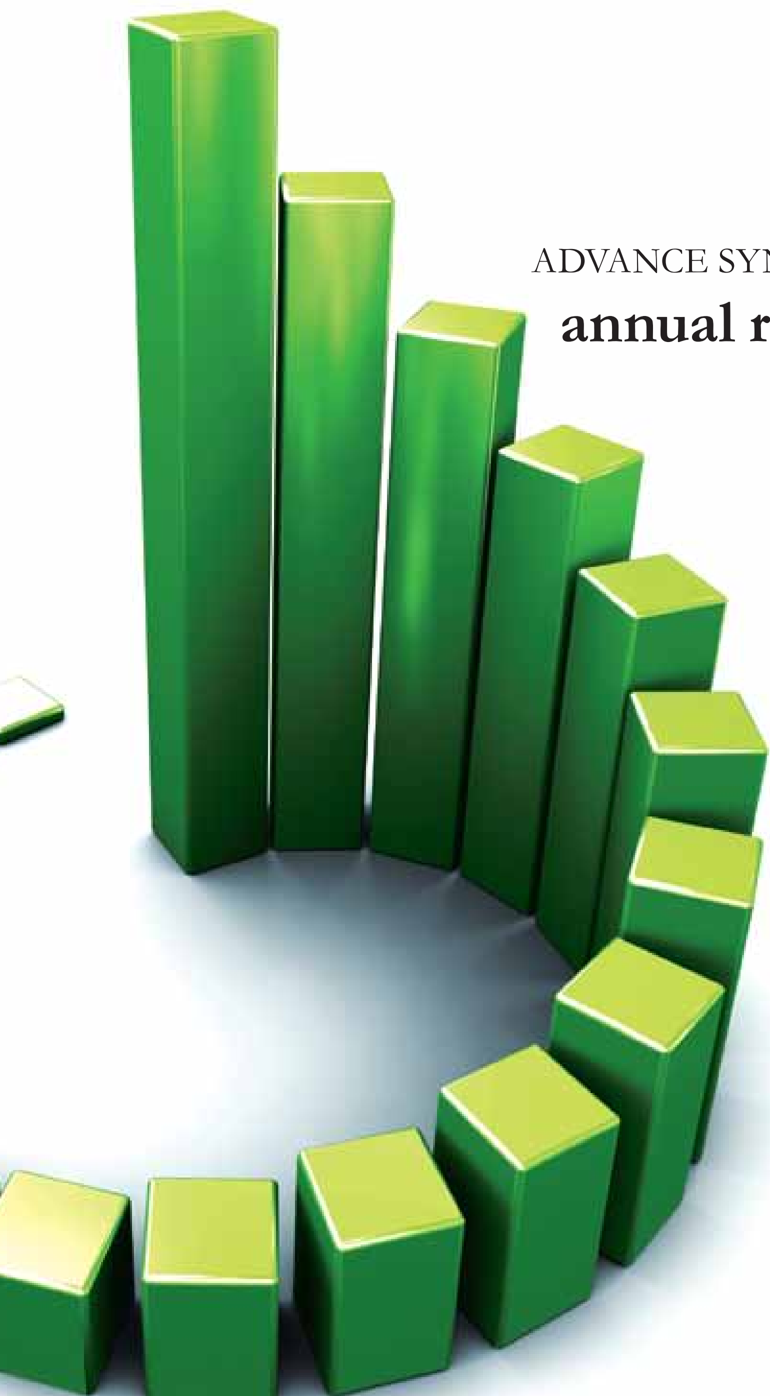
ADVANCE SYNERGY BERHAD

# annual report 2015



# Our Vision & Mission

## our vision

To be premier global corporation.

## our mission

To attain success as a socially responsible global corporation which excel in every undertaking.

## our strategy

We seek synergistic partnerships and alliances to achieve our mission.

## we ensure

- Entrepreneurship excellence in all our pursuits.
- Sustainable growth through identification and satisfaction of customers' needs.
- Productive partnerships with business associates, suppliers, employees and governments.
- Fairness in all business dealings with partners, customers and suppliers.

## our values

- **To Our Shareholders**

  We ensure a fair return so that our shareholders will value their investment.

- **To Our Customers**

  We value our customers by providing them with high quality products and services at competitive prices.

- **To Our Employees**

  We care for our people by creating a conducive work environment, nurturing them to their fullest potential and recognising their contribution.

- **To Our Community**

  We honour our social obligations and contribute to the economic and social wellbeing of every community in which we operate.

## logo rationale

This logo, circular in shape, comprises symbols which represent the fire, water, and earth elements in constant interaction. The interaction of these elements releases free flowing energy which produces the TREE, a symbol of all life on earth. Situated at the centre of the logo, the TREE represents the focus of the company goal which is the creation of wealth benefiting shareholders and society at large. The logo holistically, symbolises synergistic energy in motion.

ADVANCE SYNERGY BERHAD

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# Group Corporate Structure as at 28 March 2016

## Advance Synergy Berhad (1225-D)

### HOTELS & RESORTS

- 100% Alangka-Suka Hotels & Resorts Sdn Bhd
  - 100% Alor Setar Holiday Villa Sdn Bhd
  - 100% Antara Holiday Villas Sdn Bhd
  - 100% Asbina Hotel & Property Sdn Bhd
    - 100% Asbina Hotel & Property (Cambodia) Pte Ltd
  - 100% Cherating Holiday Villa Berhad
  - 100% Holiday Villa Assets Sdn Bhd
    - 48.7% Posthotel Arosa AG
  - 100% Holiday Villa Travel & Tours Sdn Bhd
  - 100% Langkawi Holiday Villa Sdn Bhd
    - 30% M OOD Perfumes Sdn Bhd
  - 100% Mayor Hotels Sdn Bhd
  - 100% Super Leisure Sdn Bhd
    - 49% Smile Integrated Solution Sdn Bhd
  - 100% Alangka-Suka International Limited
    - 100% Holiday Villa Makkah Limited
    - 100% Interwell Management Limited
    - 100% Larkswood Assets Limited
    - 94.81% P.T. Diwangkara Holiday Villa Bali
    - 90% Asbina Shenzhen Limited
  - 100% Grand Hotel Sudan Limited
  - 100% Holiday Villas International Limited
    - 100% Holiday Villa Middle East Limited
    - 100% Holiday Villa (UK) Ltd
    - 95% Holiday Villa China International Limited
      - 100% Changshu Holiday Villa Hotel Management Co. Ltd
    - 10% Grand Holiday Villa Khartoum Co. Ltd
  - 40% Holiday Villa Hotels & Resorts Sdn Bhd
  - 40% Holiday Villa Kuala Lumpur Sdn Bhd

### INFORMATION & COMMUNICATIONS TECHNOLOGY

- 100% Worldwide Matrix Sdn Bhd
  - 58.3% Captii Limited
    - 100% Captii Ventures Pte Ltd
      - 25% OOPA Pte Ltd
    - 100% Mobilization Sdn Bhd
    - 100% Unified Assets Sdn Bhd
    - 100% Unified Communications Pte Ltd
      - 100% Adzentrum Sdn Bhd
      - 100% Unified Communications (Private) Limited
      - 100% Unified Communications (VAS) Sdn Bhd
      - 50% Unified Telecom Private Limited
    - 100% Unified Communications Sdn Bhd
      - 100% Ahead Mobile Sdn Bhd
      - 100% Unified Communications (Tech) Pte Ltd
    - 100% Unified Communications (OHQ) Sdn Bhd
    - 100% Unified Communications (OSS) Sdn Bhd
      - 51% GlobeOSS Sdn Bhd
        - 100% GlobeOSS Pte Ltd

### INVESTMENT HOLDING

- 100% Advance Synergy Capital Sdn Bhd ("ASC")
  - 100% AESBI Power Systems Sdn Bhd
  - 100% ASC Credit Sdn Bhd
  - 100% ASC Equities Sdn Bhd
  - 100% Triton-K Sdn Bhd
  - 20% SIBB Berhad
- 100% Advance Synergy Properties Sdn Bhd
  - 100% Best Alpha Investments Limited
  - 100% Excellent Result Investments Limited
  - 100% Synergy Realty Incorporated
    - 100% Builderworks Pty Ltd
    - 40% Helenium Holdings Limited
- 100% Calmford Incorporated
  - 100% Advansa Sdn Bhd
  - 100% Home Cinema Studio Pty Ltd
- 100% Excellent Display Sdn Bhd ("EDSB")
- 100% Synergy Petroleum Incorporated

## TRAVEL & TOURS

- 100% Alam Samudera Corporation Sdn Bhd
  - 100% Synergy Tours (Borneo) Sdn Bhd
- 100% Diversified Gain Sdn Bhd
  - 100% Orient Escape Travel Sdn Bhd
    - 100% Motorsports Adventure Sdn Bhd
    - 100% OET Money Service Sdn Bhd
    - 100% Orient Escape Travel (Penang) Sdn Bhd
    - 100% Synergy Tours Sdn Bhd
      - 50% Synergy Holidays Company Limited
      - 49% PT Panorama Synergy Indonesia
    - 50% SH Tour Co. Ltd.

