				
Asbina Hotel & Property (Cambodia) Pte. Ltd.	Kingdom of Cambodia	100	100	Inactive
Indirect subsidiary held through Holiday Villa Assets Sdn. Bhd.				
* Posthotel Arosa AG	Switzerland	65	65	Investment holding
Indirect subsidiary held through Posthotel Arosa AG				
# 57-59 Philbeach Gardens Limited	England and Wales	65	-	Investment holding
Indirect subsidiary held through Holiday Villas International Limited				
Holiday Villa China International Limited	British Virgin Islands	95	95	Hotel management services
Holiday Villa Middle East Limited	British Virgin Islands	100	100	Hotel management services
* Holiday Villa (UK) Ltd.	England and Wales	100	100	Operates Holiday Villa Hotel & Suites London
Indirect subsidiary held through Holiday Villa China International Limited				
* Changshu Holiday Villa Hotel Management Co. Ltd.	People's Republic of China	95	95	Hotel management services
* Holiday Villa Hong Kong Company Limited	Hong Kong	95	-	Hotel management services
Indirect subsidiary held through Changshu Holiday Villa Hotel Management Co. Ltd.				
* Shanghai Holiday Villa Co. Ltd.	People's Republic of China	-	95	Hotel management services
Indirect subsidiary held through Holiday Villa Hong Kong Company Limited				
* Shanghai Holiday Villa Co. Ltd.	People's Republic of China	95	-	Hotel management services

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

(b) The details of the subsidiaries are as follows (Continued):

Name of Company	Country of Incorporation	Effective Equity Interest 2018 %	Effective Equity Interest 2017 %	Principal Activities
Indirect subsidiaries held through Advance Synergy Properties Sdn. Bhd.				
Synergy Realty Incorporated	British Virgin Islands	100	100	Investment holding
Indirect subsidiary held through Segi Koleksi Sdn. Bhd.				
Metroprime Corporation Sdn. Bhd.	Malaysia	70	70	Managing and operating The Language House
Indirect subsidiary held through Synergy Realty Incorporated				
* Builderworks Pty. Ltd.	Australia	100	100	Inactive
Indirect subsidiaries held through Calmford Incorporated				
Advansa Sdn. Bhd.	Malaysia	100	100	Inactive
* Home Cinema Studio Pty. Ltd.	Australia	100	100	Inactive
Indirect subsidiary held through Alam Samudera Corporation Sdn. Bhd.				
Synergy Tours (Borneo) Sdn. Bhd.	Malaysia	100	100	Tour operator
Indirect subsidiary held through Diversified Gain Sdn. Bhd.				
Orient Escape Travel Sdn. Bhd.	Malaysia	100	100	Travel and tour agent and the provision of travel related services
Indirect subsidiaries held through Orient Escape Travel Sdn. Bhd.				
Motorsports Adventure Sdn. Bhd.	Malaysia	100	100	Inactive
Qurex Sdn. Bhd. *(formerly known as OET Money Service Sdn. Bhd.*	Malaysia	100	100	Money services business
Orient Escape Travel (Penang) Sdn. Bhd.	Malaysia	100	100	Inactive
Synergy Tours Sdn. Bhd.	Malaysia	100	100	Tour operator
Indirect subsidiary held through Excellent Arch Sdn. Bhd.				
Advance Synergy Furniture Sdn. Bhd.	Malaysia	100	100	In liquidation

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

(b) The details of the subsidiaries are as follows (Continued):

Name of Company	Country of Incorporation	Effective Equity Interest 2018 %	Effective Equity Interest 2017 %	Principal Activities
Indirect subsidiary held through Excellent Display Sdn. Bhd.				
Dama TCM Sdn. Bhd.	Malaysia	100	100	Provision of traditional Chinese medicine consultation, products and services. Ceased operation since 1 January 2018.
Indirect subsidiaries held through iSynergy Sdn. Bhd.				
Cosmocourt.com (Malaysia) Sdn. Bhd.	Malaysia	100	100	Inactive
Datakey Sdn. Bhd.	Malaysia	100	100	Dormant
Rewardstreet.com (Malaysia) Sdn. Bhd.	Malaysia	100	100	Inactive
Indirect subsidiaries held through Nagapura Management Corporation Sdn. Bhd.				
Acrylic Synergy Sdn. Bhd.	Malaysia	81	81	Inactive
Syarikat Fit and Weld Engineering (M) Sdn. Bhd.	Malaysia	70	70	In liquidation
Xgo Technik Sdn. Bhd.	Malaysia	100	100	Provision of management services
Indirect subsidiary held through Sadong Development Sdn. Bhd.				
Hotel Golden Dragon Sdn. Bhd.	Malaysia	95	95	Inactive
Indirect subsidiary held through Hotel Golden Dragon Sdn. Bhd.				
Simpang Tiga Realty Sdn. Bhd.	Malaysia	95	95	Inactive
Indirect subsidiary held through Worldwide Matrix Sdn. Bhd				
* Captii Limited	Singapore	58.30	58.30	Investment holding and the provision of management services

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

(b) The details of the subsidiaries are as follows (Continued):

Name of Company	Country of Incorporation	Effective Equity Interest 2018 %	Effective Equity Interest 2017 %	Principal Activities
Indirect subsidiaries held through Captii Limited				
* Captii Ventures Pte. Ltd.	Singapore	58.30	58.30	Undertake investment in technology companies
* Postpay Asia Sdn. Bhd.	Malaysia	58.30	-	Investment holding
* Postpay Sdn. Bhd. *(formerly known as Mobilization Sdn. Bhd.)*	Malaysia	58.30	58.30	Provision of telecomunnications products, technology and customised solutions to telecommunication operators, service providers and enterprises
* Unified Assets Sdn. Bhd.	Malaysia	58.30	58.30	Investment holding
* Unified Communications (OHQ) Sdn. Bhd.	Malaysia	58.30	58.30	Provisions of management and operational headquarters ("OHQ") services to its related companies.
* Unified Communications (OSS) Sdn. Bhd.	Malaysia	58.30	58.30	Investment holding
* Unified Communications Pte. Ltd.	Singapore	58.30	58.30	Distribution of telecommunications products, the design and development of telecommunications solutions, project management, and maintenance and support services for the telecommunications industry
* Unified Communications Sdn. Bhd.	Malaysia	58.30	58.30	Research and development, software engineering, system integration, project management, and maintenance and support services for the telecommunications industry
Indirect subsidiary held through Unified Communications (OSS) Sdn. Bhd.				
* GlobeOSS Sdn. Bhd.	Malaysia	29.73	29.73	Provision of global roaming quality of service management solutions
Indirect subsidiary held through GlobeOSS Sdn. Bhd.				
* GlobeOSS Pte. Ltd.	Singapore	29.73	29.73	Provision of global roaming quality of service management solutions

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

(b) The details of the subsidiaries are as follows (Continued):

Name of Company	Country of Incorporation	Effective Equity Interest 2018 %	Effective Equity Interest 2017 %	Principal Activities
Indirect subsidiary held through GlobeOSS Pte. Ltd.				
* GlobeOSS (Brunei) Sdn. Bhd.	Brunei Darussalam	29.73	29.73	Provision of global roaming quality of services management solutions
Indirect subsidiaries held through Unified Communications Pte. Ltd.				
* Adzentrum Sdn. Bhd.	Malaysia	58.30	58.30	Dormant
* Postpay Technology Sdn. Bhd. *(formerly known as Unified Communications (VAS) Sdn. Bhd.)*	Malaysia	58.30	58.30	Provision of telecommunications products, technology and customised solutions to telecommunications operators, service providers and enterprises
* Unified Communications (Private) Limited	Pakistan	58.30	58.30	Provision of telecommunications products, technology and customised solutions to telecommunications operators, service providers and enterprises
Indirect subsidiaries held through Unified Communications Sdn. Bhd.				
* Ahead Mobile Sdn. Bhd.	Malaysia	58.30	58.30	Software engineering, system integration, project management, and maintenance and support services for the telecommunications industry
* Unified Communications (Tech) Pte. Ltd.	Singapore	58.30	58.30	Distribution of information technology and telecommunications products

** Companies audited by another firm of auditors other than Baker Tilly Monteiro Heng PLT.*

 # Companies not required to be audited in their countries of incorporation. The financial statements have been reviewed for consolidation purposes.

9. INVESTMENT IN SUBSIDIARIES (Continued)

(c) The Group's subsidiaries that have material non-controlling interest ("NCI") are as follows:

	2018				
	Captii Limited RM'000	**Posthotel Arosa AG** RM'000	**Quality Bus & Coach (M) Sdn. Bhd.** RM'000	**Other individually immaterial subsidiaries** RM'000	**Total** RM'000
NCI percentange of ownership interest and voting interest	41.7%	35%	29%		
Carrying amount of NCI	54,578	16,663	(6,306)	(230)	64,705
Profit/(Loss) allocated to NCI	6,044	(379)	(1,521)	(389)	3,755
Summary financial information before intra-group elimination					
As at 31 December					
Non-current assets	84,102	19,055	1,301		
Current assets	85,316	40,080	12,547		
Non-current liabilities	(161)	-	-		
Current liabilities	(38,374)	(11,526)	(45,333)		
Net assets/(liabilities)	130,883	47,609	(31,485)		
Year ended 31 December					
Revenue	94,232	-	1,937		
Profit/(Loss) for the financial year	10,128	(1,083)	(5,244)		
Total comprehensive income/(loss)	10,170	(1,083)	(5,244)		
Cash flows from/(used in) operating activities	5,018	(6,867)	(1,775)		
Cash flows used in investing activities	(5,344)	-	(487)		
Cash flows from financing activities	2,814	-	1,261		
Net increase/(decrease) in cash and cash equivalents	2,488	(6,867)	(1,001)		
Dividends paid to NCI	791	-	-		

9. INVESTMENT IN SUBSIDIARIES (Continued)

(c) The Group's subsidiaries that have material NCI are as follows (Continued):

	2017				
	Captii Limited RM'000	**Posthotel Arosa AG** RM'000	**Quality Bus & Coach (M) Sdn. Bhd.** RM'000	**Other individually immaterial subsidiaries** RM'000	**Total** RM'000
NCI percentange of ownership interest and voting interest	41.7%	35%	29%		
Carrying amount of NCI	50,798	17,042	(4,785)	158	63,213
Profit/(Loss) allocated to NCI	5,059	144	(817)	28	4,414
Summary financial information before intra-group elimination					
As at 31 December					
Non-current assets	79,481	18,778	748		
Current assets	83,587	41,276	19,570		
Non-current liabilities	(923)	(1,075)	-		
Current liabilities	(40,326)	(10,288)	(45,896)		
Net assets/(liabilities)	121,819	48,691	(25,578)		
Year ended 31 December					
Revenue	77,448	-	5,391		
Profit/(Loss) for the financial year	7,184	10,994	(2,816)		
Total comprehensive income/(loss)	9,950	10,994	(2,816)		
Cash flows from/(used in) operating activities	8,201	(610)	18		
Cash flows (used in)/from investing activities	(11,913)	52,822	38		
Cash flows (used in)/from financing activities	(7,521)	(16,942)	2,795		
Net (decrease)/increase in cash and cash equivalents	(11,233)	35,270	2,851		
Dividends paid to NCI	2,538	-	-		

10. INVESTMENT IN ASSOCIATES

	Group	
	2018	**2017**
	RM'000	RM'000
Unquoted shares, at cost	27,111	34,066
Unquoted shares, at fair value	6,218	4,228
Fair value change	1,813	2,597
	35,142	40,891
Share of post-acquisition reserve, net of dividends received	8,972	6,394
	44,114	47,285
Foreign exchange adjustments	(333)	(543)
	43,781	46,742

The summarised financial information of the associates is as follows:

	Group	
	2018	**2017**
	RM'000	RM'000
Results		
Revenue	8,817	5,183
Profit/(Loss) for the financial year	5,019	(1,444)
Assets and Liabilities		
Total assets	178,527	204,811
Total liabilities	57,767	73,875

The transactions involving associates during the financial year are as follows:

On 13 December 2018, the proposed disposal by Alangka-Suka Hotels & Resorts Sdn. Bhd. ("ASHR"), a wholly-owned subsidiary of the Company, of its entire 6,811,628 ordinary shares representing 40% equity interest in Holiday Villa Kuala Lumpur Sdn. Bhd. ("HVKL") to Ri-Yaz Assets (Kuala Lumpur) Sdn. Bhd. (formerly known as Aurora Arena Sdn. Bhd.) for a cash consideration of RM11,200,000 pursuant to a share sale agreement entered into on 1 November 2017 was completed. Consequential thereto, HVKL ceased to be a 40%-owned associated company of ASHR.