## PROPERTY DEVELOPMENT

- 100% Advance Synergy Realty Sdn Bhd
- 100% Sadong Development Sdn Bhd
  - 95% Hotel Golden Dragon Sdn Bhd
    - 100% Simpang Tiga Realty Sdn Bhd

## OTHER DIVISIONS

### WELLNESS

- 100% Dama TCM Sdn Bhd (Subsidiary of EDSB)
  - 50% Medical Palace Sdn Bhd

### EDUCATION

- 70% Segi Koleksi Sdn Bhd
  - 100% Metroprime Corporation Sdn Bhd

### COACH BUILDING

- 71% Quality Bus & Coach (M) Sdn Bhd (Subsidiary of ASC)
  - 100% Quality Bus & Coach Pty Ltd
    - 100% Autobus Australia Pty Ltd

### CARD & PAYMENT SERVICES

- 100% Synergy Cards Sdn Bhd (Subsidiary of ASC)
- 51% iSynergy Sdn Bhd *
  - 100% Cosmocourt.com (Malaysia) Sdn Bhd
  - 100% Datakey Sdn Bhd
  - 100% Rewardstreet.com (Malaysia) Sdn Bhd

### OTHERS

- 100% Advance Synergy Timber Sdn Bhd
- 100% Ausborn Sawmill Sdn Bhd
- 100% Bornion Sawmill Sdn Bhd
- 100% Excellent Arch Sdn Bhd
  - 100% Advance Synergy Furniture Sdn Bhd (In Liquidation)
- 100% Nagapura Management Corporation Sdn Bhd
  - 100% Xgo Technik Sdn Bhd
  - 81% Acrylic Synergy Sdn Bhd
  - 70% Syarikat Fit and Weld Engineering (M) Sdn Bhd (In Liquidation)
- 100% Strategic Research & Consultancy Sdn Bhd
  - 40% Kopistop Sdn Bhd
    - 100% Synfull Bites Sdn Bhd
- 100% Synergy Gold Incorporated

** 49% of the equity interest of the company is held by ASC.*

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the **Ninety-second ANNUAL GENERAL MEETING** ("92nd 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 Tuesday, 31 May 2016 at 10.00 a.m. for the following purposes:

| | | |
|---|---|---|
| 1. | To receive the audited financial statements for the financial year ended 31 December 2015 and the Directors' and Auditors' reports thereon. | **Please refer to Explanatory Note** |
| 2. | To declare a first and final single tier dividend of 0.25 sen per ordinary share of RM0.30 each in respect of the financial year ended 31 December 2015. | **Resolution 1** |
| 3. | To approve the increase in Directors' fees and the payment of Directors' fees for the financial year ended 31 December 2015. | **Resolution 2** |
| 4. | To re-elect the following Directors: | |
| | 4.1 Dato' Ahmad Sebi Bakar | **Resolution 3** |
| | 4.2 Ms Lee Su Nie | **Resolution 4** |
| 5. | To elect Mr Rali bin Mohd Nor as Director. | **Resolution 5** |
| 6. | To re-appoint Messrs Baker Tilly Monteiro Heng as auditors of the Company and to authorise the Directors to fix their remuneration. | **Resolution 6** |

**SPECIAL BUSINESS**

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

7. **Ordinary Resolution - Retention of Independent Non-Executive Director** — **Resolution 7**

"THAT authority be and is hereby given for Mr Yong Teck Ming who will be serving as an Independent Non-Executive Director of the Company for a cumulative term of nine (9) years on 9 July 2016 to continue to act as an Independent Non-Executive Director of the Company."

8. **Ordinary Resolution - Authority to allot and issue shares** **Resolution 8**

"THAT subject always to the Companies Act, 1965 ("the Act"), Articles of Association of the Company and/or approvals of the relevant authorities, the Directors be and are hereby authorised and empowered pursuant to Section 132D of the Act to allot and issue new shares in the Company, from time to time and upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued and paid-up share capital 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 so issued on Bursa Malaysia Securities Berhad AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

9. 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 92nd AGM, a first and final single tier dividend of 0.25 sen per ordinary share of RM0.30 each in respect of the financial year ended 31 December 2015 will be paid on 23 August 2016 to the shareholders whose names appear in the Record of Depositors on 28 July 2016.

A depositor shall qualify for entitlement only in respect of:

a. Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 28 July 2016 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
29 April 2016

**Notes:**

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 May 2016 (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.

**EXPLANATORY NOTES ON ORDINARY BUSINESS**

**Agenda 1 - Audited Financial Statements for financial year ended 31 December 2015**

The audited financial statements for the financial year ended 31 December 2015 are for discussion only under Agenda 1, as it does not require shareholders' approval under the provisions of Section 169(1) and (3) of the Act. Hence, it will not be put for voting.

**Resolution 2 - Directors' Fees**

The proposed Resolution 2, if passed, will authorise the payment of Directors' fees for the financial year ended 31 December 2015 amounting to RM315,000 (2014: RM278,000).

**Resolutions 3 and 4 - Re-election of Directors**

Details of the Directors standing for re-election under proposed Resolutions 3 and 4 are stated in Directors' profile on pages 9 to 10 of this Annual Report. Their securities holdings in the Company are stated on page 213 of this Annual Report.

## EXPLANATORY NOTES ON SPECIAL BUSINESS

**Resolution 7 - Retention of Independent Non-Executive Director**

The Nomination Committee had assessed the independence of Mr Yong Teck Ming who will be serving on the Board as an Independent Non-Executive Director of the Company for a cumulative term of nine (9) years on 9 July 2016 and arising therefrom, the Board 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. There is no reason to believe that he would not continue to act independently and to contribute to the Company based on the following justifications:

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, New Zealand and a member of the Institute of Chartered Secretaries and Administrators, United Kingdom. He has vast experience in accounting, finance 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 almost 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 8 - Authority to allot and issue shares**

The Company had, at the Ninety-first Annual General Meeting held on 23 June 2015, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Act. The Company did not issue any new shares pursuant to this mandate obtained as at the date of this notice. The Ordinary Resolution pursuant to Section 132D of the Act is a renewal of the general mandate for issuance of shares by the Company. This resolution, if passed, will empower the Directors, from the date of the 92nd AGM until the next Annual General Meeting ("AGM") to allot and issue new shares of the Company up to an amount not exceeding in total 10% of the issued and paid-up share capital of the Company for the time being and for such purposes as the Directors consider would be in the best interests of the Company. This would avoid any delay and cost involved in convening a general meeting to specifically approve the aforesaid. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares 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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

**Details of individual who is standing for election as Director**

Details of the Director standing for election under the proposed Resolution 5 are as stated in the Directors' Profile on page 15 of this Annual Report. He does not hold any securities in the Company and its subsidiaries. Assessment on his independence has been conducted upon his appointment.

# Board of Directors & Corporate Information

| | | |
|---|---|---|
| **BOARD OF DIRECTORS** | : Dato' Ahmad Sebi Bakar | *(Group Executive Chairman)* |
| | Lee Su Nie | *(Group Managing Director)* |
| | Puan Sri Datin Masri Khaw binti Abdullah | *(Non-Independent Non-Executive Director)* |
| | Aryati Sasya Dato' Ahmad Sebi | *(Non-Independent Non-Executive Director)* |
| | Yong Teck Ming | *(Independent Non-Executive Director)* |
| | Dato' Ahmad Ghiti bin Mohd Daud | *(Independent Non-Executive Director)* |
| | Rali bin Mohd Nor | *(Independent Non-Executive Director)* |

**SECRETARY** : Ho Tsae Feng

**AUDITORS** : Baker Tilly Monteiro Heng
Chartered Accountants
Baker Tilly MH Tower, Level 10, Tower 1, Avenue 5
Bangsar South City, 59200 Kuala Lumpur
Tel : 03-2297 1000
Fax : 03-2282 9980

**REGISTRAR** : Sectrars Management Sdn Bhd
Lot 9-7 Menara Sentral Vista
No. 150 Jalan Sultan Abdul Samad
Brickfields, 50470 Kuala Lumpur
Tel : 03-2276 6138 / 6139 / 6130
Fax : 03-2276 6131

**REGISTERED OFFICE** : Level 3, East Wing, Wisma Synergy
No. 72, Pesiaran Jubli Perak, Seksyen 22
40000 Shah Alam, Selangor Darul Ehsan
Tel : 03-5192 8822
Fax : 03-5192 8811

**PRINCIPAL BANKERS** : Affin Bank Berhad
CIMB Bank Berhad

**STOCK EXCHANGE LISTING** : Main Market of Bursa Malaysia Securities Berhad

**WEBSITE** : www.asb.com.my

# Directors

**Dato' Ahmad Sebi Bakar**
*Group Executive Chairman*

Dato' Ahmad Sebi Bakar, 68, a Malaysian, is a Non-Independent Director and the Group Executive 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.

Dato' Ahmad Sebi Bakar holds a Bachelor of Arts (Hons) degree 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.

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.

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 Bakar does not have any family relationship with any director and/or major shareholder of Advance Synergy Berhad, except for his daughter, Ms Aryati Sasya Dato' Ahmad Sebi who was appointed as a Non-Independent Non-Executive Director of Advance Synergy Berhad on 7 March 2013, nor has he any conflict of interest with Advance Synergy Berhad. Dato' Ahmad Sebi Bakar is a substantial shareholder of Advance Synergy Berhad.

Suasana Dinamik Sdn Bhd where Dato' Ahmad Sebi Bakar is a substantial shareholder and director, is also a substantial shareholder of Advance Synergy Berhad. His son is also a director of Suasana Dinamik Sdn Bhd. Dato' Ahmad Sebi Bakar has had no convictions for any offences within the past 10 years.

**Lee Su Nie**
*Group Managing Director*

Ms Lee Su Nie, 55, a Malaysian, 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.

Ms Lee 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 of Corporate Planning and 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 various subsidiaries and associated 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 had no convictions for any offences within the past 10 years.

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

Puan Sri Datin Masri Khaw binti Abdullah, 63, a Malaysian, 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 Khaw binti Abdullah 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 and 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 Khaw binti Abdullah 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 initiated the Holiday Villa chain in 1987 with the opening of 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 of Advance Synergy Berhad, including Cherating Holiday Villa Berhad, which is a non-listed public company.

Puan Sri Datin Masri Khaw binti Abdullah 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 had no convictions for any offences within the past 10 years.

## Aryati Sasya Dato' Ahmad Sebi

*Non-Independent Non-Executive Director*

Ms Aryati Sasya Dato' Ahmad Sebi, 41, a Malaysian, is a Non-Independent Non-Executive Director of Advance Synergy Berhad. She was appointed to the Board on 7 March 2013.

Ms Aryati Sasya Dato' Ahmad Sebi holds a Bachelor of Commerce degree 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 nine years' experience in corporate management and finance in various companies ranging from hospitality, mining to manufacturing. She also sits on the board of various Malaysian companies and Australian incorporated companies.

Ms Aryati Sasya Dato' Ahmad Sebi is the Chief Executive Officer for DAMA TCM Sdn Bhd, a subsidiary of Advance Synergy Berhad, as well as 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 Bakar, is the Group Executive Chairman and substantial shareholder of Advance Synergy Berhad. She has had no convictions for any offences within the past 10 years.

## Yong Teck Ming

*Independent Non-Executive Director*

Mr Yong Teck Ming, 62, a Malaysian, 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.

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

Mr Yong 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 10 years.

## Dato' Ahmad Ghiti bin Mohd Daud

*Independent Non-Executive Director*

Dato' Ahmad Ghiti bin Mohd Daud, 66, a Malaysian, is an Independent Non-Executive Director of Advance Synergy Berhad. He was appointed to the Board on 7 March 2013.

Dato' Ahmad Ghiti bin Mohd Daud holds a Bachelor of Arts, Honours from University of Malaya and Diploma in Casualty Insurance from the Insurance School of Japan and was awarded the degree of Doctor of Philosophy in Management (PhD).

Dato' Ahmad Ghiti bin Mohd Daud started his insurance career with an insurance company in 1974 and in 1979, he moved to an insurance broking company and became the General Manager and Director from 1982 to 1986. From 1987 to 1992, he was the Chief Executive Officer/Principal Officer of UMBC Insurans, and thereafter, served as Chairman of Talasco Insurance from 1993 to 1994. From 1996 to 2005, he was the Managing Director and Chief Executive Officer of Inchcape Insurance Brokers / Transnational Insurance Brokers and subsequently moved to AAO Global Insurance Brokers to assume the position of Regional Director until April 2013. Presently, he is the Business Development Director of MIT Insurance Brokers Sdn Bhd.

Dato' Ahmad Ghiti bin Mohd Daud has been conferred the Darjah Setia Pangkuan Negeri (D.S.P.N.) by Tuan Yang Terutama (T.Y.T.) Tun Dato' Seri Utama Haji Abdul Rahman bin Haji Abbas, the Yang di-Pertua Negeri Pulau Pinang on 28 August 2013.

Through the years, Dato' Ahmad Ghiti bin Mohd Daud contributed immensely towards the insurance industry and was responsible for developing and spearheading the Oil and Gas business and Owner-Controlled Insurance Programme for major construction risks in Malaysia.

He was the Chairman of the Insurance Brokers Association of Malaysia (IBAM now MITBA) for two (2) terms. He represented IBAM on the Board of Directors of the Malaysian Insurance Institute (MII) from 2001 to 2005 and as a member of MII's Audit Committee. In 2002, he was appointed to the Board of Advance Synergy Capital Berhad and subsequently resigned from the Board in 2010. In 2004, he was elected as Chairman of The Council of International Insurance Brokers Association for the 2004/2005 term.

Dato' Ahmad Ghiti bin Mohd Daud is the Chairman of the Nomination Committee and Remuneration Committee of Advance Synergy Berhad. He is also a member of the Audit Committee and Risk Management 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 had no convictions for any offences within the past 10 years.

## Rali bin Mohd Nor

*Independent Non-Executive Director*

Mr Rali bin Mohd Nor, 62, a Malaysian, is an Independent Non-Executive Director of Advance Synergy Berhad. He was appointed to the Board on 10 March 2016.

Mr Rali bin Mohd Nor holds a Master of Business Administration (Majoring in Finance) from Brunel University, West London, England, United Kingdom, Advance Post Graduate Diploma in Management Consultancy from Henley Business School, University of Reading, England, 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 ("PPCSB"), a subsidiary of PROTON Holdings Berhad ("PROTON") since 2003 until his retirement in February 2015. Prior to that, he was the Chief Finance Officer of PPCSB 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 ("Dunlop") 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.

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 Singapore Institute of Management, Singapore, the Malaysian Institute of Management, Malaysia and the Harvard Business School Alumni Club of Malaysia.

Mr Rali bin Mohd Nor is a member of the Audit Committee, 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 had no convictions for any offences within the past 10 years.

# Management Information

## CORPORATE OFFICE

**Dato' Ahmad Sebi Bakar**
*Group Executive Chairman*

**Lee Su Nie**
*Group Managing Director*

**Sng Ngiap Koon**
*Chief Operating Officer*
*Asset Development*

**Wong Joon Hian**
*Chief Operating Officer*
*Financial Services*

**Anton Syazi Dato' Ahmad Sebi**
*General Manager*
*Corporate Development*

**Yap Chee Kong**
*General Manager*
*Corporate Services*

**Daniel Tan Wooi Hoo**
*Senior Finance Manager*

**Ho Tsae Feng**
*Group Secretarial Manager*

## ADVANCE SYNERGY BERHAD GROUP

### HEADS OF KEY GROUP DIVISIONS

### HOTELS & RESORTS

**ALANGKA-SUKA HOTELS & RESORTS SDN BHD**

Tan Sri Dato' Azman Shah Haron
*Chairman*

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

### INFORMATION & COMMUNICATIONS TECHNOLOGY

**CAPTII LIMITED**

Wong Tze Leng
*Group Executive Chairman*

Anton Syazi Dato' Ahmad Sebi
*Group Chief Executive Officer*

### INVESTMENT HOLDING

**ADVANCE SYNERGY CAPITAL SDN BHD**

Wong Joon Hian
*Managing Director*

### PROPERTY DEVELOPMENT

**ADVANCE SYNERGY REALTY SDN BHD**

Sng Ngiap Koon
*Executive Director / Chief Operating Officer*

### COACH BUILDING

**QUALITY BUS & COACH (M) SDN BHD**

Frank Michael Turrisi
*Chief Executive Officer*

### TRAVEL & TOURS

**ORIENT ESCAPE TRAVEL SDN BHD**

Cheah Ping Huey
*Executive Director*

**SYNERGY TOURS SDN BHD**

Cheah Ping Huey
*Chief Executive Officer*

### CARD & PAYMENT SERVICES

**SYNERGY CARDS SDN BHD**

Wong Joon Hian
*Managing Director & Chief Executive Officer*

### WELLNESS

**DAMA TCM SDN BHD**

Aryati Sasya Dato' Ahmad Sebi
*Chief Executive Officer*

### EDUCATION

**METROPRIME CORPORATION SDN BHD (THE LANGUAGE HOUSE)**

Cheah Ping Huey
*Chief Executive Officer*

# Statement on Corporate Governance

The Board of Directors ("Board" or "Directors") fully subscribes to the recommendations of the Malaysian Code on Corporate Governance 2012 ("the Code") and is committed in ensuring that the Company and its subsidiaries ("the Group") practise the highest standard of corporate governance as a fundamental part of discharging its responsibilities to protect and enhance long-term shareholder value and the financial performance of the Group.

This statement describes the manner in which the Group has applied the Code's Principles and the extent of compliance with the recommendations advocated therein.

**1. Establish clear roles and responsibilities**

**1.1 Clear functions of the Board and Management**

The Board's role is to lead, control and provide stewardship of the Group's business and affairs on behalf of shareholders. The matters reserved for the collective decision of the Board are listed in Schedule 6 of the Board Charter which is available on the corporate website – www.asb.com.my.

Beyond the matters reserved for the Board's decision, the Board delegates specific powers to the Board Committees, Group Executive Chairman and Group Managing Director to implement the Board's decision and policies. Day-to-day management of subsidiaries is headed by their respective Chief Executive Officers.

**1.2 Clear roles and responsibilities**

The respective roles and responsibilities of the Board, Board Committees and Management have been clearly defined in the Board Charter. The Board has discharged its responsibilities in the best interests of the Company in pursuit of an integrated regulatory and commercial objective. The following are among the key responsibilities of the Board:

- Approving the Group's strategic plans, key operational initiatives, major investments and divestments and funding requirements;

- Approving the annual budget, reviewing the performance of the business and approving the release of the quarterly and year end results announcement of the Group to shareholders;

- Identifying principal risks and ensuring the implementation of appropriate systems to manage them;

- Overseeing the conduct of the Group's business;

## 1. Establish clear roles and responsibilities (continued)

### 1.2 Clear roles and responsibilities (continued)

- Overseeing the processes of risk management, financial reporting and compliance;
- Providing guidance in the overall management of the business and affairs of the Group; and
- Reviewing the adequacy and integrity of management information and internal control system of the Group.

In addition, there is a schedule of matters reserved specifically for the Board's decision which include the annual budget and business plans, recommendation of dividends, financial results, changes in board composition, major acquisition or disposal of assets or investments and corporate issues.

The Board has established four (4) committees: an Audit Committee, a Nomination Committee, a Remuneration Committee and a Risk Management Committee which are entrusted with specific responsibilities, with authority to act on behalf of the Board pursuant to their respective Terms of Reference ("TOR"). At each Board meeting, the minutes of previous Board Committee meetings are presented to the Board. The Chairman of the relevant Board Committees also report to the Board on key issues deliberated and recommendations of the respective Committee meetings. The ultimate responsibility for decisions on all matters, however, lies with the Board.

The management carries out and executes the day-to-day business and operational matters to ensure the achievement of the business plan adopted by the Board and such other corporate objectives as may be delegated by the Board to the management.

### 1.3 Formalised ethical standards through Code of Conduct

The Company's Code of Conduct for Directors and employees continue to govern the standards of ethics and good conduct expected of Directors and employees. A summary of the Code of Conduct is available on the corporate website. The Company has yet to establish a whistleblower policy as such policy may not be necessary at the moment, after taking into consideration the current internal controls, work culture and the "open-door" concept adopted by the Company.

### 1.4 Strategies promoting sustainability

The Board promotes strategies which can deliver sustainable development in environmental, social and governance aspects of the Group's business.

## 1. Establish clear roles and responsibilities (continued)

### 1.5 Board meetings and access to information and advice

During the financial year ended 31 December 2015, four (4) 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. All proceedings from the Board meetings are minuted and signed by the Chairman of the meeting.