10. **INVESTMENT IN ASSOCIATES** (Continued)

The details of the associates are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2018 %	Effective Equity Interest 2017 %	Principal Activities
Indirect associate held through Advance Synergy Capital Sdn. Bhd.				
* SIBB Berhad	Malaysia	20	20	Investment dealings
Indirect associate held through Synergy Realty Incorporated				
* Helenium Holdings Limited	British Virgin Islands	40	40	Property investment, management and rental of property
Indirect associates held through Alangka-Suka Hotels & Resorts Sdn. Bhd.				
Holiday Villa Hotels & Resorts Sdn. Bhd.	Malaysia	40	40	Dormant
Holiday Villa Kuala Lumpur Sdn. Bhd.	Malaysia	-	40	Investment holding. Disposal completed on 13 December 2018.
Indirect associate held through Langkawi Holiday Villa Sdn. Bhd.				
M OOD Perfumes Sdn. Bhd.	Malaysia	30	30	Inactive
Indirect associate held through Super Leisure Sdn. Bhd.				
Smile Integrated Solution Sdn. Bhd.	Malaysia	49	49	Provide total solution for hotel industry which concentrate in maintenance of software
Indirect associates held through Synergy Tours Sdn. Bhd.				
* P.T. Panorama Synergy Indonesia	Republic of Indonesia	49	49	Inactive
* Synergy Holidays Company Limited	Republic of The Union of Myanmar	50	50	Tour operator
Indirect associate held through Dama TCM Sdn. Bhd.				
Medical Palace Sdn. Bhd.	Malaysia	50	50	Dormant
Indirect associate held through Strategic Research & Consultancy Sdn. Bhd.				
* Kopistop Sdn. Bhd.	Malaysia	40	40	Food and beverage cafe, restaurant and consultancy
Indirect associate held through Captii Ventures Pte. Ltd.				
* OOPA Pte. Ltd.	Vietnam	27.06	23.21	Provision of mobile credits top-up services with loyalty rewards

** Companies audited by another firm of auditors other than Baker Tilly Monteiro Heng PLT.*

10. INVESTMENT IN ASSOCIATES (Continued)

The following table summarises the information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates:

	SIBB Berhad RM'000	Helenium Holdings Limited RM'000
Group		
2018		
Summarised financial information		
As at 31 December		
Non-current assets	12,275	108,578
Current assets	48,910	2,129
Non-current liabilities	(31)	(40,535)
Current liabilities	(82)	(14,795)
Net assets	61,072	55,377
Year ended 31 December		
Revenue	2,514	5,075
Profit/(Loss) for the financial year	2,771	2,877
Other comprehensive income	-	-
Total comprehensive income/(loss)	2,771	2,877

	SIBB Berhad RM'000	Helenium Holdings Limited RM'000	Other individually immaterial associates RM'000	Total RM'000
Reconciliation of net assets to carrying amount				
As at 31 December				
Group's share of net assets	12,214	22,151	8,449	42,814
Foreign exchange translation differences	-	1,067	(100)	967
Carrying amount in the statement of financial position	12,214	23,218	8,349	43,781
Group's share of results				
Year ended 31 December				
Group's share of profit or loss	664	1,567	(72)	2,159
Other information				
Dividends received	-	-		

10. INVESTMENT IN ASSOCIATES (Continued)

The following table summarises the information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates (Continued):

	SIBB Berhad RM'000	Holiday Villa Kuala Lumpur Sdn. Bhd. RM'000	Helenium Holdings Limited RM'000
Group			
2017			
Summarised financial information			
As at 31 December			
Non-current assets	11,275	20,169	114,913
Current assets	50,315	129	4,585
Non-current liabilities	(2,639)	-	(46,910)
Current liabilities	(226)	(4,320)	(17,683)
Net assets	58,725	15,978	54,905
Year ended 31 December			
Revenue	1,116	-	4,039
Profit/(Loss) for the financial year	805	(217)	(1,818)
Other comprehensive income	-	-	-
Total comprehensive income/(loss)	805	(217)	(1,818)

	SIBB Berhad RM'000	Holiday Villa Kuala Lumpur Sdn. Bhd. RM'000	Helenium Holdings Limited RM'000	Other individually immaterial associates RM'000	Total RM'000
Reconciliation of net assets to carrying amount					
As at 31 December					
Group's share of net assets	11,745	6,391	21,962	7,478	47,576
Foreign exchange translation differences	-	-	(311)	(523)	(834)
Carrying amount in the statement of financial position	11,745	6,391	21,651	6,955	46,742
Group's share of results					
Year ended 31 December					
Group's share of profit or loss	161	(87)	(727)	(173)	(826)
Other information					
Dividends received	-	-	-		

11. INVESTMENT IN JOINT VENTURE

	Group 2018 RM'000	Group 2017 RM'000
At cost:		
At 1 January	-	-
Share of post-acquisition reserve, net of dividends received	-	-
Foreign exchange translation differences	-	-
At 31 December	-	-

The details of the joint venture are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2018 %	Effective Equity Interest 2017 %	Principal Activities
Indirect joint venture held through Unified Communications Pte. Ltd.				
* Unified Telecom Private Limited	India	29.15	29.15	Provision of telecomunnications products, services and customised solutions.

** Companies audited by another firm of auditors other than Baker Tilly Monteiro Heng PLT.*

The statutory reporting year end of the joint venture is 31 March. The unaudited management financial statements for the period from 1 January 2018 to 31 December 2018 of the joint venture have been used for equity accounting since it is not significant to the Group.

The financial statement of the joint venture is not material to the Group.

12. INVESTMENT SECURITIES

	Group 2018 RM'000	Group 2017 RM'000
Non-Current:		
Fair value through other comprehensive income financial assets:		
Designated as at fair value through other comprehensive income		
Quoted securities		
In Malaysia		
- Equity instruments, at fair value	6,515	-
Unquoted securities		
In Malaysia		
- Equity instruments, at fair value	5	-
Outside Malaysia		
- Equity instruments, at fair value	2,867	-
	2,872	-

12. INVESTMENT SECURITIES (Continued)

	Group 2018 RM'000	Group 2017 RM'000
Non-Current (Continued):		
Fair value through profit or loss financial assets:		
Designated as at fair value through profit or loss		
Unquoted securities		
In Malaysia		
- Convertible preference shares, at fair value	1,351	860
- Convertible loan notes, at fair value	276	279
- Unit trust, at fair value	600	-
Outside Malaysia		
- Convertible preference shares, at fair value	24,424	17,757
- Convertible loan notes, at fair value	10,985	9,983
	37,636	28,879
Available-for-sale financial assets		
Quoted securities		
In Malaysia		
- Equity instruments, at fair value	-	9,650
Unquoted securities		
In Malaysia		
- Equity instruments, at fair value	-	5
Outside Malaysia		
- Equity instruments, at fair value	-	4,031
	-	4,036
Total non-current investment securities	47,023	42,565
Current:		
Financial assets at fair value through profit or loss:		
Held for trading investments		
Quoted securities		
In Malaysia		
- Equity instruments, at fair value	410	459
Total current investment securities	410	459
Total investment securities	47,433	43,024

13. DEFERRED TAX (ASSETS)/LIABILITIES

(a) 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 the deferred taxes relate to the same tax authority. The amounts of deferred tax assets and liabilities, after appropriate offsetting, are as follows:

		Group		**Company**	
		2018	**2017**	**2018**	**2017**
	Note	RM'000	RM'000	RM'000	RM'000
At 1 January		2,171	4,076	(9)	(139)
Recognised in profit or loss	29	(1,979)	(1,902)	9	126
Recognised directly in equity:					
- ICULS	21	-	4	-	4
Foreign exchange translation adjustment		(12)	(7)	-	-
At 31 December		180	2,171	-	(9)
Presented after appropriate offsetting:					
Deferred tax assets, net		(4,341)	(3,191)	-	(9)
Deferred tax liabilities, net		4,521	5,362	-	-
		180	2,171	-	(9)

The deferred tax assets of the Company are in relation to the ICULS.

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

Deferred tax liabilities of the Group

	Property, Plant and Equipment	**Others**	**Total**
	RM'000	RM'000	RM'000
At 1 January 2018	4,455	907	5,362
Recognised in profit or loss	(771)	(70)	(841)
At 31 December 2018	3,684	837	4,521
At 1 January 2017	5,084	842	5,926
Recognised in profit or loss	(629)	65	(564)
At 31 December 2017	4,455	907	5,362

13. **DEFERRED TAX (ASSETS)/LIABILITIES (Continued)**

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

Deferred tax assets of the Group

	Unutilised tax losses and unabsorbed capital allowances RM'000	**Others** RM'000	**Total** RM'000
At 1 January 2018	3,638	(447)	3,191
Recognised in profit or loss	1,159	-	1,159
Recognised in equity	-	(9)	(9)
At 31 December 2018	4,797	(456)	4,341
At 1 January 2017	2,168	(318)	1,850
Recognised in profit or loss	1,470	(125)	1,345
Recognised in equity	-	(4)	(4)
At 31 December 2017	3,638	(447)	3,191

(c) The amount of temporary differences for which no deferred tax assets have been recognised are as follows:

	Group	
	2018 RM'000	**2017** RM'000
Deductible temporary differences	12,152	11,306
Unutilised tax losses	214,392	212,054
Unabsorbed capital allowances	25,197	25,067
	251,741	248,427

Pursuant to Section 11 of the Act 812, special provision relating to Section 43 and 44 of Income Tax Act 1967, a time limit has been imposed on the unutilised business losses, to be carried forward for a maximum of 7 consecutive years of assessment, this section has effect from the year of assessment 2019 and subsequent year of assessment.

Any unutilised business losses brought forward from year of assessment 2018 can be carried forward for another 7 years consecutive years of assessment (i.e. from year of assessments 2019 to 2025).

14. INVENTORIES

	Group 2018 RM'000	Group 2017 RM'000
At cost/net realisable value:		
Raw materials	43	43
Work-in-progress	2,008	1,342
Finished goods	1,482	140
Food and beverages	639	196
Operating supplies	5,426	7,416
Completed properties and properties under development	35,625	30,949
	45,223	40,086

Completed properties and properties under development consist of the following:

	Group 2018 RM'000	Group 2017 RM'000
Current assets		
Leasehold land	10,970	10,970
Development costs	13,166	8,554
	24,136	19,524
Completed properties	11,489	11,425
	35,625	30,949

Certain leasehold land held under development with carrying amount of RM5.19 million (2017: RM5.15 million) have been charged to financial institutions for credit facilities granted to a subsidiary as disclosed in Note 22 to the financial statements.

The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM6.58 million (2017: RM8.16 million).

15. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
Current:					
Trade					
Trade receivables	(a)	76,972	89,807	-	-
Amount owing from customers for contract work	(b)	-	9,169	-	-
Accrued billings		-	5,887	-	-
		76,972	104,863	-	-
Less : Expected credit losses					
Trade receivables	(a)	(2,211)	(1,419)	-	-
		74,761	103,444	-	-
Non-Trade					
Other receivables	(a)	33,032	26,320	139	130
Deposits		8,593	7,202	5	12
Amounts owing from associates	(c)	4,534	3,673	-	-
Amounts owing from subsidiaries	(d)	-	-	-	141,417
		46,159	37,195	144	141,559
Less : Expected credit losses					
Other receivables	(a)	(1,861)	(1,514)	-	-
		(1,861)	(1,514)	-	-
		44,298	35,681	144	141,559
Total current receivables		119,059	139,125	144	141,559
Total trade and other receivables		119,059	139,125	144	141,559
Add: Cash and bank balances and short term deposits	18	141,240	158,047	6,808	4,093
Total loan and receivables		260,299	297,172	6,952	145,652

(a) Trade and other receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group range from 30 to 90 days (2017: 30 to 90 days). Other credit terms are assessed and approved on a case by case basis.

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2018	2017
	RM'000	RM'000
Neither past due nor impaired	54,817	60,304
Past due 0 to 3 months	9,240	14,013
Past due 3 to 9 months	8,840	12,387
Past due over 9 months	1,864	1,684
	19,944	28,084
Credit impaired	2,211	1,419
	76,972	89,807

15. TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade and other receivables (Continued)

Receivables that are neither past due nor impaired

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

Receivables that are past due but not impaired

Included in the Group's trade and other receivable balances are receivables with carrying values of RM19.9 million (2017: RM28.1 million) which are past due but not impaired at the end of the financial year. The Group has not made any allowances for impairment for these receivables since there has not been a significant change in the credit quality of these receivables and the amounts owing are still considered as recoverable.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivables from the date the credit was initially granted up to the reporting date. The Group has policies in place to ensure that credit is extended only to customers with acceptable credit history and/or payment track records. Allowances for impairment are made on specific trade receivables when there is objective evidence that the Group will not be able to collect all amounts due. Included in current year provisions are mainly specific allowances for impairment.

Trade receivables that are past due but not impaired are unsecured in nature.

Receivables that are impaired

The Group and the Company apply the simplified approach to trade receivables and general approach to other receivables measuring expected credit losses.

The movement of the expected credit losses of the trade and other receivables is as follows:

	Group			
	Trade receivables		Other receivables	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
At 1 January	1,419	1,479	1,514	877
Charge for expected credit losses	863	19	347	637
Written off	(71)	(78)	-	-
Exchange differences	-	(1)	-	-
At 31 December	2,211	1,419	1,861	1,514

15. TRADE AND OTHER RECEIVABLES (Continued)

(b) Amount owing from/(to) customers for contract work

	Group 2018 RM'000	Group 2017 RM'000
Aggregate costs incurred to date and attributable profits recognised to date	-	19,550
Less: Progress billings	-	(12,439)
	-	7,111
Analysed as follows:		
Amount owing to customers for contract work	-	(2,058)
Amount owing from customers for contract work	-	9,169
	-	7,111

The contract work relates to proprietary solution contracts undertaken by the Group for its customers. At the end of the financial year, amounts in trade and other receivables arising from service contracts are due for settlement within 12 months.

(c) Amount owing from associates

The amount owing from associates are unsecured, interest-free and are repayable on demand by cash.

(d) Amount owing from subsidiaries

	Company 2018 RM'000	Company 2017 RM'000
Amount owing from subsidiaries	64,286	205,416
Less : Impairment loss	(64,286)	(63,999)
	-	141,417

The amount owing from subsidiaries is unsecured, interest-free and is repayable on demand by cash.

16. CONTRACT ASSETS/(LIABILITIES)

	Group 2018 RM'000	Group 2017 RM'000
Contract assets		
Contract assets relating to property development contracts	1,417	-
Contract assets relating to information technology contracts	5,904	-
	7,321	-
Contract liabilities		
Contract liabilities relating to information technology contracts	(6,482)	-
Contract liabilities relating to travel & tour sales	(6,643)	-
	(13,125)	-

17. FINANCIAL ASSETS HELD FOR TRADING

	Group	
	2018 RM'000	**2017** RM'000
Financial assets held for trading at fair value through profit or loss:		
Foreign currencies held for sale	317	361

18. CASH AND BANK BALANCES AND SHORT TERM DEPOSITS

	Group		Company	
	2018 RM'000	**2017** RM'000	**2018** RM'000	**2017** RM'000
Cash and bank balances	67,368	79,392	258	243
Short term deposits	73,872	78,655	6,550	3,850
	141,240	158,047	6,808	4,093

Included in the short term deposits of the Group are:

(a) an amount of RM18.89 million (2017: RM16.68 million) charged to licensed banks as security for banking facilities granted to certain subsidiaries as disclosed in Note 22 to the financial statements;

(b) included in deposits with licensed banks of the Group at the end of the reporting period was an amount of RM0.62 million (2017: RM0.60 million) held under the Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations; and

(c) an amount of RM24.89 million (2017: RM24.75 million) placed with lease payables as security deposits for lease payments as disclosed in Note 22 to the financial statements.

The weighted average effective interest rate of the short term deposits is disclosed in Note 38(c) to the financial statements.

19. SHARE CAPITAL

	2018		2017	
	Number of Shares '000	RM'000	Number of Shares '000	RM'000
Authorised:				
Ordinary shares				
At 1 January	-	-	3,000,000	900,000
Transition to no par value regime	-	-	(3,000,000)	(900,000)
At 31 December	-	-	-	-
Issued and fully paid:				
Ordinary shares				
At 1 January	677,776	320,650	664,052	199,216
Transition to no par value regime:				
- Share premium	-	-	-	117,317
Arising from conversion of ICULS (Note 21)	251,419	60,727	13,724	4,117
At 31 December	929,195	381,377	677,776	320,650

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amount standing to the credit of the share premium account of RM117,317,000 becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM117,317,000 for the purposes as set out in Section 618(3) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one (1) vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

20. RESERVES

		Group		Company	
		2018	**2017**	**2018**	**2017**
	Note	RM'000	RM'000	RM'000	RM'000
Non-distributable					
Fair value reserve	(a)	(1,254)	1,881	-	-
Capital reserve		-	-	69	69
Foreign exchange translation reserve	(b)	6,871	7,189	-	-
Revaluation reserve	(c)	18,467	23,510	-	-
		24,084	32,580	69	69
Distributable					
Retained earnings		16,725	18,902	12,763	11,755
		40,809	51,482	12,832	11,824

(a) **Fair Value Reserve**

The fair value reserve represents the fair value reserve relating to the fair valuation of financial assets categorised as fair value through other comprehensive income and share of fair value reserve of associates.

(b) **Foreign Exchange Translation Reserve**

The foreign exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation and share of foreign exchange translation reserve of associates.

(c) **Revaluation Reserve**

The revaluation reserve represents the surplus on the revaluation of certain hotel properties of the Group and share of revaluation reserve of associates.

21. ICULS

On 29 January 2008, the Company issued 1,182,277,666 ICULS.

The ICULS are constituted by a Trust Deed dated 10 December 2007 as varied in the First Supplemental Trust Deed dated 4 August 2008, the Second Supplemental Trust Deed dated 20 July 2012 and the Third Supplemental Trust Deed dated 26 September 2013 ("Trust Deed"). The ICULS at the nominal amount of RM0.15 each issued by the Company have a tenure of ten (10) years from the date of issue and are not redeemable in cash. Unless converted, all outstanding ICULS will be mandatorily converted by the Company into new ordinary shares of the Company ("ASB Shares") at the conversion price applicable on the maturity date (i.e. 26 January 2018).

The ICULS may be converted into new ASB Shares by:

(a) surrendering the ICULS with an aggregate nominal value equivalent to RM0.30 for every one (1) new ASB Share (subject to adjustments in accordance with the provisions of the Trust Deed) ("Conversion Price"); or

(b) surrendering one (1) ICULS together with the necessary cash payment constituting the difference between the Conversion Price and the nominal value of the ICULS surrendered, for one (1) new ASB Share. For avoidance of doubt, for every one (1) ICULS surrendered together with the required cash payment, the holder will only be entitled to subscribe for one (1) new ASB Share.

The new ASB Shares to be issued upon conversion of the ICULS will, upon allotment and issuance, rank pari passu in all respects with the then existing issued ASB Shares save that they will not be entitled for any dividends, rights, allotments and/or other distributions, the entitlement date of which is before the date of allotment of the new ASB Shares pursuant to the conversion of the ICULS.

The interest on the ICULS at the rate of 2% per annum on the nominal value of the outstanding ICULS is payable annually in arrears, on the last day of each of the ten (10) successive periods of twelve (12) months calculated from the issue date with the last interest payment date falling on the maturity date of the ICULS.

The ICULS matured on 26 January 2018 and all outstanding ICULS were compulsorily and automatically converted into fully paid new ordinary shares of the Company. Following the conversion of all outstanding 502,151,541 ICULS, a total of 251,075,761 new ordinary shares in the Company were allotted on 30 January 2018.

21. ICULS (Continued)

The ICULS is recognised in the statements of financial position of the Group and of the Company as follows:

		Group and Company		
	Note	Equity Component	Liability Component	Total
2018		RM'000	RM'000	RM'000
Nominal value				
At 1 January 2018		60,724	16,102	76,826
Converted to ordinary shares during the financial year	19	(60,724)	(1)	(60,725)
At 31 December 2018		-	16,101	16,101
Expense recognised in profit or loss				
At 1 January 2018		-	8,171	8,171
Recognised during the financial year - ICULS interest		-	4	4
At 31 December 2018		-	8,175	8,175
Interest paid/accrued:				
At 1 January 2018		-	(24,165)	(24,165)
Paid/accrued during the financial year		-	(111)	(111)
At 31 December 2018		-	(24,276)	(24,276)
At 31 December 2018		-	-	-

		Group and Company		
	Note	Equity Component	Liability Component	Total
2017		RM'000	RM'000	RM'000
Nominal value				
At 1 January 2017		64,803	16,144	80,947
Deferred tax assets	13	-	(4)	(4)
Converted to ordinary shares during the financial year	19	(4,079)	(38)	(4,117)
At 31 December 2017		60,724	16,102	76,826
Expense recognised in profit or loss				
At 1 January 2017		-	8,100	8,100
Recognised during the financial year - ICULS interest		-	71	71
At 31 December 2017		-	8,171	8,171
Interest paid/accrued:				
At 1 January 2017		-	(22,651)	(22,651)
Paid/accrued during the financial year		-	(1,514)	(1,514)
At 31 December 2017		-	(24,165)	(24,165)
At 31 December 2017		60,724	108	60,832

Interest expense on the ICULS is calculated based on the effective yield by applying the effective interest rate of 7% (2017: 7%) for an equivalent non-convertible loan stock to the liability component of the ICULS.

22. BORROWINGS

	Note	Group 2018 RM'000	Group 2017 RM'000
Current liabilities			
Bank overdrafts	(a)	2,404	1,728
Revolving credit	(b)	41,000	35,000
Finance lease payable	(c)	23,017	-
Hire purchase payables	(d)	63	59
Term loans	(e)	3,513	2,252
Banker acceptance		900	-
Debtor financing		5,228	-
		76,125	39,039
Non-current liabilities			
Finance lease payable	(c)	-	23,017
Hire purchase payables	(d)	71	134
Term loans	(e)	67,715	37,612
		67,786	60,763
		143,911	99,802
Total liabilities			
Bank overdrafts	(a)	2,404	1,728
Revolving credit	(b)	41,000	35,000
Finance lease payable	(c)	23,017	23,017
Hire purchase payables	(d)	134	193
Term loans	(e)	71,228	39,864
Banker acceptance		900	-
Debtor financing		5,228	-
		143,911	99,802

(a) Bank Overdrafts

	Group 2018 RM'000	Group 2017 RM'000
Bank overdrafts:		
- secured	2,404	1,728

The bank overdrafts are secured by way of:

(i) a pledge of short term deposits;

(ii) fixed and floating charges over the assets of certain subsidiaries as disclosed in Note 14 and 18 to the financial statements;

(iii) a guarantee and an indemnity from the Company and its subsidiaries.

The weighted average effective interest rate of the revolving credit is disclosed in Note 38(c) to the financial statements.

22. **BORROWINGS (Continued)**

(b) **Revolving Credit**

The revolving credit is secured by way of:

(i) a pledge of short term deposits;

(ii) fixed charges over certain hotel and other properties of the Group as disclosed in Note 5(b) to the financial statements;

(iii) certain shares of subsidiaries at carrying amounts of RM10.28 million (2017: RM10.28 million) and RM61.94 million (2017: RM61.94 million) respectively; and

(iv) a guarantee and an indemnity from the Company.

The weighted average effective interest rate of the revolving credit is disclosed in Note 38(c) to the financial statements.

(c) **Finance Lease Payable**

	Group	
	2018 RM'000	**2017** RM'000
Minimum lease payments:		
- not later than one (1) year	23,599	1,203
- later than one (1) year but not later than five (5) years	-	23,599
	23,599	24,802
Less: Future finance lease interest	(582)	(1,785)
Present value of finance lease liabilities	23,017	23,017
Represented by:		
Current		
- not later than one (1) year	23,017	-
Non-current		
- later than one (1) year but not later than five (5) years	-	23,017
	23,017	23,017

Finance lease payable represents obligation arising from the finance lease for a hotel property pursuant to sale and leaseback agreements entered in 2006 with an option to further extend for another period of two (2) years in the previous financial year.

The Group has an option to buy back the hotel property at RM23.00 million at the end of the extended lease term.

The weighted average effective interest rate of the finance lease payable is disclosed in Note 38(c) to the financial statements.

The finance lease payable is secured by way of a pledge of short term deposit as disclosed in Note 18(c) to the financial statements.

22. **BORROWINGS (Continued)**

(d) **Hire Purchase Payables**

	Group 2018 RM'000	Group 2017 RM'000
Minimum hire purchase payments:		
- not later than one (1) year	68	68
- later than one (1) year but not later than five (5) years	74	142
	142	210
Less: Future hire purchase interest	(8)	(17)
Present value of hire purchase liabilities	134	193
Represented by:		
Current		
- not later than one (1) year	63	59
Non-current		
- later than one (1) year but not later than five (5) years	71	134
	134	193

The weighted average effective interest rate of the hire purchase payable is disclosed in Note 38(c) to the financial statements.

(e) **Term Loans**

	Group 2018 RM'000	Group 2017 RM'000
Term loans		
-secured	71,228	39,864
Represented by:		
Current		
- not later than one (1) year	3,513	2,252
Non-current		
- later than one (1) year but not later five (5) years	16,357	8,874
- later than five (5) years	51,358	28,738
	67,715	37,612
	71,228	39,864

22. BORROWINGS (Continued)

(e) Term Loans (Continued)

The term loans are secured by way of:

(i) fixed charges over certain hotel and other properties of the Group as disclosed in Note 5(b) to the financial statements;

(ii) the entire issued and paid up share capital of certain subsidiaries;

(iii) certain shares of subsidiaries at carrying amounts of RM10.28 million (2017: RM10.28 million) and RM61.94 million (2017: RM61.94 million) respectively;

(iv) fixed and floating charges over the assets of certain subsidiaries as disclosed in Notes 14 and 18(a) to the financial statements; and

(v) a corporate guarantee by the Company and its subsidiaries.

The weighted average effective interest rate of the term loans is disclosed in Note 38(c) to the financial statements.

23. PROVISION FOR RETIREMENT BENEFIT OBLIGATIONS

The Group operates unfunded defined retirement benefit plans for some of its employees.

The total amount recognised in the statements of financial position are as follows:

	Group	
	2018	**2017**
	RM'000	RM'000
Present value of unfunded defined benefits obligations	1,666	1,747

The following table shows a reconciliation from the opening balance to the closing balance for the retirement benefit plan:

	Group	
	2018	**2017**
	RM'000	RM'000
At 1 January	1,747	1,609
Include in the profit or loss:		
- Current service cost	332	108
- Interest cost	-	98
	332	206
Others:		
Paid during the financial year	(413)	(68)
At 31 December	1,666	1,747

23. PROVISION FOR RETIREMENT BENEFIT OBLIGATIONS (Continued)

The principal actuarial assumptions used are as follows:

	Group	
	2018	**2017**
	%	%
Discount rate	5.4	6.0
Expected rate of salary increase	6.0	6.0
Future turnover rate	6.0	6.0

Assumptions regarding future mortality are based on published statistics and mortality tables.

Sensitivity analysis

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Group	
	Defined benefit obligation	
	Increase	**Decrease**
2018	RM'000	RM'000
Increase/Decrease of 1% discount rate	(180)	215
Increase/Decrease of 1% expected rate of salary increase	204	(175)
Increase/Decrease of 1% future turnover rate	(40)	43
Increase/Decrease of 10% future mortality	(8)	8

Although the analysis does not account to the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

24. TRADE AND OTHER PAYABLES

		Group		Company	
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
Current:					
Trade					
Amount owing to customers for contract work	15(b)	-	2,058	-	-
Trade payables	(a)	19,757	38,444	-	-
Deferred revenue		-	4,417	-	-
		19,757	44,919	-	-
Current:					
Non-Trade					
Accruals		16,107	13,412	530	537
Accrued interest		-	1,396	-	1,396
Amount owing to associates	(b)	23	22	-	-
Amount owing to subsidiaries	(c)	-	-	231,710	226,710
Deposits received		1,975	2,001	-	-
Other payables		37,048	35,087	-	-
		55,153	51,918	232,240	228,643
Total current payables		74,910	96,837	232,240	228,643
Total trade and other payables		74,910	96,837	232,240	228,643
Less: Deferred revenue		-	4,417	-	-
Add: Borrowings (Note 22)		143,911	99,802	-	-
Total financial liabilities carried at amortised cost		218,821	192,222	232,240	228,643

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 30 to 90 days (2017: 30 to 90 days).

(b) Amount owing to associates

The amount owing to associates is unsecured, interest-free and is repayable on demand by cash.

(c) Amount owing to subsidiaries

The amount owing to subsidiaries is unsecured, interest-free and is repayable on demand by cash.