Details of attendance of each Director at Board Meetings held during the financial year are as follows:

| Name of Directors | No. of Meetings Attended |
|---|---|
| Dato' Ahmad Sebi Bakar | 4 / 4 |
| Lee Su Nie | 4 / 4 |
| Puan Sri Datin Masri Khaw binti Abdullah | 4 / 4 |
| Aryati Sasya Dato' Ahmad Sebi | 4 / 4 |
| Yong Teck Ming | 4 / 4 |
| Dato' Ahmad Ghiti bin Mohd Daud | 4 / 4 |
| Ir. Al'Azmy bin Ahmad | 4 / 4 |

Subsequent to effecting the resignation of Ir. Al'Azmy bin Ahmad on 24 February 2016, Mr Rali bin Mohd Nor was appointed in place thereof on 10 March 2016.

Each Director has unrestricted access to senior management, all information within the Company and is entitled to the advice and services of the Company Secretary whose appointment and removal is reviewed and approved by the Board. The Directors whether as full Board or in their individual capacity, may in furtherance of their duties, seek independent professional advice at the Company's expense, if required.

Prior to Board meetings, the Agenda for each meeting together with reports and papers containing information relevant to the business of the meetings (including information on major financial, operational and corporate matters as well as activities and performance of the Group and minutes of Committees of the Board and Board meetings) are circulated to the Board members to provide time for the Board members to read and deliberate the issues. During Board meetings, management provides further details on each issue raised for discussion or as supplementary information.

## 1. Establish clear roles and responsibilities (continued)

### 1.6 Qualified and competent Company Secretary

The existing qualified Company Secretary, who is a member of The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA), has been appointed by the Board since 2003 to play a supportive role to the Board and facilitate overall compliance with the relevant regulatory requirements, codes or guidance and legislations. In performing this duty, the Company Secretary carries out, among others, the following tasks:

- Attending Board and Board Committee meetings and ensuring that these meetings are properly convened and proceedings are properly recorded;

- Ensuring that all appointments to the Board and Committees are properly made;

- Maintaining records for the purposes of meeting statutory obligations;

- Facilitating the provision of information as may be requested by the Directors from time to time; and

- Supporting the Board in ensuring adherence to Board policies and procedures from time to time.

### 1.7 Board Charter

The Company has in place a Board Charter that sets out, among others, the responsibilities, authorities, procedures, processes and structures of the Board and Board Committees, as well as the relationship between the Board with its management and shareholders. More information on the Board Charter can be found on the Company's website at www.asb.com.my within a dedicated Corporate Governance section.

The Board Charter will be reviewed periodically to keep it up to date with changes in regulations and best practices and ensure its effectiveness and relevance to the Board's objectives. The Board Charter was last reviewed by the Board on 25 November 2015.

## 2. Strengthen composition

### 2.1 Nomination Committee

The Nomination Committee consists of three (3) Non-Executive Directors. Members of the Nomination Committee during the financial year ended 31 December 2015 are:

- Dato' Ahmad Ghiti bin Mohd Daud *(Chairman, Independent Non-Executive Director)*
- Puan Sri Datin Masri Khaw binti Abdullah *(Member, Non-Independent Non-Executive Director)*
- Ir. Al'Azmy bin Ahmad *(Member, Independent Non-Executive Director)*
  *(resigned on 24 February 2016)*

## 2. Strengthen composition (continued)

### 2.1 Nomination Committee (continued)

Effective 10 March 2016, the composition of the Nomination Committee is as follows:

- Dato' Ahmad Ghiti bin Mohd Daud *(Chairman, Independent Non-Executive Director)*
- Puan Sri Datin Masri Khaw binti Abdullah *(Member, Non-Independent Non-Executive Director)*
- Rali bin Mohd Nor *(Member, Independent Non-Executive Director)*

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.

The duties and functions of the Nomination Committee include the following:

(a) Recommend to the Board, candidates for directorships. In making its recommendations, the Committee should consider the candidates':

- skills, knowledge, expertise and experience;
- professionalism;
- integrity; and
- in the case of candidates for the position of independent non-executive directors, the Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive directors.

The Committee shall consider, in making its recommendations, candidates for directorships proposed by the Executive Directors and, within the bounds of practicability, by any other senior executive or any director or shareholder;

(b) Recommend to the Board, directors to fill the seats on Board committees;

(c) Review annually the Board's required mix of skills and experience and other qualities, including core competencies which non-executive directors should bring to the Board;

(d) Assess annually (i) the effectiveness of the Board as a whole; (ii) the committees of the Board; and (iii) the contribution of each individual director, including independent non-executive directors, as well as the chief executive officer. The assessment process shall be pre-determined by the Board. All assessments and evaluations carried out by the Committee in the discharge of all its functions should be properly documented;

(e) Recommend suitable orientation/induction, educational and training programmes to continuously train and equip the existing and new directors;

## 2. Strengthen composition (continued)

### 2.1 Nomination Committee (continued)

The duties and functions of the Nomination Committee include the following (continued):

(f) Develop a succession planning policy and ensure that the policy is kept under review;

(g) Examine particular issues and make the appropriate recommendations to the Board;

(h) Assist the Board to assess the independence of all the independent directors annually;

(i) Review the structure, size and composition of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary;

(j) Produce a report/statement for inclusion in the Company's annual report about its activities in the discharge of its duties for the financial year; and

(k) Perform such other functions assigned by the law/authorities, the Company's bye-laws or the Board.

Recommendation 2.1 of the Code proposed that a Senior Independent Director should chair the Nomination Committee. The Chairman of our Nomination Committee is not a Senior Independent Director. The Board is of the view that it is not necessary to nominate an individual director to assume the role of a Senior Independent Director to whom concerns regarding the Company may be conveyed, as all our Independent Directors are accessible and they bring independent judgement to bear on issue of strategy, performance and standard of conduct. 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.

During the financial year ended 31 December 2015, the Nomination Committee has met twice and carried out activities in accordance with its terms of reference which include among others, the following:

(a) recommended to the Board on the re-election of directors who retire by rotation at the forthcoming Annual General Meeting ("AGM") of the Company in accordance with the Company's Articles of Association;

(b) reviewed the Board's size and composition having regard to the independence of all the independent directors, diversity (including gender diversity), required mix of skills and experience and other qualities, including core competencies, integrity and time commitment which the directors should bring to the Board in meeting the current and future needs of the Company;

## 2. Strengthen composition (continued)

### 2.1 Nomination Committee (continued)

During the financial year ended 31 December 2015, the Nomination Committee has met twice and carried out activities in accordance with its terms of reference which include among others, the following (continued):

(c) assessed (i) the effectiveness of the Board as a whole; (ii) the committees of the Board; and (iii) the contribution of each individual director;

(d) reviewed the training undertaken by Directors and recommended the Directors to attend programs/courses/seminars continuously in meeting the training needs of each director to keep abreast with the current developments in laws, regulations and business practices in order to aid them in discharging their duties; and

(e) reviewed the terms of reference of the Committee.

### 2.2 Develop, maintain and review criteria for recruitment and annual assessment of Directors

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. In making these recommendations, due consideration is given to the required mix of skills, knowledge, expertise and experience, professionalism, integrity, competencies, time commitment and other qualities (including diversity in gender, age and ethnicity) that the proposed directors should bring to the Board and to the respective Board Committees. The final decision as to who shall be appointed is the responsibility of the full Board after considering the Nomination Committee's recommendations.

The Board, based on Nomination Committee's recommendation, evaluates and decides on the appointment of the proposed candidate(s) to replace any director who resign or retire from the Board and its Committee(s) or to be appointed as additional director(s).

The Board recognises diversity in the boardroom as 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. The Board has included gender diversity as one of the main criteria for appointment of new directors to promote the representation of women in the composition of the Board. Presently, there are three (3) women Directors on the Board representing over 40% of the total number of Directors of the Company.

2. **Strengthen composition (continued)**

**2.2 Develop, maintain and review criteria for recruitment and annual assessment of Directors (continued)**

In February 2016, the Nomination Committee met to consider the appointment of Mr Rali bin Mohd Nor as an Independent Non-Executive Director to enhance the roles and responsibilities of the Board, contribute to the growth of the Group and fill the vacancy in the Board, Audit Committee, Nomination Committee and Remuneration Committee left by Ir. Al'Azmy bin Ahmad who resigned on 24 February 2016 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, appointed Mr Rali bin Mohd Nor as Independent Non-Executive Director and member of Audit Committee, Nomination Committee and Remuneration Committee on 10 March 2016.

The Nomination Committee will also 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 accordance with the Company's Articles of Association, one-third (1/3) of the Directors retire from office at each AGM but shall be eligible for re-election. Directors who are appointed by the Board during each financial year are subject to election by shareholders at the next AGM following their appointments. The election of Director is voted separately. The Articles of Association of the Company provide that all Directors shall submit themselves for re-election at least once every three (3) years.

**2.3 Remuneration policies**

**(a) Remuneration policy and procedure**

The remuneration for all 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 reviews and recommends to the Board, the Company's remuneration framework as well as remuneration packages for Executive Directors to ensure that they are appropriately rewarded for their contribution to the Group. The Board as a whole determines the remuneration of Non-Executive Directors with individual director abstaining from deliberations in respect of their remuneration. The remuneration packages will be reviewed annually by the Remuneration Committee after taking into consideration various factors including fiduciary duties of the Directors, time commitment, performance of the Company and market conditions.

## 2. Strengthen composition (continued)

### 2.3 Remuneration policies (continued)

#### (b) Remuneration Committee

The members of the Remuneration Committee during the financial year ended 31 December 2015 are as follows:

| | |
|---|---|
| • Dato' Ahmad Ghiti bin Mohd Daud | *(Chairman, Independent Non-Executive Director)* |
| • Puan Sri Datin Masri Khaw binti Abdullah | *(Member, Non-Independent Non-Executive Director)* |
| • Ir. Al'Azmy bin Ahmad *(resigned on 24 February 2016)* | *(Member, Independent Non-Executive Director)* |

Effective 10 March 2016, the composition of the Remuneration Committee is as follows:

| | |
|---|---|
| • Dato' Ahmad Ghiti bin Mohd Daud | *(Chairman, Independent Non-Executive Director)* |
| • Puan Sri Datin Masri Khaw binti Abdullah | *(Member, Non-Independent Non-Executive Director)* |
| • Rali bin Mohd Nor | *(Member, Independent Non-Executive Director)* |

The duties and functions of the Remuneration Committee include the following:

(a) Determining and recommending to the Board, the general remuneration policy for directors and key executives;

(b) Ensure the directors and key executives are fairly remunerated or rewarded for their contributions or individual level of responsibilities;

(c) Communicate with shareholders on executive remuneration; and

(d) Perform such other functions assigned by the law/authorities, the Company's bye-laws or the Board.