25. REVENUE

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	RM'000	RM'000	RM'000
Sales of goods	8,138	8,588	-	-
Education services	1,100	2,440		
Hotels and resorts services	45,973	51,722	-	-
Coach building	1,937	5,391	-	-
Information, communications technology and related service	94,232	77,448	-	-
Ticketing	71,888	67,925		
Travel and tours	50,856	43,681	-	-
Card and payment services	7,674	6,629	-	-
Interest and financing income	29	24	29	24
Property development	38	1,145	-	-
Rental income	914	930	-	-
Gross dividend income	804	-	11,982	9,621
	283,583	265,923	12,011	9,645

26. COST OF SALES

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	RM'000	RM'000	RM'000
Sales of goods	8,465	9,740	-	-
Hotels and resorts services	11,486	12,839	-	-
Coach building	2,450	2,982	-	-
Information, communications technology and related service	58,329	42,037	-	-
Ticketing, travel and tours	113,720	103,362	-	-
Card and payment services	5,226	4,615	-	-
Property development	28	516	-	-
	199,704	176,091	-	-

27. OPERATING PROFIT

Operating profit has been arrived at:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
After charging:				
Amortisation of intangible assets	1,497	1,825	-	-
Auditors' remuneration				
- statutory:				
- holding company	100	100	100	100
- subsidiaries	847	836	-	-
- under/(over) accrual in prior years	2	32	(6)	3
- non-statutory:				
- holding company	9	15	9	15
Write down of inventories	14	12	-	-
Bad debts written off	186	151	-	-
Depreciation	5,631	6,411	8	8
Directors' remuneration:				
- fees	328	598	306	315
- other emoluments	2,817	2,315	1,791	1,104
Impairment loss on:				
- development expenditure	37	-	-	-
- goodwill	1,497	540	-	-
Fair value change in:				
- held for trading investments	49	2	-	-
- fair value through profit or loss investment securities	-	658	-	-
- foreign currency held for trading	2	8	-	-
- investment property	1,060	-	-	-
- investment in associates	927	744	-	-
Loss on disposal of property, plant and equipment	-	16	-	-
Lease rental	10,201	11,206	-	-
Net loss on foreign exchange:				
- unrealised	426	1,828	-	-
Property, plant and equipment written off	1,035	96	-	-
Provision for retirement benefits plan	332	206	-	-
Rental expenses:				
- equipment	196	221	-	-
- premises	1,629	1,149	170	170
- others	211	299	-	-
Staff cost:				
- salaries and wages	39,532	41,276	3,204	2,536
- defined contribution plan	5,257	5,323	453	370
- other employee benefits	4,297	4,141	39	22

27. OPERATING PROFIT (Continued)

Operating profit has been arrived at (Continued):

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	RM'000	RM'000	RM'000
And crediting:				
Insurance claim compensation	-	12,161	-	-
Gain on disposal of:				
- property, plant and equipment	23	-	-	-
- an associate	5,239	-	-	-
- fair value through profit or loss investment securities	231	-	-	-
Fair value change in fair value through profit or loss investment securities	5,852	-	-	-
Net gain on foreign exchange:				
- realised	13	208	-	-
Gross dividend income from:				
- Malaysia:				
- quoted securities	804	-	-	-
- unquoted securities	-	5	-	-
Interest income:				
- Short term deposits	2,198	2,783	29	24
- Loan and receivables	222	232	-	-
Rental income	1,122	1,410	-	-
Write back of payables	-	198	-	-

28. FINANCE COSTS

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	RM'000	RM'000	RM'000
Interest expenses				
- bank overdrafts	86	42	-	-
- finance lease	1,203	1,211	-	-
- hire purchases	9	12	-	-
- ICULS	4	71	4	71
- term loans	4,778	3,908	2,849	2,269
- others	85	1	-	-
	6,165	5,245	2,853	2,340

29. INCOME TAX EXPENSE

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Income tax				
Current year				
- In Malaysia	4,834	5,859	6	7
- Outside Malaysia	308	44	-	-
Prior years	(1,674)	608	-	(5)
Deferred tax (Note 13)				
Current year	(1,969)	(2,286)	-	-
Prior years	(10)	384	9	126
	1,489	4,609	15	128

The income tax is calculated at the statutory rate of 24% (2017: 24%) of the estimated assessable profit for the year.

Two indirect subsidiaries of the Company, GlobeOSS Sdn. Bhd. and Postpay Technology Sdn. Bhd. (formerly known as Unified Communications (VAS) Sdn. Bhd.), have been granted pioneer status as Multimedia Super Corridor ("MSC") companies under the Malaysia Promotion of Investment Act, 1986. The benefits to a company having MSC status include a five (5) year pioneer status tax exemption on profits generated from the MSC qualifying activities during the same period. The MSC status of GlobeOSS Sdn. Bhd. after being extended once, expired on 14 January 2017. The MSC status of Postpay Technology Sdn. Bhd. (formerly known as Unified Communications (VAS) Sdn. Bhd.) commenced from 21 December 2015 and will expire on 20 December 2020.

In addition, another subsidiary of the Company, Unified Communications (OHQ) Sdn. Bhd. received the Malaysian Industrial Development Authority's approval in October 2009 of its Operational Headquarters ("OHQ") status to provide certain approved OHQ services to the Group entities. The OHQ status is granted for ten (10) years with certain tax incentives.

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2018	2017	2018	2017
	%	%	%	%
Applicable tax rate	24	24	24	24
Tax effects arising from				
- Non allowable expenses	1,767	59	62	53
- Non taxable income	(685)	(71)	(86)	(77)
- Utilisation of previously unrecognised tax losses and capital allowances	(956)	(15)	-	-
- Deferred tax assets not recognised in the year	1,295	43	-	-
- Different tax rate in foreign jurisdiction	249	5	-	-
- Crystalisation of deferred tax liabilities	(16)	-	-	-
- Share of tax of associates included in share of profit of associates	(149)	2	-	-
- Utilisation of group relief	(456)	(4)	-	-
	1,073	43	-	-
- (over)/under accrual in prior years	(644)	12	-	4
Average effective tax rate	429	55	-	4

30. LOSS PER ORDINARY SHARE

(a) Basic loss per ordinary share

	Group 2018 RM'000	Group 2017 RM'000
Consolidated loss attributable to owners of the parent	(4,897)	(663)

	2018 '000	2017 '000
Weighted average number of ordinary shares in issue	911,990	672,339

	2018 Sen	2017 Sen
Basic loss per share	(0.54)	(0.10)

(b) Diluted loss per ordinary share

Diluted loss per share of the Group is calculated by dividing the loss for the financial year attributable to owners of the parent by the adjusted weighted average number of ordinary shares in issue during the financial year. The adjusted weighted average number of ordinary shares in issue is arrived at assuming full conversion of the ICULS which represents the dilutive potential of the ordinary shares.

	Group 2018 RM'000	Group 2017 RM'000
Consolidated loss attributable to owners of the parent	(4,897)	(663)
Interest expenses on ICULS (net of tax)	-	197
Loss after mandatory conversion of ICULS	(4,897)	(466)

	2018 '000	2017 '000
Weighted average number of ordinary shares in issue	911,990	672,339
Adjustment for ordinary shares deemed converted from ICULS	-	256,856
Weighted average number of ordinary shares in issue after deemed conversion of ICULS	911,990	929,195

30. LOSS PER ORDINARY SHARE (Continued)

(b) Diluted loss per ordinary share (Continued)

	Group	
	2018	2017
	Sen	Sen
Diluted loss per share	(0.54)	(0.10)

The diluted loss per share for previous financial year is equivalent to the basic loss per share as the effect arising from deemed conversion of ICULS is anti-dilutive.

31. DIVIDENDS

Dividends recognised by the Company are as follows:

	Sen per share	Total Amount RM'000	Date of payment
2018			
Final 2017 ordinary share (single tier)	0.250	2,323	15 August 2018
2017			
Final 2016 ordinary share (single tier)	0.250	1,693	18 August 2017

32. CONTINGENT LIABILITIES

	Group	
	2018	2017
	RM'000	RM'000
Litigation	6,376	6,362

On 19 November 2013, Unified Telecom Private Limited ("UTPL"), a joint venture entity in India of Unified Communications Pte. Ltd. ("UCPL"), a wholly-owned subsidiary of Captii Limited ("Captii"), which in turn an indirect 58.3%-owned subsidiary of the Company, filed a petition to the High Court of Delhi, New Delhi under Section 9 of India Arbitration and Conciliation Act, 1996 ("Act") to obtain interim relief on the protection of assets currently under the custody of a former customer, a mobile telecoms network operator and service provider in India ("Telco"), and to deny the penalty claims by the Telco against UTPL.

32. **CONTINGENT LIABILITIES (Continued)**

The Telco had via a letter issued in July 2013 alleged that UTPL is liable for a sum of INR 10.7 crore (approximately SGD2.1 million or RM6.3 million) for damages and expenditure incurred in connection with the said contract during its currency.

Legal advice has been sought from reputable law firms in both India and Singapore with good credentials in handling contract litigation and dispute resolution, to review and advice on the merit of this claim by the Telco on UTPL. Based on the legal opinions obtained from the law firms concerned, management of Captii is of the view that UTPL has full rights and title to the assets and should be entitled to demand their return, and that the Telco's claim against UTPL has no legal merit. Accordingly, external legal counsels in Singapore and India have been appointed to advise and represent UCPL and UTPL to pursue legal recourse.

As announced by Captii on 16 January 2015, the hearing on the petition filed by UTPL which was originally scheduled to be heard on 23 April 2014, having been adjourned on several occasions, was dismissed by the High Court, as the Telco had initiated the arbitration proceedings before a tribunal. The High Court was of the view that the matter should be resolved through arbitration proceedings since the tribunal had already been constituted.

During the reporting year 2015, UTPL commenced an application pursuant to Section 17 of the Indian Arbitration and Conciliation Act 1996 for, amongst others, the return of the Hardware. However, the learned Arbitrator dismissed the application, but directed Telco to ensure the safety of and protect the Hardware from any damage during the period the Hardware is lying in Telco's premises.

A number of procedural hearings have been held by the Arbitrator to cross examine the affidavits of the admissions and denial documents relating to the aforesaid claim and counterclaims throughout the years. The next hearing has tentatively been set on 18 April 2019.

In the opinion of management of Captii, no material losses are expected to arise pertaining to the aforesaid contingent matter.

33. **MATERIAL LITIGATION**

The Company had announced that a legal proceeding was instituted against PT Diwangkara Holiday Villa Bali, an indirect subsidiary of the Company, arising from a claim dated 14 April 2015 made by PT Diwangkara Jaya Makmur ("Plaintiff" or "Jaya Makmur") against PT Diwangkara ("Defendant I" or "PT Diwangkara Holiday Villa Bali") and CV Telabah Nasional Traiding Company ("Defendant II") which was read on 28 July 2015 at the Denpasar District Court, Indonesia. Defendant I has a lease agreement for the land and building which happened to be the building of Diwangkara Holiday Villa Beach Resort & Spa Bali ("Hotel") including its licences and in the agreement, the owner also gives the right to operate and manage the Hotel to Defendant I.

33. **MATERIAL LITIGATION (Continued)**

The Plaintiff's claims principally included among others to invalidate the lease agreement between the Defendant I and Defendant II for Defendant I to lease the Hotel for a period of 22 years, and for Defendant I to pay actual and general losses suffered by the Plaintiff amounting to Rp114,600,000,000 (equivalent of approximately RM36.4 million) and default penalty in the amount of Rp10,000,000 (equivalent of approximately RM3,180) for each day commencing from the pronounce of the judgement and court fees.

Mediation proceedings were not successful and the trial continued with Response of the Parties for the claim and Defendant I had responded by filing its counter claims to Denpasar District Court, Indonesia which principally included among others to declare the lease agreement legitimate and binding under the law, order for Plaintiff to pay actual and general losses and compensation for the loss of public trust, image and reputation of the Hotel that have been suffered by Defendant I amounting to Rp24,304,854,643 and USD1,313,860.13 (equivalent of approximately RM13.6 million), default penalty in the amount of Rp10,000,000 (equivalent of approximately RM3,180) for each day commencing from the date the judgement is enforceable and all costs incurred in this case.

On 5 May 2016, the Company announced the Denpasar District Court’s judgment on 3 May 2016 which principally states that Jaya Makmur's lawsuit is declined by Denpasar District Court and Jaya Makmur has conducted an unlawful act by taking over the Hotel and office building and the management of the Hotel from PT Diwangkara Holiday Villa Bali prior to the expiry of the lease under Deed No. 38 and No. 39 and therefore Jaya Makmur shall return the operations of the Hotel to PT Diwangkara Holiday Villa Bali, and pay material and immaterial losses of PT Diwangkara Holiday Villa Bali in the amount of Rp5,384,507,763 (equivalent of approximately RM1.7 million) plus costs incurred in this case in the amount of Rp1,706,000 (equivalent of approximately RM530) (“Denpasar District Court's Judgment”).

With regards to the Denpasar District Court's Judgement, both parties have submitted an appeal to the High Court of Denpasar, Indonesia, and judgement was given on 3 October 2017 which strengthen Denpasar District Court's Judgment dated 3 May 2016. Therefore Denpasar District Court's Judgement remains valid for both parties.

In regards with High Court of Denpasar's judgement, both parties have submitted a cassation appeal to the Supreme Court and it is still under cassation process.

34. **COMMITMENTS**

The Group has lease commitments under non-cancellable operating leases, which are payable as follows:

	Group	
	2018	**2017**
	RM'000	RM'000
Not later than one (1) year	12,298	8,277
Later than one (1) year but not later than five (5) years	34,700	28,741
Later than five (5) years	43,459	52,576
	90,457	89,594

The Group leases a number of hotels and office premises under operating leases. The hotel leases typically run for the period of two to eighty years and the office premises leases run for average period of three years.

Acquisition of Beaver Hotels Limited is as disclosed in Note 41 to the financial statements.

35. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identification of related parties

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

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

The Group has related party relationship with its subsidiaries, associates, significant investors, Directors and key management personnel.

(b) Significant related party transactions and balances

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

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	RM'000	RM'000	RM'000
Income				
(i) Dividends receivable from subsidiaries				
- Alangka-Suka Hotels & Resorts Sdn. Bhd.	-	-	7,346	5,076
- Worldwide Matrix Sdn. Bhd.	-	-	485	1,410
- Diversified Gain Sdn. Bhd.	-	-	2,700	1,320
- Advance Synergy Realty Sdn. Bhd.	-	-	1,451	1,815
(ii) Rental receivable from a company of which a director has deemed interest:				
- SJ Securities Sdn. Bhd.	469	549	-	-

35. SIGNIFICANT RELATED PARTY DISCLOSURES (Continued)

(b) Significant related party transactions and balances (Continued)

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

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Expenses				
(i) Rental payable to a subsidiary				
- AESBI Power Systems Sdn. Bhd.	-	-	170	170
(ii) Purchase of goods and services from a subsidiary				
- Orient Escape Travel Sdn. Bhd.	-	-	-	119
(iii) Lease rental payable to a company of which a director has deemed interest:				
- Leeds Property Limited	4,734	4,904	-	-
(iv) Directors' emoluments:				
- fees	328	598	306	315
- salaries and bonuses	2,817	2,315	1,791	1,104
- benefit-in-kind	115	115	108	108

(c) Remuneration of key management personnel

The remuneration of Directors and other key management personnel during the financial year are as follows:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Fees	707	609	306	315
Emoluments and benefits	4,874	4,643	2,124	1,445
Contributions to defined contribution plan	554	552	239	173
	6,135	5,804	2,669	1,933
Benefit-in-kind	139	122	115	115

The estimated monetary value of other benefits, not included in the above, received by Directors and other key management personnel of the Company and its subsidiaries were RM139,100 (2017: RM122,100) for the Company and RM114,900 (2017: RM114,900) for the Group.

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration amounting to RM2,817,240 (2017: RM2,315,211) and RM1,791,080 (2017: RM1,104,320) respectively.

36. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 Operating Segments and on the basis of internal reports on the Group's strategic business units which are regularly reviewed by the Group Managing Director in order to allocate resources to the segments and to assess their performances.

The Group's operating and reportable segments are business units engaged in providing different products or services and business units operating in different geographical locations. These businesses are managed and assessed separately as each requires a differentiated strategy focused on the specific products and services. The Group Managing Director reviews the internal management reports on a quarterly basis in order to assess their performance.

There are varying levels of integration among Investment Holding segment and Travel and Tours segment with the other segments. This integration includes rental of properties, corporate support and provision of travel related service. Inter-segment pricing is determined on a negotiated basis.

Segment results

Segment performance is used to measure performance as Group Managing Director believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group Managing Director. Segment total asset is used to measure the return on assets of each segment.

Segment liabilities

The total segment liability is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Group Managing Director.

The Group's operating segments are as follows:

Investment holding	:	Investment holding and providing full corporate and financial support to the Group.
Property development	:	Development of residential and commercial properties.
Hotels and resorts	:	Operate and manage hotels and resorts and other related services.
Information and communications technology	:	Design and development of telecommunications software applications and systems and the provision of solutions and services for the telecommunications industry.

36. SEGMENT INFORMATION (Continued)

The Group's operating segments are as follows (Continued):

Travel and tours	:	Travel and tour agent, money services business and provision of travel related services.
Others	:	Businesses involving design, building and fabrication of coaches and bus maintenance and related services, trading, payment card issuing and acquiring services and owns and operates language centre.

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by operating segment:

2018	Invest-ment holding RM'000	Property develop-ment RM'000	Hotels and resorts RM'000	Information and commu-nications technology RM'000	Travel and tours RM'000	Others RM'000	Elimi-nation RM'000	Notes	Total RM'000
Revenue									
External	1,560	38	54,298	94,232	122,744	10,711	-		283,583
Inter-segment	13,622	-	-	-	302	-	(13,924)	(a)	-
	15,182	38	54,298	94,232	123,046	10,711	(13,924)		283,583
Results									
Segment results	4,540	(2,210)	3,354	10,795	2,081	(9,527)	(10,845)	(b)	(1,812)
Share of results of associates	2,230	-	4	-	(75)	-	-		2,159
Consolidated profit/ (loss) before tax	6,770	(2,210)	3,358	10,795	2,006	(9,527)	(10,845)		347
Income tax expense	(15)	-	128	(875)	(756)	29	-		(1,489)
Net loss for the financial year									(1,142)
Attributable to:									
Non-controlling interests									3,755
Owners of the parent									(4,897)

36. SEGMENT INFORMATION (Continued)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by operating segment (Continued):

2018	Invest-ment holding RM'000	Property develop-ment RM'000	Hotels and resorts RM'000	Information and commu-nications technology RM'000	Travel and tours RM'000	Others RM'000	Elimi-nation RM'000	Notes	Total RM'000
Other information									
Segment assets	75,261	91,019	234,125	211,282	24,493	35,973	-		672,153
Investment in associates and joint venture	36,459	-	112	6,848	362	-	-		43,781
Unallocated corporate assets									9,413
Total assets									725,347
Segment liabilities	32,530	38,532	102,798	37,827	8,501	13,424	-		233,612
Unallocated corporate liabilities									4,844
Total liabilities									238,456
Additions to non-current assets (other than financial instruments and deferred tax assets)									
- Property, plant and equipment	41	3	6,305	2,116	174	268	-		8,907
- Software development expenditure	-	-	-	1,199	-	-	-		1,199
- Licenses	-	-	-	-	-	99	-		99
Income:									
Interest income	150	161	1,718	293	98	-	-		2,420
Gain on disposal of:									
-an associate	-	-	5,239	-	-	-	-		5,239
-fair value through profit or loss investments	-	-	-	231	-	-	-		231
-property, plant and equipment	3	-	20	-	-	-	-		23
Fair value change in:									
-fair value through profit or loss investments	3,524	-	-	3,492	(1,164)	-	-		5,852
Expense:									
Amortisation of intangible assets	-	-	-	1,444	-	53	-		1,497
Depreciation	669	25	2,840	1,577	105	415	-		5,631
Finance cost	4,716	-	1,281	82	86	-	-		6,165

36. SEGMENT INFORMATION (Continued)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by operating segment (Continued):

2018	Investment holding RM'000	Property development RM'000	Hotels and resorts RM'000	Information and communications technology RM'000	Travel and tours RM'000	Others RM'000	Elimination RM'000	Notes	Total RM'000
Other information (Continued)									
Expense (Continued):									
Fair value change in:									
-held for trading investments	-	-	49	-	-	-	-		49
-foreign currency held for trading	-	-	-	-	2	-	-		2
-investment in associates	96	-	-	831	-	-	-		927
-investment property	-	-	-	1,060	-	-	-		1,060
Impairment loss on:									
-development expenditure	-	-	-	37	-	-	-		37
-goodwill	-	-	-	1,497	-	-	-		1,497
Expected credit loss on receivables	-	-	863	-	-	347	-		1,210
Write down on inventories	-	-	-	14	-	-	-		14
Bad debts written off	-	-	76	-	110	-	-		186
Property, plant and equipment written off	-	-	1,035	-	-	-	-		1,035
Lease rental	-	-	10,201	-	-	-	-		10,201
Staff costs:									
- salaries and wages	4,231	656	10,015	16,046	3,716	4,868	-		39,532
- defined contribution plan	619	79	1,371	2,171	490	527	-		5,257
- other employee benefits	206	21	1,158	1,826	754	332	-		4,297

36. SEGMENT INFORMATION (Continued)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by operating segment (Continued):

2017	Invest-ment holding RM'000	Property develop-ment RM'000	Hotels and resorts RM'000	Information and commu-nications technology RM'000	Travel and tours RM'000	Others RM'000	Elimi-nation RM'000	Notes	Total RM'000
Revenue									
External	673	1,145	60,461	77,448	111,606	14,590	-		265,923
Inter-segment	11,348	-	-	-	567	-	(11,915)	(a)	-
	12,021	1,145	60,461	77,448	112,173	14,590	(11,915)		265,923
Results									
Segment results	641	134	15,711	8,783	2,088	(8,550)	(9,621)	(b)	9,186
Share of results of associates	(726)	-	(79)	-	(21)	-	-		(826)
Consolidated profit/ (loss) before tax	(85)	134	15,632	8,783	2,067	(8,550)	(9,621)		8,360
Income tax expense	(128)	(47)	(2,070)	(1,607)	(757)	-	-		(4,609)
Net profit for the financial year									3,751
Attributable to:									
Non-controlling interests									4,414
Owners of the parent									(663)

36. SEGMENT INFORMATION (Continued)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by operating segment (Continued):

2017	Invest-ment holding RM'000	Property develop-ment RM'000	Hotels and resorts RM'000	Information and commu-nications technology RM'000	Travel and tours RM'000	Others RM'000	Elimi-nation RM'000	Notes	Total RM'000
Other information									
Segment assets	62,602	54,725	243,987	208,136	25,859	52,783	-		648,092
Investment in associates and joint venture	34,167	-	6,499	5,639	437	-	-		46,742
Unallocated corporate assets									5,137
Total assets									699,971
Segment liabilities	30,014	4,028	96,038	39,639	7,997	20,778	-		198,494
Unallocated corporate liabilities									5,408
Total liabilities									203,902
Additions to non-current assets (other than financial instruments and deferred tax assets)									
- Property, plant and equipment	2	40	8,832	3,005	9	102	-		11,990
- Software development expenditure	-	-	-	844	-	-	-		844
- Licenses	-	-	-	-	-	163	-		163
Income:									
Interest income	62	339	2,041	482	91	-	-		3,015
Reversal of expected credit losses on receivables	-	-	-	60	-	-	-		60
Insurance claim compensation	-	-	12,161	-	-	-	-		12,161
Expense:									
Amortisation of intangible assets	-	-	-	1,686	-	139	-		1,825
Depreciation	469	23	3,347	1,598	106	868	-		6,411
Finance cost	3,684	-	1,297	-	42	222	-		5,245

36. SEGMENT INFORMATION (Continued)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by operating segment (Continued):

2017	Invest-ment holding RM'000	Property develop-ment RM'000	Hotels and resorts RM'000	Information and commu-nications technology RM'000	Travel and tours RM'000	Others RM'000	Elimi-nation RM'000	Notes	Total RM'000
<u>Other information (Continued)</u>									
Expense (Continued):									
Fair value change in:									
-held for trading investments	-	-	2	-	-	-	-		2
-foreign currency held for trading	-	-	-	-	8	-	-		8
-investment in associates	-	-	-	439	305	-	-		744
-fair value through profit or loss investments	-	-	-	658	-	-	-		658
Impairment loss on:									
-goodwill	-	-	-	-	-	540	-		540
Expected credit losses on receivables	14	-	-	-	-	623	-		637
Write down on inventories	-	-	-	12	-	-	-		12
Bad debts written off	30	-	43	78	-	-	-		151
Property, plant and equipment written off	-	-	2	-	20	74	-		96
Loss on disposal of property, plant and equipment	-	-	3	2	-	11	-		16
Lease rental	-	-	11,206	-	-	-	-		11,206
Staff costs:									
- salaries and wages	4,317	674	12,898	15,315	3,635	4,437	-		41,276
- defined contribution plan	513	78	1,691	2,067	483	491	-		5,323
- other employee benefits	109	29	1,309	1,687	673	334	-		4,141

36. **SEGMENT INFORMATION (Continued)**

Notes Nature of elimination to arrive at amounts reported in the consolidated financial statements:

(a) Inter-segment revenues are eliminated on consolidation;

(b) Inter-segment expenses are eliminated on consolidation; and

Geographical Information

The Group operates mainly in Malaysia, Singapore, Africa and Middle East, Europe and Australia. In determining the geographical segments of the Group, revenue is based on the geographical locations of customers. Segment assets and capital expenditure are based on the geographical location of the assets. The composition of each geographical segment is as follows:

Malaysia	:	Investment holding and providing full corporate and financial support to the Group, property development, owner and operator of hotels and resorts, travel and tours related services, payment card issuing and acquiring services, design and development of telecommunications software applications and systems and the provision of solutions and services for the telecommunications industry, design, building and fabrication of coaches, and bus maintenance and related services and owns and operates language centre.
Singapore	:	Design and development of telecommunications software applications and systems and the provision of solutions and services for the telecommunications industry, provision of management and investment holdings.
Africa and Middle East	:	Operate and manage hotels and resorts, design and development of telecommunications software applications and systems and the provision of solutions and services for the telecommunications industry.
Europe	:	Operate and manage hotels and resorts.
Others	:	Operate and manage hotels and resorts, design and development of telecommunications software applications and systems and the provision of solutions and services for the telecommunications industry.

36. **SEGMENT INFORMATION (Continued)**

Geographical segments

The following table provides an analysis of the Group's revenue, segment assets and additions to non-current assets (other than financial instruments and deferred tax assets) by geographical segment:

	Revenue		**Segment assets**		**Additions to non-current assets (other than financial instruments and deferred tax assets)**	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	249,603	234,168	517,267	498,435	8,308	4,971
Singapore	1,227	2,070	34,280	30,616	395	28
Africa & Middle East	5,625	7,678	3,532	4,304	66	156
Europe	12,535	13,461	47,634	52,434	206	170
Others	14,593	8,546	69,440	62,303	1,230	7,672
	283,583	265,923	672,153	648,092	10,205	12,997

Major customers

There are no major customers with revenue equal or more than 10% of the Group total revenue.

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial instruments that are not carried at fair value and whose carrying amounts are reasonably approximated to fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Financial Assets	
Trade and other receivables	15
Cash and bank balances and short term deposits	18
Financial Liabilities	
Trade and other payables	24
Borrowings	22
ICULS	21

The carrying amount of these financial assets and liabilities is reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amount of the current portion of borrowings is reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amount of long term floating rate loans approximate their fair value as the loans to be repaid to market interest rate on or near report date.

The fair value of the liability component and the equity component were determined at the issuance of ICULS.

(b) Fair value hierarchy

The following are classes of financial instruments that are carried at fair value, by valuation method. The different levels have been defined as follows:

(i) Level 1 - Unadjusted quoted prices in active market for identical financial instruments

(ii) Level 2 - Inputs other than quoted prices include within Level 1 that are observable either directly or indirectly

(iii) Level 3 - Inputs that are not based on observable market data

37. **FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

(b) **Fair value hierarchy (Continued)**

The following table provides fair value measurement hierarchy of the Group's and the Company's financial instruments:

		Fair value of financial instruments carried at fair value				**Fair value of financial instruments not carried at fair value**					
		Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Fair value**	**Carrying amount**
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group											
2018											
Financial Assets											
Investment securities:	12										
- Fair value through other comprehensive income financial assets		6,515	-	2,872	9,387	-	-	-	-	9,387	9,387
- Fair value through profit or loss financial assets		-	-	37,636	37,636	-	-	-	-	37,636	37,636
- Held for trading investments		410	-	-	410	-	-	-	-	410	410
Foreign currency held for trading	17	317	-	-	317	-	-	-	-	317	317
Financial Liabilities											
Borrowings:	22										
- Hire purchase payable		-	-	-	-	-	-	71	71	71	71
- Term loans		-	-	-	-	-	-	67,715	67,715	67,715	67,715

37. **FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

(b) **Fair value hierarchy (Continued)**

The following table provides fair value measurement hierarchy of the Group's and the Company's financial instruments (Continued):

		Fair value of financial instruments carried at fair value				**Fair value of financial instruments not carried at fair value**					
		Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Fair value**	**Carrying amount**
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group											
2017											
Financial Assets											
Investment securities:	12										
- Available-for-sale financial assets		9,650	-	4,036	13,686	-	-	-	-	13,686	13,686
- Fair value through profit or loss financial assets		-	-	28,879	28,879	-	-	-	-	28,879	28,879
- Held for trading investments		459	-	-	459	-	-	-	-	459	459
Foreign currency held for trading	17	361	-	-	361	-	-	-	-	361	361
Financial Liabilities											
Borrowings:	22										
- Finance lease payable		-	-	-	-	-	-	23,017	23,017	23,017	23,017
- Hire purchase payable		-	-	-	-	-	-	134	193	193	193
- Term loans		-	-	-	-	-	-	37,612	37,612	37,612	37,612
ICULS	21	-	-	-	-	-	-	60,832	60,832	60,832	60,832
Company											
2017											
Financial Liabilities											
ICULS	21	-	-	-	-	-	-	60,832	60,832	60,832	60,832

37. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(b) Fair value hierarchy (Continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Fair value hierarchy

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Level 3 fair value

Level 3 fair value is estimated using unobservable input for the ICULS.