The terms of reference of the Remuneration Committee is reviewed by the Remuneration Committee annually and the latest version was uploaded onto the Company's website.

The Remuneration Committee shall meet at least once a year and additional meetings can be scheduled if the Chairman of the Remuneration Committee considers necessary.

2. **Strengthen composition (continued)**

**2.3 Remuneration policies (continued)**

**(b) Remuneration Committee (continued)**

During the financial year ended 31 December 2015, two (2) meetings were held and attended by all members of the Remuneration Committee. During these meetings, the Remuneration Committee reviewed the annual fixed fee structure which was adopted in 2002 and resolved to recommend to the Board for approval the new annual fixed fee structure for financial year ended 31 December 2015 onwards after taking into consideration the increasing responsibilities and time commitment expected from the Directors. The Directors' fees for financial year ended 31 December 2015 is proposed to increase to RM315,000 per annum from RM278,000 for the financial year ended 31 December 2014. This increase is subject to shareholders' approval at the forthcoming 92nd AGM.

**(c) Remuneration package**

Details of the aggregate remuneration for the Directors of the Company (including remuneration earned as Executive Directors of subsidiaries) for the financial year ended 31 December 2015 are as follows:

(a) Aggregate remuneration of Directors categorised into appropriate components:

| Category of Director | Fees RM'000 | Salaries & Bonus RM'000 | Benefits-in-kind RM'000 | Total RM'000 |
|---|---|---|---|---|
| Executive | 198 | 1,072 | 23 | 1,293 |
| Non-Executive | 416 | 577 | - | 993 |

(b) Range of aggregate remuneration:

| Range of remuneration (RM) | Number of Directors | |
|---|---|---|
| | Executive | Non-Executive |
| Below 50,000 | - | 4 |
| 450,001 - 500,000 | 1 | - |
| 800,001 - 850,000 | 1 | 1 |

## 3. Reinforce Independence

### 3.1 Annual Assessment of Independence

In line with Recommendation 3.1 of the Code, the Board, through the Nomination Committee, shall assess the independence of its independent directors annually in accordance with the criteria as prescribed by the Main Market Listing Requirements ("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 2015, the Board, through the Nomination Committee, has conducted such assessment on all the independent directors and the Board is satisfied with the level of independence demonstrated by all the independent directors.

### 3.2 Tenure of Independent Directors

As recommended by the Code, 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.

Notwithstanding the above, the Board holds the view that a Director's independence cannot be determined arbitrarily with reference to a set period of time. The Group benefits from long serving Directors, who possess detailed knowledge of the Group's business and have proven commitment, experience and competence to effectively advise and oversee management. The Board is also of the view that the fiduciary duties of Directors as promulgated in the Act are paramount for all Directors, irrespective of their status and therefore, tenure is not the main assessment criteria for independence of directors.

### 3.3 Shareholders' approval for the re-appointment of Non-Executive Director

The Nomination Committee is tasked to assess and assist the Board in recommending and providing justification for shareholders' consideration and approval in the event an Independent Director is to remain independent after serving a cumulative term of nine (9) years.

The Board through the Nomination Committee assesses the independence of the Independent Non-Executive Directors. Each Independent Non-Executive Director has confirmed his independence to the Nomination Committee.

Based on the above assessment in 2015, the Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interest of the Company during deliberation at meetings of the Board and Committees.

## 3. Reinforce Independence (continued)

### 3.3 Shareholders' approval for the re-appointment of Non-Executive Director (continued)

The Nomination Committee had assessed the independence of Mr Yong Teck Ming, who will be serving on the Board as an Independent Non-Executive Director of the Company for a cumulative term of nine (9) years on 9 July 2016 and arising therefrom, the Board 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. There is no reason to believe that he would not continue to act independently and to contribute to the Company based on the following justifications:

(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 Institute of Chartered Accountants, 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 almost 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;

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

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

(g) 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

(h) 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.

In view of the above, based on the recommendation of the Nomination Committee, the Board supports the resolution for the retention of Mr Yong Teck Ming as Independent Non-Executive Director of the Company, which will be tabled for shareholders' approval at the forthcoming 92nd AGM of the Company.

## 3. Reinforce Independence (continued)

### 3.4 Separation of positions of the Group Executive Chairman and Group Managing Director

The Group Executive Chairman provides leadership to the Board and the Group and ensures that the Board functions effectively, and is entrusted with the task of implementing the policies and strategies adopted by the Board. The Group Managing Director leads the management of the Company, and oversees and monitors the business and operations of the Group. A clear division of responsibility between the Group Executive Chairman and Group Managing Director exists and there is a balance of power and authority and their respective roles and responsibilities are set out in the Board Charter.

### 3.5 Composition of the Board

The Board currently consists of a Group Executive Chairman, a Group Managing Director and five (5) Non-Executive Directors, three (3) of whom are independent. 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 9 to 15 of this Annual Report.

The presence of three (3) Independent Non-Executive Directors making up more than one-third (⅓) of the total number of Directors fulfils 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 these 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. The Board noted the recommendation of the Code which states that the Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director. The Chairman of the Board, Dato' Ahmad Sebi Bakar, is not an Independent Director. Dato' Ahmad Sebi Bakar, the Group Executive Chairman, is also a major shareholder. By virtue of his significant interest in the Company, the Board believes that the Group Executive 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.

## 4. Foster Commitment

### 4.1 Time commitment

The Group 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. The Board is of the opinion that the provision of the Act and Listing Requirements of Bursa Securities are sufficient to ensure adequate commitment given by the Directors to perform their duties. Each Director, moreover, is able to discern an appropriate amount of time to commit to the Company without it being formally regulated.

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 2015 as set out below:

| Name of Directors | Board | Audit Committee | Nomination Committee | Remuneration Committee | Risk Management Committee |
|---|---|---|---|---|---|
| Dato' Ahmad Sebi Bakar | 4 / 4 | - | - | - | - |
| Lee Su Nie | 4 / 4 | - | - | - | - |
| Puan Sri Datin Masri Khaw binti Abdullah | 4 / 4 | - | 2 / 2 | 2 / 2 | - |
| Aryati Sasya Dato' Ahmad Sebi | 4 / 4 | * 4 / 5 | - | - | 3 / 4 |
| Yong Teck Ming | 4 / 4 | 5 / 5 | - | - | 4 / 4 |
| Dato' Ahmad Ghiti bin Mohd Daud | 4 / 4 | 5 / 5 | 2 / 2 | 2 / 2 | 4 / 4 |
| Ir. Al'Azmy bin Ahmad *(resigned on 24 February 2016)* | 4 / 4 | 5 / 5 | 2 / 2 | 2 / 2 | * 4 / 4 |

** Attended the meetings by invitation.*

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. Further, the Directors are constantly updated with the closed periods for dealings in securities by Directors based on the targeted dates of announcements of the Group's quarterly results and annual financial results.

## 4. Foster Commitment (continued)

### 4.2 Training

All Directors have attended the Mandatory Accreditation Programme as required under the Listing Requirements of Bursa Securities. The Board acknowledges the importance of continuous education and training to broaden their perspectives, skills, knowledge and to keep abreast of the relevant changes in law, regulations and the business environment. Accordingly, the Board evaluates and determines 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.

During the financial year ended 31 December 2015, the Nomination Committee has 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 and business practices to aid them in discharging their duties:

- In-house training: Art of War & the 9 Variation Strategies
  *(attended by Dato' Ahmad Sebi Bakar, Ms Lee Su Nie, Ms Aryati Sasya Dato' Ahmad Sebi, Dato' Ahmad Ghiti bin Mohd Daud and Ir. Al'Azmy bin Ahmad)*

- Corporate Governance: Balancing Rules & Practices
  *(attended by Ms Lee Su Nie)*

- Advocacy Session on Management Discussion & Analysis for Chief Executive Officers & Chief Financial Officers
  *(attended by Ms Lee Su Nie)*

- Corporate Governance Breakfast Series with Directors: "The Board's Response in Light of Rising Shareholder Engagements"
  *(attended by Puan Sri Datin Masri Khaw binti Abdullah, Mr Yong Teck Ming and Dato' Ahmad Ghiti bin Mohd Daud)*

- Workshop for Audit Committees on Risk Management and Internal Control: An Integrated Assurance on Risk Management and Internal Control – Is Our Line of defense Adequate and Effective? – Post Workshop Discussion
  *(attended by Mr Yong Teck Ming, Dato' Ahmad Ghiti bin Mohd Daud and Ir. Al'Azmy bin Ahmad)*

- Corporate Governance Breakfast Series with Directors: "Bringing the Best Out in Boardrooms"
  *(attended by Mr Yong Teck Ming, Dato' Ahmad Ghiti bin Mohd Daud and Ir. Al'Azmy bin Ahmad)*

4. **Foster Commitment (continued)**

**4.2 Training (continued)**

- Directors Corporate Governance Series: "Building Effective Finance Function: From Reporting to Analytics to Strategic Input"
  *(attended by Mr Yong Teck Ming)*

- Corporate Governance Breakfast Series with Directors: "How to Maximise Internal Audit"
  *(attended by Mr Yong Teck Ming and Dato' Ahmad Ghiti bin Mohd Daud)*

- Corporate Governance Breakfast Series with Directors: "Future of Auditor Reporting – The Game Changer for Boardroom"
  *(attended by Mr Yong Teck Ming and Dato' Ahmad Ghiti bin Mohd Daud)*

- Focus Group to Solicit feedback on the AGMs Guide for Listed Issuers
  *(attended by Mr Yong Teck Ming)*

- Leadership Excellence: Lifelong Learning
  *(attended by Mr Yong Teck Ming and Dato' Ahmad Ghiti bin Mohd Daud)*

- Corporate Governance Breakfast Series with Directors: "Board Reward & Recognition"
  *(attended by Mr Yong Teck Ming, Dato' Ahmad Ghiti bin Mohd Daud and Ir. Al'Azmy bin Ahmad)*

- Audit Committee Conference 2015: Rising to new challenges
  *(attended by Dato' Ahmad Ghiti bin Mohd Daud and Ir. Al'Azmy bin Ahmad)*

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.