The reconciliation of Level 3 fair value of ICULS is as disclosed in Note 21 to the financial statements.

The Group adopted the following valuation methodologies in estimating the fair values of the financial assets designated at fair value through profit or loss:

(i) Cost approach: This is applied to estimate fair value of companies in very preliminary development stage where revenue forecast is difficult to estimate with any degree of certainty, and assumes the book value or cost of an asset approximates its fair value. Adjustments, such as impairment allowance, are made to assets on a case-by-case basis if this assumption does not hold true.

(ii) Option Pricing Model ("OPM"): The OPM, which applies the Black-Scholes formula for option pricing, is a generally accepted valuation methodology used in estimating fair values of early stage companies, in particular those with different classes of shares. In applying the OPM to determine the fair value of an investee, management considers terms such as level of seniority among the securities, dividend policy, conversion ratios, and cash allocations of the various stockholders' agreements with the investee that would affect the distributions to each class of equity upon a liquidity event. In addition, the method implicitly considers the effect of the liquidation preference as of the future liquidation date, not as of the valuation date.

The key assumptions used in applying the Black-Scholes formula which are unobservable inputs, are as follows:

Unobservable inputs	2018	2017	Sensitivity of inputs to fair value
Risk free rates (range)	1.9%–8.16%	1.69%–6.12%	Increase (decrease) of the inputs would result in decrease (increase) in fair values
Asset volatility (range)	51.46%–60.34%	38.0%–60.0%	
Expected terms (years)	3 to 5	5 to 5.38	

37. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(b) Fair value hierarchy (Continued)

Level 3 fair value (Continued)

The group has the policy to regularly assess and evaluate the appropriate valuation methodologies in ascertaining the fair value of the investments.

The valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

The fair value of the revolving credit, hire purchase payable, term loans and finance lease payable are determined using the discounted cash flows method based on discount rates that reflects the issuer's borrowing rate as at the end of the reporting period.

Transfer between levels of fair values hierarchy

There is no transfer between levels of fair values hierarchy during the financial year.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group and of the Company are subject to a variety of financial risks, including credit risk, liquidity risk, interest rate risk, foreign currency risk and market price 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 of the Company.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter party default on its obligation. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. It is the Group's and the Company's policy to monitor the financial standing of these receivables on an ongoing basis to ensure that the Group and the Company is exposed to minimal credit risk.

Cash deposits and trade receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit Risk (Continued)

Exposure to credit risk

As at end of financial year, the Group has no significant concentration of credit risk other than an amount owing from a debtor of RM3.68 million (2017: RM9.28 million). The Group does not anticipate the carrying amounts as at the end of financial year to be significantly different from the values that would eventually be received.

The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the statement of financial position.

Credit risk concentration profile

The Group determines concentrations of credit risk by industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables at the reporting date are as follows:

	Group			
	2018		2017	
	RM'000	% of total	RM'000	% of total
By industry sectors:				
Investment holding	34	0.0%	33	0.0%
Property development	1	0.0%	699	0.8%
Hotels and resorts	6,245	8.4%	8,384	9.5%
Information and communications technology	44,271	59.2%	45,964	52.0%
Travel and tours	8,726	11.7%	13,675	15.5%
Others	15,484	20.7%	19,633	22.2%
	74,761	100.0%	88,388	100.0%

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 15 to the financial statements. Deposits with banks and other financial institutions, investment securities and derivatives are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are past due or impaired is disclosed in Note 15 to the financial statements.

Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

The maximum exposure to credit risk amounts to RM114.26 million (2017: RM78.24 million) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit Risk (Continued)

Financial guarantees (Continued)

As at the end of the reporting period, it was not probable that the counter party to the financial guarantee contract will claim under the contract. Consequently, the fair value for the corporate guarantee is NIL.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(b) Liquidity Risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations:

			← Contractual cash flows →			
2018	**Carrying Amount** RM'000	**Contractual interest rate** %	**Within 1 Year** RM'000	**1 - 5 Years** RM'000	**More than 5 Years** RM'000	**Total** RM'000
Group						
Financial Liabilities						
Trade and other payables	74,910	-	74,910	-	-	74,910
Revolving credit	41,000	5.77-5.80	41,000	-	-	41,000
Finance lease payable	23,017	5.50	23,599	-	-	23,599
Hire purchase payables	134	2.70	68	74	-	142
Bank overdrafts	2,404	8.57	2,404	-	-	2,404
Term loans	71,228	4.55-7.96	7,580	29,255	66,496	103,331
Banker acceptance	900	3.66	900			900
Debtor financing	5,228	8.50	5,228			5,228
Company						
Other payables	232,240	-	232,240	-	-	232,240

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Liquidity Risk (Continued)

Maturity analysis (Continued)

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations (Continued):

			← Contractual cash flows →			
2017	**Carrying Amount** RM'000	**Contractual interest rate** %	**Within 1 Year** RM'000	**1 - 5 Years** RM'000	**More than 5 Years** RM'000	**Total** RM'000
Group						
Financial Liabilities						
Trade and other payables	92,420	-	92,420	-	-	92,420
Revolving credit	35,000	5.55	35,000	-	-	35,000
Finance lease payable	23,017	5.50	1,203	23,599	-	24,802
Hire purchase payables	193	2.70	68	142	-	210
Bank overdrafts	1,728	7.44	1,728	-	-	1,728
Term loans	39,864	4.65-7.71	4,049	15,670	37,600	57,319
ICULS	60,832	2.00	75,426	-	-	75,426
Company						
Other payables	228,643	-	228,643	-	-	228,643
ICULS	60,832	2.00	75,426	-	-	75,426

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and is managed through the use of fixed and floating rate debts. The Group does not use derivative financial instruments to hedge its risk.

The Company manages the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. Management does not enter into interest rate hedging transactions since it considers that the cost of such instruments outweigh the potential risk of interest rate fluctuation.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Interest Rate Risk (Continued)

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

		2018		2017	
		Weighted Average Effective Interest Rate	**Carrying Amount**	**Weighted Average Effective Interest Rate**	**Carrying Amount**
	Note	%	RM'000	%	RM'000
Fixed Rate					
Group					
Financial Liabilities					
Finance lease payable	22(c)	5.50	23,017	5.50	23,017
Hire purchase payables	22(d)	5.10	134	5.10	193
Banker acceptance		3.66	900	-	-
Debtor financing		8.50	5,228	-	-
			29,279		23,210
ICULS	21	-	-	7.00	60,832
			29,279		84,042
Company					
ICULS	21	-	-	7.00	60,832
Floating Rate					
Group					
Financial Assets					
Short term deposits	18	3.16	73,872	3.14	78,655
Financial Liabilities					
Bank overdrafts	22(a)	8.57	2,404	7.44	1,728
Revolving credit	22(b)	5.80	41,000	5.55	35,000
Term loans	22(e)	5.46	71,228	5.16	39,864
			114,632		76,592
Company					
Financial Assets					
Short term deposits	18	2.70	6,550	2.70	3,850

Sensitivity analysis for interest rate risk

(i) Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets at fair value through profit or loss and equity. Therefore a change in interest rates at the reporting date would not affect profit or loss and equity.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Interest Rate Risk (Continued)

Sensitivity analysis for interest rate risk (Continued)

(ii) Cash flow sensitivity analysis for variable rate instruments

At the reporting date, if interest rates had been 100 basis points lower/higher, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM0.31 million and RM0.05 million higher/lower respectively, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings and higher/lower interest income from floating rate fixed deposits. The assumed movement in basis points for interest rate sensitivity analysis is based on a prudent estimate of the current market environment.

(d) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily RM, Singapore Dollar ("SGD") and US Dollar ("USD"). The foreign currencies in which these transactions mainly denominated in US Dollar ("USD"), Chinese Renminbi ("RMB") and European Euro ("Euro").

The Group and the Company ensure that the net exposure to this risk is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. Management does not enter into currency hedging transactions since it considers that the cost of such instruments outweigh the potential risk of exchange rate fluctuations.

The unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows:

	← Functional currencies →				
Group **2018**	**Ringgit Malaysia** RM'000	**US Dollar** RM'000	**Singapore Dollar** RM'000	**Pound Sterling** RM'000	**Total** RM'000
Financial assets and liabilities not held in functional currency					
Investment securities					
Renminbi	-	1,693	-	-	1,693
Trade receivables					
US Dollar	7,381	-	905	-	8,286
Australia Dollar	673	-	-	-	673
Others	43	-	-	-	43
	8,097	-	905	-	9,002
Other receivables					
US Dollar	6	-	82	-	88

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Foreign Currency Risk (Continued)

The unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows (Continued):

	← Functional currencies →				
Group	**Ringgit Malaysia**	**US Dollar**	**Singapore Dollar**	**Pound Sterling**	**Total**
2018	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets and liabilities not held in functional currency					
Financial assets held for trading					
Australia Dollar	17	-	-	-	17
Euro	23	-	-	-	23
Hong Kong Dollar	11	-	-	-	11
Pound Sterling	12	-	-	-	12
Singapore Dollar	19	-	-	-	19
US Dollar	104	-	-	-	104
Others	132	-	-	-	132
	318	-	-	-	318
Cash and bank balances					
Australia Dollar	3	-	-	-	3
Euro	34	5	-	-	39
Pound Sterling	3	-	-	-	3
Singapore Dollar	-	289	-	-	289
US Dollar	5,198	-	3,522	13	8,733
Others	5	-	-	-	5
	5,243	294	3,522	13	9,072
Trade payables					
US Dollar	1,671	-	319	-	1,990
Euro	380	-	-	-	380
Others	373	-	-	-	373
	2,424	-	319	-	2,743

38. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**

(d) **Foreign Currency Risk (Continued)**

The unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows (Continued):

	←	**Functional currencies**		→	
Group	**Ringgit Malaysia**	**US Dollar**	**Singapore Dollar**	**Pound Sterling**	**Total**
2017	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets and liabilities not held in functional currency					
Investment securities					
Renminbi	-	1,693	-	-	1,693
Trade receivables					
US Dollar	9,476	-	975	-	10,451
Australia Dollar	7,893	-	-	-	7,893
Euro	15	-	-	-	15
Others	791	-	9	-	800
	18,175	-	984	-	19,159
Other receivables					
US Dollar	9	-	12	-	21

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Foreign Currency Risk (Continued)

The unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows (Continued):

Group 2017	← Functional currencies → Ringgit Malaysia RM'000	US Dollar RM'000	Singapore Dollar RM'000	Pound Sterling RM'000	Total RM'000
Financial assets and liabilities not held in functional currency					
Financial assets held for trading					
Australia Dollar	12	-	-	-	12
Euro	16	-	-	-	16
Hong Kong Dollar	22	-	-	-	22
Pound Sterling	40	-	-	-	40
Singapore Dollar	23	-	-	-	23
US Dollar	83	-	-	-	83
Others	156	-	-	-	156
	352	-	-	-	352
Cash and bank balances					
Australia Dollar	3	-	-	-	3
Euro	92	6	-	-	98
Pound Sterling	4	-	-	-	4
Singapore Dollar	15	728	-	-	743
US Dollar	5,573	-	1,033	16	6,622
Others	5	-	-	-	5
	5,692	734	1,033	16	7,475
Trade payables					
US Dollar	9,810	-	270	-	10,080
Euro	667	-	-	-	667
Others	376	-	36	-	412
	10,853	-	306	-	11,159

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Foreign Currency Risk (Continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's post tax profit to a reasonably possible change in the USD, SGD and RMB exchange rate against the respective functional currencies of the Group entities, with all other variables held constant.

		Group 2018 RM'000 Profit/loss for the year
RMB/USD	- strengthened 10%	169
	- weakened 10%	(169)
USD/SGD	- strengthened 10%	419
	- weakened 10%	(419)
USD/RM	- strengthened 10%	1,102
	- weakened 10%	(1,102)

(e) Market Price Risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments in Malaysia are listed on Bursa Securities. These instruments are classified as held for trading or available-for-sale financial assets. The Group does not have exposure to commodity price risk.

Sensitivity analysis for equity price risk

This analysis assumes that all other variables remain constant and the Group's equity investments moved in correlation with FTSE Bursa Malaysia KLCI ("FBMKLCI").

A 10 percent strengthening in FBMKLCI at the end of the reporting period would have increased equity by RM0.65 million and post tax profit or loss by RM0.04 million. A 10 percent weakening in FBMKLCI would have had equal but opposite effect on equity and profit or loss respectively.

39. CAPITAL MANAGEMENT

The Group actively and regularly reviews and manages its capital structure with the objectives of ensuring that the Group will be able to continue as a going concern while maximising the return to stakeholders. These reviews take into consideration future capital requirements of the Group, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and strategic investment opportunities.

The capital structure of the Group consists of debt which includes borrowings (Note 22 to the financial statements), cash and cash equivalents (Statements of Cash Flows), and equity attributable to equity holders of the Company.

The Group's overall capital management strategy remains unchanged from 2017 and this includes maintaining a healthy gearing ratio taking into consideration the objectives of the Group. As at reporting date, the gearing ratio calculated as total borrowings divided by total equity is as follows:

	Group	
	2018	**2017**
	RM'000	RM'000
Total borrowings	143,911	99,802
Less : Cash and cash equivalents	(94,438)	(114,289)
Subtotal	49,473	(14,487)
Total equity	486,889	496,069
Debt-to-equity ratio	0.10	*

* Not applicable

There were no changes in the Group's approach to capital management during the year.