5. **Uphold integrity in financial reporting**

**5.1 Compliance with applicable financial reporting standards**

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.

5. **Uphold integrity in financial reporting (continued)**

**5.1 Compliance with applicable financial reporting standards (continued)**

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 an 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.

**5.2 Assessment of suitability and independence of external auditors**

**(a) Relationship with auditors**

Through the Audit Committee, the Board has established a formal transparent and appropriate relationship with the Company's auditors. The external auditors are invited to attend Audit Committee Meetings at least twice a year to discuss the nature and scope of the audit and problems and reservations arising from the final audit.

The external auditor for the financial year 2015, Messrs Baker Tilly Monteiro Heng, was appointed as the Company's external auditors on 30 June 2008.

The roles of the Audit Committee in relation to both the internal and external auditors are described in the Audit Committee Report.

5. **Uphold integrity in financial reporting (continued)**

**5.2 Assessment of suitability and independence of external auditors (continued)**

**(b) Audit Committee**

During the financial year ended 31 December 2015, the Audit Committee met the external auditors thrice in the absence of the executive directors to discuss the audit plan, audit findings and the Company's audited financial statements. The external auditors had assured that they have formal procedures to ensure independence throughout the conduct of the audit and confirmed that they have complied with the relevant requirements for independence.

After having assessed the suitability as well as independence of the external auditors and being satisfied with their performance, the Audit Committee recommended the re-appointment of the external auditors to the Board and the Board approved the recommendation of the Audit Committee upon which the shareholders' approval will be sought at the forthcoming 92nd AGM.

6. **Recognise and manage risks**

**6.1 Sound framework to manage risks**

The Board acknowledges its overall responsibility for maintaining a sound risk management framework and internal control system to safeguard shareholders' investments, the Company's assets, and the need to review the adequacy and integrity of those systems regularly. In establishing and reviewing the system of internal control, the Directors recognise that the system of internal control can only provide reasonable but not absolute assurance against the risk of material misstatement or loss. The effectiveness of the Group's risk management and internal controls framework is reviewed periodically by the Risk Management Committee and Audit Committee and such review includes amongst others the financial, operational, environment and compliance controls and risk management.

The Statement on Risk Management and Internal Control as set out on pages 44 to 47 of this Annual Report provides an overview of the state of internal control and risk management within the Group. Further information relating to process for identifying, evaluating and monitoring risks are set out in the Board Charter under Group Enterprise Risk Management Framework.

The members of the Risk Management Committee during the financial year ended 31 December 2015 are as follows:

- Yong Teck Ming *(Chairman, Independent Non-Executive Director)*
- Aryati Sasya Dato' Ahmad Sebi *(Member, Non-Independent Non-Executive Director)*
- Dato' Ahmad Ghiti bin Mohd Daud *(Member, Independent Non-Executive Director)*

The Risk Management Committee meets quarterly and reports to the Board any significant risk issues evaluated and recommends major changes for approval.

6. **Recognise and manage risks (continued)**

### 6.2 Internal audit function

The internal audit function of the Group is outsourced to professional firms ("Internal Auditors"). In 2015, the Internal Auditors carried out various audit assignments and follow-up audits on all key departments and subsidiaries within the Group in accordance with the approved annual audit plan. The internal audit reports were tabled at the Audit Committee meeting on a quarterly basis by the Internal Auditors. The Audit Committee Report and Statement on Risk Management and Internal Control as set out on pages 38 to 43 and pages 44 to 47 of this Annual Report provide an overview of the internal audit function.

7. **Ensure timely and high quality disclosure**

### 7.1 Corporate Disclosure Policy

The Board has in place a Corporate Disclosure Policy to set out the policies and procedures following the emphasis of Bursa Securities as outlined in its Corporate Disclosure Guide.

### 7.2 Leverage on information technology for effective dissemination of information

As recommended by the Code, the Company has leveraged on information technology for broader and effective ways to communicate with both its shareholders and stakeholders. 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.

8. **Strengthen relationship between Company and shareholders**

### 8.1 Encourage shareholder participation at general meetings

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 Company despatches its Notice of AGM to its shareholders at least 21 days before the AGM in allowing the shareholders to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney.

8. **Strengthen relationship between Company and shareholders (continued)**

**8.1 Encourage shareholder participation at general meetings (continued)**

To enhance the quality and value of the AGM, the Board ensures that, for re-election of Directors, the Notice of AGM identifies the Directors standing for re-election or election with a brief description to include matters such as age, relevant experience, list of directorships in public companies, date of appointment to the Board, details of participation in Board Committees and whether the particular Director is independent. In addition, each item of special business included in the Notice of AGM will be accompanied by a full explanation of the effects of a proposed resolution.

There is no limit to the number of proxies which the exempt authorised nominee, (who hold shares in the Company for multiple beneficial owners in one securities account ("omnibus account")), may appoint in respect of each omnibus account it holds. This allows for greater participation of beneficial owners of shares at general meetings of the Company.

**8.2 Encourage poll voting**

As recommended by the Code, the Board encourages poll voting for substantive resolutions. The Board is of the view that with the current level of shareholders' attendance at AGM, voting by show of hands continues to be efficient. As for electronic poll voting, the Board will continually evaluate its feasibility for general meetings.

**8.3 Effective communication and proactive engagement**

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 to provide explanations to all shareholders' queries and shareholders are encouraged to participate in discussions and to give their views to the Directors.

It is also the practice of the Board to hold a press conference with journalists upon request after an AGM.

# Additional Compliance Information

## 1. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

On 31 January 2008, the 1,182,277,666 2% 10-Year Irredeemable Convertible Unsecured Loan Stocks at 100% of the nominal value of RM0.15 each ("ICULS") issued on 29 January 2008 by the Company pursuant to a rights issue by the Company were listed on the Main Market of Bursa Securities.

During the financial year ended 31 December 2015, a total of 3,593,300 ICULS were converted into 1,796,650 new ordinary shares of RM0.30 each of the Company by surrendering for cancellation 2 ICULS for every 1 new ordinary share of RM0.30 each in the Company.

Save as disclosed above, the Company has not issued any options, warrants or convertible securities during the financial year ended 31 December 2015.

## 2. NON-AUDIT FEES PAID TO EXTERNAL AUDITORS

Non-statutory audit fees paid to the external auditors, Messrs Baker Tilly Monteiro Heng, by the Company for the financial year ended 31 December 2015 amounted to RM12,000.

## 3. MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS

There were no material contracts entered into by the Group which involved directors' and major shareholders' interests either still subsisting at the end of the financial year ended 31 December 2015 or entered into since the end of the previous financial year. Notwithstanding the foregoing, Dato' Ahmad Sebi Bakar (a director and major shareholder of the Company), with effect from 29 October 2010 became the ultimate owner of the 100% equity interest in a company which owns the Holiday Villa Hotel and Suites London ("Hotel"), has an indirect interest in the new Lease Agreement dated 23 September 2015 entered into by Holiday Villa (UK) Ltd ("HVUK"), a wholly-owned subsidiary of the Company [held via Holiday Villas International Limited, a wholly-owned subsidiary of Alangka-Suka Hotels and Resorts Sdn Bhd ("ASHR"), which in turn is a wholly-owned subsidiary of the Company], together with ASHR as guarantor, with Leeds Property Limited for the lease of the Hotel currently being operated by HVUK ("HVUK Lease").

The HVUK Lease commenced on 16 December 2015, i.e. upon expiry of the former lease pursuant to Lease Agreement dated 16 December 2005 entered into by HVUK.

The HVUK Lease will expire on 15 December 2017 subject to lease termination notice period of 12 months with no termination earlier than 31 March 2017. The lease may be renewed by both parties for a further period of up to three (3) years.

# Audit Committee Report

**MEMBERSHIP AND ATTENDANCE**

The members of the Audit Committee during the financial year ended 31 December 2015 and details of attendance of each member at the five (5) meetings held during the financial year are as follows:

| Name of Directors | Meeting Attendance |
|---|---|
| Yong Teck Ming<br>*Chairman / Independent Non-Executive Director* | 5 / 5 |
| Dato' Ahmad Ghiti bin Mohd Daud<br>*Member / Independent Non-Executive Director* | 5 / 5 |
| Ir. Al'Azmy bin Ahmad<br>*Member / Independent Non-Executive Director* | 5 / 5 |

Consequent to Directorate changes subsequent to 31 December 2015, the composition of the Audit Committee was reconstituted as follows:

| Name of Directors |
|---|
| Yong Teck Ming<br>*Chairman / Independent Non-Executive Director* |
| Dato' Ahmad Ghiti bin Mohd Daud<br>*Member / Independent Non-Executive Director* |
| Rali bin Mohd Nor<br>*Member / Independent Non-Executive Director* |

**SUMMARY OF THE TERMS OF REFERENCE OF THE AUDIT COMMITTEE**

**MEMBERSHIP**

The Audit Committee shall be appointed by the Board from amongst the Directors of the Company and shall consist of not less than three (3) members, all of whom shall be Non-Executive Directors and a majority shall be Independent Directors. No alternate director shall be appointed as a member of the Audit Committee.

**SUMMARY OF THE TERMS OF REFERENCE OF THE AUDIT COMMITTEE (continued)**

**MEMBERSHIP (continued)**

All members of the Audit Committee shall be financially literate and at least one (1) member of the Audit Committee:

(i) Must be a member of the Malaysian Institute of Accountants; or

(ii) If he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years working experience and:

   (a) He/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967;

   (b) He/she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or

   (c) Fulfils such other requirements as prescribed or approved by Bursa Securities.

The Chairman of the Audit Committee shall be an Independent Non-Executive Director and shall be appointed by the Board.

The term of office of the Audit Committee members shall be reviewed by the Board at least once every three (3) years.