Certain subsidiaries are required to comply with the necessary capital requirements as prescribed in the rules & regulations of Bank Negara Malaysia and the Mainboard listing requirements of Singapore Exchange Securities Trading Limited.

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are as follows:

(a) The ICULS matured on 26 January 2018 and all outstanding ICULS were compulsorily and automatically converted into fully paid new ordinary shares of the Company. Following the conversion of all outstanding 502,151,541 ICULS, a total of 251,075,761 new ordinary shares in the Company were allotted on 30 January 2018.

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (Continued)

The significant events during the financial year are as follows (Continued):

(b) On 30 November 2018, Advance Synergy Realty Sdn. Bhd. ("ASR"), a wholly-owned subsidiary of the Company, completed the proposed acquisitions pursuant to the following two (2) Sale and Purchase Agreements entered into on 16 January 2018:

(i) Sale and Purchase Agreement with Petaling Garden Sdn. Bhd. for the proposed acquisition of 70% interest in a detached commercial 5-storey building block with car park bearing postal address No. 17, Jalan Yap Ah Shak, 50300 Kuala Lumpur for a cash purchase consideration of RM18.90 million; and

(ii) Sale and Purchase Agreement with Temasya Development Co. Sdn. Bhd. for the proposed acquisition of 70% interest in a detached commercial 4-storey building block bearing postal address No. 9, Jalan Kajibumi U1/70, Seksyen U1, Temasya Glenmarie, 40150 Shah Alam, Selangor Darul Ehsan for a cash purchase consideration of RM22.05 million.

(c) On 13 December 2018, the proposed disposal by ASHR, a wholly-owned subsidiary of the Company, of its entire 6,811,628 ordinary shares representing 40% equity interest in HVKL to Ri-Yaz Assets (Kuala Lumpur) Sdn. Bhd. (formerly known as Aurora Arena Sdn. Bhd.) for a cash consideration of RM11.20 million pursuant to a share sale agreement entered into on 1 November 2017 was completed. Consequential thereto, HVKL will ceased to be a 40%-owned associated company of ASHR.

41. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 21 December 2018, 57-59 Philbeach Gardens Limited ("PGL"), a wholly-owned subsidiary incorporated in United Kingdom, of Arosa, a 65%-owned indirect subsidiary of the Company, entered into a Share Sale Agreement to acquire 100% equity interest (represented by 1,100 ordinary shares of GBP1.00 each) in Beaver Hotels Limited ("Beaver") for a cash consideration of GBP10.25 million (equivalent to approximately RM55.63 million). Upon completion of the proposed acquisition on 21 February 2019, Beaver became an indirect 65%-owned subsidiary of the Company held via PGL.

Statement By Directors

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

We, **LEE SU NIE** and **YONG TECK MING**, being two of the directors of ADVANCE SYNERGY BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 99 to 231 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and their financial performance and cash flows for the financial year then ended.

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

LEE SU NIE
Director

YONG TECK MING
Director

Selangor Darul Ehsan
Date: 12 April 2019

Statutory Declaration

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

I, **LEE SU NIE**, being the director primarily responsible for the financial management of ADVANCE SYNERGY BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 99 to 231 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

LEE SU NIE

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur, Wilayah Persekutuan on 12 April 2019.

Before me,
HADINUR MOHD SYARIF
No.: W761

Commissioner for Oaths
Malaysia

Independent Auditors' Report

to the Members of Advance Synergy Berhad

Report on the Audited Financial Statements

Opinion

We have audited the financial statements of Advance Synergy Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies, as set out on pages 99 to 231.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Key Audit Matters

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

Impairment of goodwill (Notes 4(a) and 8 to the financial statements)

Risk:

The carrying amount of the goodwill relating to the information and communications technology ("ICT") cash generating unit ("CGU") amounted to RM83,684,000. The recoverable amount of the CGU was determined based on its value in use ("VIU"). Cash flow projections used in the VIU calculation were based on financial budgets and forecasts approved by management covering a five years period using a discount rate and forecasted growth rate. Significant judgements arise over the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates and gross profit margins.

Our audit response:

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

- assessing the methodology adopted by the Group;
- comparing the actual results with previous cash flow projections to assess the performance of the business and historical accuracy of the projections;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key inputs that are expected to be most sensitive to the recoverable amount.
- comparing the Group's assumptions to externally derived data as well as our assessments in relation to key inputs such as discount rates, forecast growth rates and gross profit margins.

Fair value of unquoted investment (Notes 4(b), 10 and 12 to the financial statements)

Risk:

The financial asset is not traded in an active market or if the quoted price is not readily and regularly available, the fair value is established by using valuation techniques that are appropriate in circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The fair value measurement requires the selection among a range of different valuation methodologies, making estimates about expected future cash flows and discounted rates.

Our audit response:

As the unquoted investments are held in a component where we are not the auditors, we performed our review of the work of the component auditors in accordance with ISA 600 *Special Considerations – Audits of Group Financial Statements* (including the Work of Component Auditors) and their audit procedures performed included, among others:

- discussing with management the basis used in determining the fair values;
- reviewing work of in-house specialist, especially in determining whether such valuation methodology is consistent with market practice;
- ensuring that the assumptions used and key inputs used has been assessed by the component auditors:
- testing the mathematical accuracy of the valuation methodology used; and
- reviewing the adequacy of the disclosures made in the financial statements in compliance with MFRS 9 Financial Instruments.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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 9 to the financial statements.

Other Matters

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

Baker Tilly Monteiro Heng PLT
No. LLP0019411-LCA & AF 0117
Chartered Accountants

Heng Fu Joe
No. 02966/11/2020 J
Chartered Accountant

Kuala Lumpur
Date: 12 April 2019

OTHER INFORMATION

Contents

List of Properties

The top 10 properties of the Group as at 31 December 2018 are as follows:

Location	Description	Approx. land area	Approx. age of building (Years)	Tenure	Carrying Amount (RM'000)	Date of last revaluation / acquisition
* GM1126 Lot 1301, GM424 Lot 1302, GM857 Lot 1303, GM405 Lot 1305, HS(M) 1096 PT 1300 & HS(M) 1082 PT 1303 Mukim Sungai Karang Cherating Pahang Darul Makmur	Land with hotel building, recreational facilities, restaurants and apartment block	15 acres	25.5 - 31	Freehold	36,916	15.04.2016
Geran 85, Lot 2034 69, Jalan Haji Hussein 50300 Kuala Lumpur	18 storey hotel building	3,214 sq. m.	43	Freehold	32,801	04.05.2016
72, Pesiaran Jubli Perak Seksyen 22 40000 Shah Alam Selangor Darul Ehsan	Industrial land and buildings	61,492 sq. m.	25	Freehold	31,191	03.06.2003
9, Jalan Kajibumi U1/70 Seksyen U1 Temasya Glenmarie 40150 Shah Alam Selangor Darul Ehsan	Four storey commercial building	3,314 sq. m.	1	Freehold	23,030	30.11.2018
17, Jalan Yap Ah Shak 50300 Kuala Lumpur	Five storey commercial building	722 sq. m.	1	Freehold	19,759	30.11.2018

The top 10 properties of the Group as at 31 December 2018 are as follows (continued):

Location	Description	Approx. land area	Approx. age of building (Years)	Tenure	Carrying Amount (RM'000)	Date of last revaluation / acquisition
Oberseepromenade Postfach 289 CH 7050 Arosa Switzerland	Land	1,606 sq. m.	-	Freehold	19,055	30.09.2016
Suite No. 3A-5-1 Level 5, Block 3A Plaza Sentral Jalan Stesen Sentral 5 Kuala Lumpur	Office Suite	749 sq. m. (floor area)	15	Freehold	7,000	12.01.2011
GRN 49945, Lot 39472 Mukim of Petaling District of Kuala Lumpur 20, Jalan Menara Gading 1 Taman Connaught, Cheras 56000 Kuala Lumpur	Three storey mid terrace shop office	164 sq. m.	13	Freehold	2,698	20.12.2013
B-16-8, Megan Avenue II 12 Jalan Yap Kwan Seng 50450 Kuala Lumpur	Office	364 sq. m. (floor area)	20	Freehold	1,936	10.01.2013
GRN 232740, Lot 3063 Pekan Kinrara District of Petaling 167, Jalan Kenari 23A Bandar Puchong Jaya 47170 Puchong Selangor Darul Ehsan	Three and a half storey mid terrace shop office	156 sq. m.	9	Freehold	1,736	20.09.2013

Notes:

* Hotel property under finance lease.

Statement on Directors' Interests in the Company

and related corporations as at 28 March 2019

	Ordinary shares	
	Number	**Percentage**
Direct Interest in the Company		
Dato' Ahmad Sebi Bakar *	76,810,009	8.27
Kam Kin Foong	900,000	0.10
Deemed Interest in the Company		
Dato' Ahmad Sebi Bakar *	①139,391,853	15.00
Anton Syazi Dato' Ahmad Sebi	②30,467,000	3.28
Lee Su Nie	③365,000	0.04
Puan Sri Datin Masri Khaw Abdullah	④12,000,000	1.20
Direct Interest in related corporation		
Captii Limited		
Anton Syazi Dato' Ahmad Sebi	517,600	1.62
Lee Su Nie	20,000	0.06
Arcylic Synergy Sdn Bhd		
Anton Syazi Dato' Ahmad Sebi	1	negligible
Deemed Interest in related corporation		
Captii Limited		
Kam Kin Foong	⑤55,000	0.17
Segi Koleksi Sdn Bhd		
Dato' Ahmad Sebi Bakar	⑥105,000	30.00
Anton Syazi Dato' Ahmad Sebi	⑦105,000	30.00
Aryati Sasya Dato' Ahmad Sebi	⑦105,000	30.00
Metroprime Corporation Sdn Bhd		
Dato' Ahmad Sebi Bakar	⑧350,000	100.00
Anton Syazi Dato' Ahmad Sebi	⑨350,000	100.00
Aryati Sasya Dato' Ahmad Sebi	⑨350,000	100.00
	Ordinary shares of CHF500.00 each	
Posthotel Arosa AG		
Anton Syazi Dato' Ahmad Sebi	⑩3,150	35.00
Aryati Sasya Dato' Ahmad Sebi	⑩3,150	35.00
	Ordinary shares GBP1.00 each	
57-59 Philbeach Gardens Limited		
Anton Syazi Dato' Ahmad Sebi	⑪1	100.00
Aryati Sasya Dato' Ahmad Sebi	⑪1	100.00
Beaver Hotels Limited		
Anton Syazi Dato' Ahmad Sebi	⑫1,100	100.00
Aryati Sasya Dato' Ahmad Sebi	⑫1,100	100.00

Notes:

* By virtue of his interest in the Company, Dato' Ahmad Sebi Bakar is also deemed to be interested in the shares of all investee companies (including subsidiaries) to the extent that the Company has an interest.

① By virtue of his interest in Bright Existence Sdn Bhd ("BESB") and Suasana Dinamik Sdn Bhd ("SDSB"), Dato' Ahmad Sebi Bakar is also deemed to be interested in the shares to the extent that BESB and SDSB have an interest respectively.

② By virtue of his interest in Eighth Review (M) Sdn Bhd ("ERSB"), Mr Anton Syazi Dato' Ahmad Sebi is also deemed to be interested in the shares that ERSB has an interest.

③ This is her spouse's interest in the ordinary shares of the Company which shall be treated as her interest in the ordinary shares of the Company pursuant to Section 59(11)(c) of the Companies Act 2016.

④ By virtue of her interest in ASH Holdings Sdn Bhd ("ASH"), Puan Sri Datin Masri Khaw Abdullah is deemed to be interested in the shares that ASH has an interest.

⑤ This is her spouse's interest in the ordinary shares of Captii Limited which shall be treated as her interest in the ordinary shares of Captii Limited pursuant to Section 59(11)(c) of the Companies Act 2016.

⑥ This is the interest of his children (Ms Aryati Sasya Dato' Ahmad Sebi and Mr Anton Syazi Dato' Ahmad Sebi) in Segi Koleksi Sdn Bhd ("SKSB") which shall be treated as his interest in the ordinary shares of SKSB pursuant to Section 59(11)(c) of the Companies Act 2016.

⑦ By virtue of their interest in Pacific Existence Sdn Bhd ("PESB"), Ms Aryati Sasya Dato' Ahmad Sebi and Mr Anton Syazi Dato' Ahmad Sebi are also deemed to be interested in the shares to the extent that PESB has an interest in SKSB.

⑧ By virtue of his interest in SKSB pursuant to Section 8 of the Companies Act 2016, Dato' Ahmad Sebi Bakar is deemed to be interested in the shares to the extent that SKSB has an interest in its wholly-owned subsidiary, Metroprime Corporation Sdn Bhd ("MCSB").

⑨ By virtue of their interest in SKSB via PESB, Ms Aryati Sasya Dato' Ahmad Sebi and Mr Anton Syazi Dato' Ahmad Sebi are deemed to be interested in the shares to the extent that SKSB has an interest in MCSB.

⑩ By virtue of their interest in Kibar Konsep Sdn Bhd ("KKSB"), Ms Aryati Sasya Dato' Ahmad Sebi and Mr Anton Syazi Dato' Ahmad Sebi are also deemed to be interested in the shares to the extent that KKSB has an interest in Posthotel Arosa AG ("Arosa").

⑪ By virtue of their interest in Arosa via KKSB, Ms Aryati Sasya Dato' Ahmad Sebi and Mr Anton Syazi Dato' Ahmad Sebi are deemed to be interested in the shares to the extent Arosa has an interest in 57-59 Philbeach Gardens Limited ("PGL").

⑫ By virtue of their interest in PGL via Arosa, Ms Aryati Sasya Dato' Ahmad Sebi and Mr Anton Syazi Dato' Ahmad Sebi are deemed to be interested in the shares to the extent that PGL has an interest in Beaver Hotels Limited.