The appointment of an Audit Committee member terminates when the member ceases to be a Director.

**MEETINGS**

A quorum shall be two (2) members present, both of whom must be Independent Directors.

The Audit Committee shall meet at least four (4) times a year, or more frequently as the Audit Committee considers necessary. The Audit Committee shall meet with the external auditors without executive Board members present at least twice a year.

The Head of Finance, representative(s) of the Internal Auditors and representative(s) of the external auditors are, when required, invited to attend the meetings. Other Board members may attend meetings upon the invitation of the Audit Committee. The Secretary to the Audit Committee shall be the Company Secretary.

The Secretary of the Audit Committee will prepare the minutes, which shall be signed by the Chairman of the meeting and distributed to each member of the Audit Committee and of the Board. The Chairman of the Audit Committee shall report on each meeting to the Board.

## SUMMARY OF THE TERMS OF REFERENCE OF THE AUDIT COMMITTEE (continued)

## AUTHORITY

The Audit Committee is authorised by the Board and at the cost of the Company:

(i) To investigate any matter within its terms of reference;

(ii) To have the internal audit function report directly to the Audit Committee;

(iii) To have the resources required to perform its duties;

(iv) To have full and unrestricted access to any information pertaining to the Group;

(v) To have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;

(vi) To obtain independent professional or other advice as necessary; and

(vii) To convene meetings with the external auditors, the person(s) carrying out the internal audit function or activity or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

## FUNCTIONS AND DUTIES

The functions and duties of the Audit Committee shall be:

(i) To report to the Board on the following:

(a) the review with the external auditors, the audit plan and the nature and scope of the audit;

(b) the review with the external auditors, their evaluation of the system of internal controls;

(c) the review with the external auditors, their audit report;

(d) the assistance given by the employees of the Group to the external auditors;

(e) any letter of resignation from the external auditors of the Company;

(f) the review and/or recommendation, evaluation, assessment and monitoring on the suitability, independence, nomination, appointment, replacement or re-appointment of the external auditors as well as matters pertaining to resignation or dismissal or change of the external auditors;

(g) determining the scope and fee of the external audit and ensuring that the audit is comprehensive;

**SUMMARY OF THE TERMS OF REFERENCE OF THE AUDIT COMMITTEE (continued)**

**FUNCTIONS AND DUTIES (continued)**

(i) To report to the Board on the following (continued):

(h) whether there is reason (supported by grounds) to believe that the external auditors are not suitable for reappointment;

(i) the external auditors' management letter and management's response;

(j) the discussion with the external auditors on problems and reservations arising from the interim and final audits, their evaluation of the system of internal controls, and any matters the external auditors may wish to discuss (in the absence of management where necessary);

(k) the quarterly results and year end financial statements prior to the approval by the Board, focusing particularly on:

- changes in or implementation of major accounting policy and practices changes;
- significant and unusual events;
- significant adjustments arising from the audit;
- the going concern assumption; and
- compliance with accounting standards, requirements of Bursa Securities and other legal requirements;

(l) any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity; and

(m) the review on the adequacy of the Risk Management policies and procedures of the Company and the Group;

(ii) To do the following in relation to the internal audit function and report the same to the Board:

(a) determine the internal audit plan and review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;

(b) review the internal audit programme and processes, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

(c) review any appraisal or assessment of the performance of the members of the internal audit functions;

(d) approve any appointment or termination of senior staff members of the internal audit functions; and

(e) take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;

## SUMMARY OF THE TERMS OF REFERENCE OF THE AUDIT COMMITTEE (continued)

### FUNCTIONS AND DUTIES (continued)

(iii) To prepare the Audit Committee Report for the annual report as established by paragraph 15.15 of the Listing Requirements of Bursa Securities;

(iv) Where the Audit Committee is of the view that any matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities, the Audit Committee must promptly report such matters to Bursa Securities;

(v) To consider the major findings of internal investigations authorised by the Board and management's response; and

(vi) To carry out any other function that may be mutually agreed upon by the Audit Committee and the Board.

The Chairman of the Audit Committee should engage on a continuous basis with senior management, such as the Group Executive Chairman, Group Managing Director, Head of Finance, Internal Auditors and external auditors in order to be kept informed of matters affecting the Company.

## SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2015, the principal activities of the Audit Committee are:

### Financial Reporting

(i) Reviewed the quarterly unaudited financial results prior to tabling of the same to the Board for approval.

(ii) Reviewed the annual audited financial statements for the financial year ended 31 December 2014 prior to submission to the Board for approval.

### Internal Audit

(i) Reviewed the internal audit plan on the adequacy and coverage of the audit activities of the Group.

(ii) Reviewed the internal audit reports 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.

**SUMMARY OF ACTIVITIES (continued)**

**External Audit**

(i) Reviewed the external auditors' audit plan on the nature and scope of audit work.

(ii) Reviewed the audit findings, auditing and accounting issues arising from the statutory audit for the financial year ended 31 December 2014.

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

(iv) Convened meetings with the external auditors without the presence of the management to discuss issues arising from their review.

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

**Related Party Transactions**

Reviewed the Group's related party transactions and recurrent related party transactions.

**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 2014.

## 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 internal audit function of the Group is outsourced to professional firms ("Internal Auditors") since June 2013. The Audit Committee is assisted by the Internal Auditors 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, 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. Twenty-two (22) internal audit reports were presented to the Audit Committee during the financial year ended 31 December 2015. The cost incurred for the internal audit function of the Group in respect of the financial year ended 31 December 2015 was about RM139,000.

# Statement on Risk Management and Internal Control

The Code stipulates that a listed company shall maintain a sound risk management framework and internal control system to safeguard its shareholders' investment and its assets.

The Board is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 December 2015 which is made pursuant to Paragraph 15.26(b) of the Listing Requirements of Bursa Securities and in accordance with the "Statement on Risk Management and Internal Control (Guidelines for Directors of Listed Issuers)" issued by the Institute of Internal Auditors and adopted by Bursa Securities.

For the purpose of this Statement, the Group means the Company and its subsidiaries, excluding its joint ventures and associated companies. This Statement does not cover the joint ventures and associated 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. The Company has no material joint ventures and associated companies.

## BOARD RESPONSIBILITY

The Board acknowledges its ultimate responsibility for the Group's risk management and internal control systems which include the establishment of an appropriate risk management and control framework as well as reviewing its effectiveness, adequacy and integrity on a regular basis. In view of the limitations that are inherent in any system of internal control, the Group's system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement, operational failures, fraud or loss. The Group's system of internal control covers risk management and financial, operational, environmental and compliance controls. Except for insurable risk where insurance covers are purchased, other significant risks faced by the Group are reported to and managed by the respective Boards within the Group.

The Board establishes the Group's risk appetite and risk principles and has since 2006 been assisted by the establishment of the Risk Management Committee, responsible for overseeing and ensuring the quality and integrity of risk management of the Group. The Risk Management Committee meets quarterly and reports to the Board any significant risk issues evaluated and recommends major changes for approval.

## GROUP RISK MANAGEMENT

The Group believes that a sound risk management is essential to ensuring success in our risk-taking activities. We regularly review our risk management approaches to ensure that we thoroughly understand the risks we are taking and to identify areas of significant risks at an early stage, as well as to formulate timely and appropriate risk response strategies.

**GROUP RISK MANAGEMENT (continued)**

In an increasingly uncertain, challenging and dynamic business environment, the Group is conscious that the risk management framework and methodology need to enhance resilience, remain relevant and cope with risk challenges of ever changing risk landscape facing the industry. The Group's risk management methodology is based on an integrated Enterprise Risk Management (ERM) model that considers risk at all levels of the organisation, from the strategic to the day-to-day operations. At the same time the Group will apply the key guiding principles of ISO 31000 International Standard – Risk Management, Principles and Guidelines on Implementation.

The most important aspect of an effective risk management is the inculcation of a risk awareness culture across all levels of staff through effective communication, training and the commitment of all employees to the Group Risk Management Framework.

Risk management is part of the Management's day-to-day operations and the Group has in place Risk Registers outlining key risk profiles. Each operating subsidiary in the Group is responsible for the conduct and performance of the business including the identification and evaluation of significant risks applicable to their respective business areas and the design and operation of suitable internal controls.

Risk Registers are updated and reported to the Risk Management Committee every quarter. The updates capture all the action plans that the Management has put in place and any additional controls to be implemented in addressing the various risks facing the business.

**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.

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 outsourced to professional firms ("Internal Auditors") who are independent of the activities and operations of the Group.

In 2015, the Internal Auditors completed audit assignments on all key departments and subsidiaries within the Group in accordance with the approved annual audit plan and the internal audit reports were tabled at the Audit Committee meeting on a quarterly basis by the Internal Auditors. 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 and 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. Follow-up reviews will subsequently be performed to ascertain the extent of implementation of the recommended corrective action for improvements. The Audit Committee, on behalf of the Board, reviews the internal control issues identified, and recommendations made by the internal auditors on a regular basis and recommendations made by the external auditors during the annual statutory audit.

## 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 2015 and reported to the Board that nothing has come to their attention that caused them to believe that the Statement on Risk Management and Internal Control 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) to be set out nor is factually inaccurate.

Recommended Practice Guide 5, Guidance for Auditors on the Engagement to Report on the Statement on Risk Management and Internal Control included in the Annual Report 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 effectiveness of the Group's risk management and internal control procedures including the assessment and opinion by the Board of Directors 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.

## REVIEW OF ADEQUACY AND EFFECTIVENESS

The Risk Management Committee has reviewed 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 operated by the Group for the calendar year 2015 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 Management will continuously take measures to strengthen and monitor the internal control framework and environment. 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.

# Sustainability Report

The Group employs principles and adopts practices that support corporate sustainability as it acknowledges the importance of Corporate Social Responsibility ("CSR") towards the well-being and sustainable developments/improvements of its employees, community and environment and views it as an extension of the Group's effort in fostering a strong corporate governance culture. The Group participates in the ACHIEVE 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. The Board also promotes strategies which can deliver sustainable development in environment, social and governance aspects of the Group's business.