Statistics on Shareholdings

as at 28 March 2019

TOTAL NUMBER OF ISSUED SHARES	:	929,194,943
ISSUED SHARE CAPITAL	:	RM381,376,644.99
CLASS OF SHARE	:	Ordinary Shares
VOTING RIGHT	:	1 vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	% of shareholders	No. of shares held	% of issued shares
Less than 100 shares	328	1.74	9,765	negligible
100 - 1,000 shares	4,266	22.61	3,827,813	0.41
1,001 - 10,000 shares	9,278	49.18	40,962,988	4.41
10,001 - 100,000 shares	4,166	22.08	148,211,999	15.95
100,001 - less than 5% of issued shares	825	4.37	519,980,516	55.96
5% and above of issued shares	3	0.02	216,601,862	23.27
	18,866	100.00	929,194,943	100.00

LIST OF TOP 30 SHAREHOLDERS

No.	Name	No. of shares held	Percentage
1.	SJ Sec Nominees (Tempatan) Sdn Bhd Suasana Dinamik Sdn Bhd	80,799,926	8.70
2.	Dato' Ahmad Sebi Bakar	76,810,009	8.27
3.	SJ Sec Nominees (Tempatan) Sdn Bhd Bright Existence Sdn Bhd	58,591,927	6.31
4.	SJ Sec Nominees (Tempatan) Sdn Bhd Eighth Review (M) Sdn Bhd	30,467,000	3.28
5.	Lim Hong Liang	27,690,850	2.98
6.	HSBC Nominees (Asing) Sdn Bhd Exempt an for Bank Julius Baer & Co. Ltd.	25,605,400	2.75
7.	Chew Lee Hwa	19,856,000	2.14
8.	SJ Sec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Sai Kim	13,472,000	1.45
9.	ASH Holdings Sdn Bhd	12,000,000	1.29
10.	Malpac Capital Sdn Bhd	11,269,150	1.21

LIST OF TOP 30 SHAREHOLDERS (continued)

No.	Name	No. of shares held	Percentage
11.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Chan Sai Kim	10,547,625	1.13
12.	Malpac Capital Sdn Bhd	10,000,000	1.08
13.	PM Nominees (Tempatan) Sdn Bhd Malpac Management Sdn Bhd	9,874,361	1.06
14.	Maybank Nominees (Tempatan) Sdn Bhd Lay Man Wan @ Lai Mun Wan	8,800,360	0.95
15.	Goh Boon Seng	7,021,450	0.75
16.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Hock Fatt	7,000,000	0.75
17.	Chung Kin Chuan	6,600,000	0.71
18.	Tan Pak Nang	6,320,000	0.68
19.	Goh Geok Choo	5,750,300	0.62
20.	Chun Kim Seng	5,634,300	0.61
21.	Yeoh Swee Leng	5,121,750	0.55
22.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Lim Soon	5,000,000	0.54
23.	Addeen Construction & Services Sdn Bhd	4,284,600	0.46
24.	Tay Teck Ho	3,805,000	0.41
25.	Mohd Jamel Abdul Munin	3,151,100	0.34
26.	Chang Meei Meei	3,051,825	0.33
27.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd	2,984,050	0.32
28.	Lu Yong Lam	2,981,600	0.32
29.	Chan Kid Ching	2,500,000	0.27
30.	Wong Ten An	2,467,500	0.26
		469,458,083	50.52

SUBSTANTIAL SHAREHOLDERS

Name of substantial shareholders	No. of shares held		% of issued share capital	
	Direct	Deemed	Direct	Deemed
Dato' Ahmad Sebi Bakar	76,810,009	139,391,853	8.27	15.00
Suasana Dinamik Sdn Bhd	80,799,926	-	8.70	-
Bright Existence Sdn Bhd	58,591,927	-	6.31	-

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the **Ninety-fifth ANNUAL GENERAL MEETING** ("95th AGM") of Advance Synergy Berhad will be held at the Auditorium, Level 4, The Podium, Wisma Synergy, No. 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan on Friday, 28 June 2019 at 9.00 a.m. for the following purposes:

1.	To receive the audited financial statements for the financial year ended 31 December 2018 and the Directors' and Auditors' reports thereon.	**Please refer to Explanatory Note**
2.	To declare a single tier dividend of 0.25 sen per ordinary share in respect of the financial year ended 31 December 2018.	**Resolution 1**
3.	To approve the payment of Directors' fees for the financial year ended 31 December 2018.	**Resolution 2**
4.	To approve the payment of benefits to the Directors from 29 June 2019 until the conclusion of the next annual general meeting of the Company.	**Resolution 3**
5.	To re-elect the following Directors:	
	5.1 Dato' Ahmad Sebi Bakar	**Resolution 4**
	5.2 Ms Lee Su Nie	**Resolution 5**
	5.3 Puan Sri Datin Masri Khaw Abdullah	**Resolution 6**
6.	To elect Ms Kam Kin Foong as Director.	**Resolution 7**
7.	To re-appoint Messrs Baker Tilly Monteiro Heng PLT as auditors of the Company and to authorise the Directors to fix their remuneration.	**Resolution 8**

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

8. **Ordinary Resolution 1 – Retention of Independent Non-Executive Director** — **Resolution 9**

"THAT authority be and is hereby given for Mr Yong Teck Ming 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 in accordance with the Malaysian Code on Corporate Governance."

9. **Ordinary Resolution 2 – Authority to allot and issue securities** **Resolution 10**

“THAT subject always to the Companies Act 2016, Articles of Association of the Company and/or approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised and empowered pursuant to Section 75(1) and Section 76(1) of the Companies Act 2016 to allot and issue new shares or convertible securities in the Company, from time to time at such price and upon such terms and conditions, for such purpose and to such person or persons whomsoever as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares or convertible securities to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding any treasury shares) of the Company for the time being AND THAT the Directors be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares or convertible securities so issued from Bursa Malaysia Securities Berhad AND THAT such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company.”

10. To transact any other ordinary business of which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN that subject to the approval of the shareholders at the 95th AGM, a first and final single tier dividend of 0.25 sen per ordinary share in respect of the financial year ended 31 December 2018 will be paid on 15 August 2019 to the shareholders whose names appear in the Record of Depositors on 26 July 2019.

A depositor shall qualify for entitlement only in respect of:

a. Shares transferred to the Depositor’s Securities Account before 4.30 p.m. on 26 July 2019 in respect of transfer; and

b. Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

HO TSAE FENG
Secretary

Selangor Darul Ehsan
30 April 2019

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 4 June 2019 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this meeting.
2. A member of the Company entitled to attend and vote at the general meeting is entitled to appoint at least one (1) proxy but not more than two (2) proxies to attend and vote in his/her stead. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
3. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with shares of the Company standing to the credit of the said securities account.

4. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his/her attorney duly authorised in writing and in the case of a corporation, the instrument appointing a proxy must be under its common seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of such power or authority) shall be deposited at the Registered Office of the Company at Level 3, East Wing, Wisma Synergy, No. 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any other adjournment thereof.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 95th AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 95th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 95th AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

EXPLANATORY NOTES ON ORDINARY BUSINESS

Agenda 1 – Audited Financial Statements for financial year ended 31 December 2018

The audited financial statements for the financial year ended 31 December 2018 are laid in accordance with Section 340(1)(a) of the Companies Act ("CA") 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting

Resolution 2 – Directors' Fees
Resolution 3 – Directors' Benefits

Following the enforcement of Section 230(1) of the CA 2016 effective 31 January 2017, it provides amongst others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

The proposed Resolution 2, if passed, will authorise the payment of Directors' fees for the financial year ended 31 December 2018 amounting to RM306,000 (2017: RM315,000).

The proposed Resolution 3, if passed, will authorise the payment of benefits to the Directors if any from 29 June 2019 until the conclusion of the next annual general meeting of the Company as and when incurred. The Board is of the view that it is just and equitable for these benefits to be paid as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company throughout the said period.

Resolutions 4, 5 and 6 – Re-election of Directors

Details of the Directors standing for re-election under proposed Resolutions 4, 5 and 6 are stated in Directors' profile on pages 51 to 54 of this Annual Report. Their securities holdings in the Company and its subsidiaries are stated on page 242 of this Annual Report.

EXPLANATORY NOTES ON SPECIAL BUSINESS

Resolution 9 – Retention of Independent Non-Executive Director

The Nomination Committee had assessed the independence of Mr Yong Teck Ming, 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, and the Board had discussed and agreed with the recommendation of the Nomination Committee that in his long service to the Company, he has performed very well as an Independent Non-Executive Director and there is no reason to believe that he would not continue to act independently and to contribute to the Company taking into consideration the following:

(a) he fulfilled the Independent Director criteria under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and thus is able to function as a check and balance and to bring an element of objectivity to the Board;

(b) he is a member of the Institute of Chartered Accountants, Australia, New Zealand and a member of the Institute of Chartered Secretaries and Administrators, United Kingdom. He has vast experience in accounting and a diverse range of business which would enable him to provide the Board with constructive opinion.

(c) he has been with the Company for more than nine (9) years and is familiar with the Company's business operations which will enable him to contribute actively and effectively during deliberation at meetings of the Board and Board Committees;

(d) he has exercised his objective and independent judgement on all Board deliberations;

(e) he has devoted sufficient time and attention to his professional obligations for informed and balanced decision making;

(f) he has exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the best interest of the Company and shareholders; and

(g) he has been providing invaluable contributions to the Board in his role as an Independent Non-Executive Director and Chairman of the Audit Committee and Risk Management Committee.

Resolution 10 – Authority to allot and issue securities

The proposed Resolution 10 is the renewal of the mandate obtained from the members at the last Annual General Meeting. As at the date of this Notice, the Company did not allot any shares pursuant to the mandate granted to the Directors at the Ninety-Fourth Annual General Meeting held on 7 June 2018 as there were no requirements for such fund raising activities.

The proposed Resolution 10, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to further placement of shares or convertible securities for the purpose of funding the Company's future investment project(s), working capital and/ or acquisition(s), by the issuance of shares or convertible securities in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares or convertible securities issued pursuant to the mandate does not exceed 10% of the total number of issued shares of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

At this juncture, there is no decision to issue new shares or convertible securities. If there should be a decision to issue new shares or convertible securities after the general mandate is obtained, the Company will make an announcement in respect of the purpose and utilisation of proceeds arising from such issue.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Malaysia Securities Berhad)

Details of individuals who are standing for election as Director

Details of the Director standing for election under the proposed Resolution 7 are as stated in the Directors' Profile on page 57 of this Annual Report. Her securities holdings in the Company and its subsidiaries are stated on page 242 of this Annual Report.

ADMINISTRATIVE DETAILS

Registration

1. Registration will start at 8.00 a.m. at Ground Floor, The Podium, Wisma Synergy, No. 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan.

2. Please read the signage to ascertain where you should register yourself for the meeting and join the queue accordingly.

3. Please produce your ORIGINAL Identification Document at the registration counter for verification.

4. You will be given an identification wristband and will only be allowed to enter the Auditorium if you are wearing the identification wristband.

5. After registration and signing on the Attendance List, please proceed to the Auditorium, Level 4, The Podium, Wisma Synergy, No. 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan.

Parking

6. Please register at the Guardhouse and park your vehicle at the designated visitor parking bays.

Refreshment

7. Light refreshment will be provided after the conclusion of the AGM.

Voting procedure

8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of AGM will be put to vote by poll.

ADVANCE SYNERGY BERHAD (Company No: 1225-D)

Proxy Form

I/We ______________________________ Contact No. ______________
(full name in block letters)

NRIC/Company No. ______________________ or CDS Account No. ______________
(for nominee companies only)

of ____
(full address)

being a shareholder/shareholders of ADVANCE SYNERGY BERHAD, hereby appoint ______________________

______________________________________ NRIC No. ______________
(full name in block letters)

of ____
(full address)

or failing him/her, ______________________________ NRIC No. ______________
(full name in block letters)

of ____
(full address)

or failing him/her, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us and on my/our behalf at the Ninety-fourth Annual General Meeting of the Company to be held at the Auditorium, Level 4, The Podium, Wisma Synergy, No. 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan on Friday, 28 June 2019 at 9.00 a.m. and at any adjournment thereof and thereat to vote as indicated below:

Please indicate with (✓) how you wish to cast your vote. If neither "**FOR**" nor "**AGAINST**" is indicated, the proxy will vote or abstain from voting at his/her discretion.

NO.	RESOLUTION	FOR	AGAINST
1.	Declaration of dividend.		
2.	Approval of the payment of Directors' fees.		
3.	Approval of the payment of benefits to the Directors from 29 June 2019 until the next annual general meeting of the Company.		
4.	Re-election of Dato' Ahmad Sebi Bakar as Director.		
5.	Re-election of Ms Lee Su Nie as Director.		
6.	Re-election of Puan Sri Datin Masri Khaw Abdullah as Director.		
7.	Election of Ms Kam Kin Foong as Director.		
8.	Re-appointment of Messrs Baker Tilly Monteiro Heng PLT as auditors of the Company and authorisation for the Directors to fix their remuneration.		
9.	Retention of Mr Yong Teck Ming as Independent Non-Executive Director.		
10.	Authorisation for Directors to allot and issue new securities pursuant to Sections 75(1) and 76(1) of the Companies Act 2016.		

Dated this ______________ day of ______________________ 2019

Number of shares held	

____
Signature

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 4 June 2019 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this meeting.
2. A member of the Company entitled to attend and vote at the general meeting is entitled to appoint at least one (1) proxy but not more than two (2) proxies to attend and vote in his/her stead. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
3. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his/her attorney duly authorised in writing and in the case of a corporation, the instrument appointing a proxy must be under its common seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of such power or authority) shall be deposited at the Registered Office of the Company at Level 3, East Wing, Wisma Synergy, No. 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any other adjournment thereof.

Personal Data Privacy: *By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 30 April 2019.*

Fold this flap for sealing

Please fold here

AFFIX STAMP

THE SECRETARY

ADVANCE SYNERGY BERHAD
Level 3, East Wing, Wisma Synergy
No. 72, Pesiaran Jubli Perak
Seksyen 22
40000 Shah Alam
Selangor Darul Ehsan

Please fold here

ADVANCE SYNERGY BERHAD (1225-D)
Level 3, East Wing, Wisma Synergy, 72 Pesiaran Jubli Perak, Seksyen 22
40000 Shah Alam, Selangor Darul Ehsan, Malaysia