## ENVIRONMENT

We recognise the importance of good environmental management/preservation practices which will result in the least disruption to the environment for sustainable future. 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 also encourage our staff to be environmental friendly.

The "Going Green @ Holiday Villa" campaign launched by our hotels and resorts division at all the Holiday Villa hotels aims to contribute significantly to the preservation of our natural resources and environment focusing on energy conservation, waste management, responsible purchases and landscaping. Our hotels and resorts division recognises that resource conservation, biodiversity and pollution prevention are key to a sustainable environment and to mitigate impact on the environment, the division effectively integrates these concepts into its business decision-making and works with all stakeholders to promote and implement responsible environmental practices and seeks continuous improvement. Our hotels subscribe to products that are labelled as complying with "good manufacturing practices".

In our coach building division, all waste materials produced are deposited at designated areas and disposed of periodically, in an environmentally safe manner, by our authorised waste disposal agents. Our property development division ensures that its development activities do not pose adverse impacts on the environment by having proper mitigation measures during construction stage.

Our other divisions actively engage in conservation practices for water and other resources consumed in its offices and have ensured that the designs of offices are as energy efficient as possible. Given that the businesses of these divisions have operations that are concentrated in offices, the impact on the environment is relatively limited and confined largely to resource and energy efficiency.

## COMMUNITY

One of our values is to honour our social obligations and contribute 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.

In line with the above, the Group offers graduate placement programmes, industrial training and internship in our hotels and resorts, coach building as well as information and communications technology ("ICT") divisions. In addition, 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 programs 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 program with Holiday Villa. We are proactively engaged in the delivery of career counseling sessions to the school students especially on the opportunities available in the hospitality industry.

To ensure their continued development and growth, our ICT division's businesses systematically invest in the recruitment, development and preservation of human capital. In the countries in which this division operates, it serves as a significant contributor to the development of local human capital in specific areas of technology, particularly in progressing raw talent from tertiary institutions to technology professionals capable of performing in a global environment. This division's many alumni have gone on to be senior executives or technical leaders in global multinationals. Our ICT division views the investment and also the commitment that its businesses make towards recruiting and developing raw engineering talent in particular as not only a key to its future growth and survival, but represents its ongoing positive contribution to enhancing the human capital base of the geographical areas in which it has operations.

In our yearly programmes, our hotels and resorts division participates 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. Fund raising for orphanage homes was one of the major community service projects undertaken by our hotels and resorts division in year 2015. For the social well-being of our community, our traditional Chinese medicine division has supported and will continue to support selected Non-Government Organisations in providing free health talks and consultations.

Our ICT division has public service campaigns in its application service business, where applications which offer safety and security or emergency communication functions are offered at no charge to end-users during festive or peak periods. This is intended to allow consumers who may otherwise not be able to afford to pay for such services to enjoy them during festive occasions, when the application is more likely to be needed and appreciated.

## MARKETPLACE

Our Group aims for sustainable growth, productive partnerships and fairness in all business dealings.

In maintaining transparency and accountability to our shareholders, we ensure that material information are disseminated to the stock exchange in a timely manner and simultaneously released to the market via our website. Corporate information and key information on products and services are regularly updated and posted on our website.

**MARKETPLACE (continued)**

We recognise the importance of and devote considerable efforts towards cultivating excellent business ethics and values, good corporate governance and stakeholder engagement, best practices in procurement as well as quality and innovative products and services. There are regular reviews on policies and procedures, internal control system, risk management framework, training and development programmes, process improvements and quality assurance assessments, to continuously enhance the delivery of the Group's products and services.

The following are some 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 Program, a quality management system focusing on the service standards, work processes, job instructions and the standard operating procedures for all aspects of the hotels' operations. Its MANJA Promise Programme, Phase 1, demonstrated the commitment by our hotel group 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.

**WORKPLACE**

The Group believes that employees are the key determinant/resources that drive long term and sustainable organisational successes especially for the technology enterprises that make up the ICT division. As such, the Group continuously promotes human capital development by encouraging and sponsoring the participation of our staff in internal and external training programmes and seminars that are relevant to their job functions to enhance their knowledge and skills. During the financial year ended 31 December 2015, the Group spent approximately RM223,000 on training.

Our Group strives to respect the different cultures, gender and religions of our stakeholders as we understand that the diversity and differences give us a broader range of competence, skills and experience to enhance our capabilities to achieve business results which is important for the overall business sustainability. Thus, the Group is committed to provide our staff an environment of equal opportunity to strive while promoting diversity in workforce. As at 31 December 2015, our total staff strength stands at 823 and 94% of our employees are Malaysians. 66% of employees are aged below 40 years, 31% are from 40 to 59 years and 3% aged above 60 years. The male to female employees' ratio is about 55:45.

The Group also strives to forge a safe working environment and promotes healthy work practices for all levels of staff. Various training courses and awareness programmes are carried out to promote collective responsibility amongst staff and training courses are carried out to ensure continuous improvement of safety and health practices. The wellbeing of our staff is critical to the Group. Given that a healthy workforce is productive workforce, we continuously stress upon our employees the importance of leading healthy lifestyles physical activities. We have a Health and Safety Committee to ensure that the Company complies with the Occupational Safety and Health Act 1994. Meanwhile, as part of the Group's endeavours to create cohesiveness and foster a closer relationship among the staff, the Group organises various activities including Qi Gong classes, parties and annual lunches/dinners.

# Chairman's Statement

# from the Chairman

**Dear Advance Synergy Berhad Shareholder**

2015 was a challenging year. Our Group recorded lower revenue of RM268.8 million, a decrease of 2.2% on the revenue achieved in 2014. The hotels and resorts, information and communications technology ("ICT") and 'Others' divisions of the Group all recorded lower revenues while the property development and travel and tours divisions showed improved revenue performance.

For 2015, our Group recorded a loss before tax of RM0.8 million compared to a profit before tax of RM2.6 million in 2014. During the year, there was a gain on disposal of a landed property and a loss on termination of lease for an overseas hotel. Excluding these one-off items, all our operating divisions, except for hotels and resorts, showed an improvement in their profit from operations. Overall the Group recorded a slightly higher gross profit margin of 34.9% compared to 34.0% in 2014.

## REVIEW OF GROUP OPERATIONS

### Hotels and Resorts

In 2015, our hotels and resorts division achieved revenue of RM60.5 million, 11.4% lower than last year's revenue of RM68.3 million. The division's performance was significantly affected by external factors including adverse weather that greatly affected the business of Holiday Villa Arosa and Holiday Villa Cherating. The lower revenue was also due to the sale of our Paris hotel in 2014 and the interruption in our Diwangkara Holiday Villa Bali operations during the year due to a lease dispute. Our overall occupancy rate was lower compared to last year but average room rate on the other hand increased by 8.0% against last year.

Gross operating profit ("GOP") for the division was RM22.6 million in 2015 compared to RM25.6 million in 2014. GOP margin for the year was 37.4%, 0.3% lower than last year's GOP. The division ended the current year with a loss before tax and before share of losses from associates of RM12.7 million compared to a profit of RM8.1 million in 2014. Included in the current year loss before tax are lease rental charges of RM14.1 million and the one-off expense item relating to the net loss realised on termination of the lease for Holiday Villa Phnom Penh, Cambodia, amounting to RM11.7 million. This exit from Phnom Penh, Cambodia was part of our initiative to readjust the division's hotel portfolio.

During the year, Holiday Villa's booking engine was further enhanced allowing better booking conversion. Some of the division's notable events and promotions included a joint collaboration with GOASEAN TV (Astro channel 737), co-sponsoring of a location shoot, "Mimpi Cinta Suraya" at Holiday Villa Langkawi and a TV drama at Holiday Villa Subang for Astro Prima and Maya HD.

## REVIEW OF GROUP OPERATIONS (continued)

### Information and Communications Technology ("ICT")

Our ICT division represented by the Captii Limited group operates primarily in the telecommunication and technology markets of three regions: South East Asia (SEA), South Asia and the Middle East and Africa.

2015 was another profitable year for the ICT division. In its eighth consecutive year of being profitable, our ICT division delivered double-digit growth in bottom line performance despite having lower revenue compared to the year before.

In 2015, the division's GlobeOSS business recorded lower system sale and managed service contract revenues while the Unifiedcomms business saw a decline in its managed service contract revenue. As a result, the ICT division's total revenue declined by 1.6% in 2015 to RM54.7 million as compared to RM55.6 million achieved in 2014.

Although revenue of the division was lower in 2015, gross profit was higher at RM33.4 million as compared to the RM28.3 million recorded in 2014. This was attributable to the higher gross profit margin of 61.0% in 2015 against the 50.9% delivered in 2014, an improvement driven by the higher gross profit margin achieved on the system sale contract revenues of both the GlobeOSS and Unifiedcomms business segments.

Profit before tax for the ICT division was RM11.1 million in the current year, an increase of 50.0% compared to the RM7.4 million recorded in 2014. The increase in this division's bottom line reflected the significant improvement in the performance of its underlying businesses.

### Property Development

Total revenue achieved by Advance Synergy Realty Sdn Bhd ("ASR"), the Group's property development division amounted to RM27.4 million in 2015, an increase of 14.2% compared to RM24.0 million in 2014. The increase in revenue in 2015 was mainly from Phase 1 of its Federal Park project in Kuching. The improved revenue resulted in the division achieving marginally higher profit before tax of RM4.5 million in 2015 compared to RM4.4 million in 2014.

### Travel and Tours

The Group's travel and tours division - Orient Escape Travel Sdn Bhd ("OET") and Synergy Tours Sdn Bhd ("Synergy Tours") – achieved total revenue of RM94.1 million, a marginal increase of 0.6% from the revenue of RM93.5 million in 2014. Our outbound travel business showed improvement in revenue for 2015 compared to 2014 mainly due to a few large groups' bookings for Umrah during the year.

Our inbound travel business' revenue was however lower this year compared to last year as inbound travel continued to be affected by the economic woes of Europe. Our inbound travel business relies mainly on the European market although our effort to penetrate the meetings, incentives, conferencing and exhibitions ("MICE") sector has yielded some good results for the year.

## REVIEW OF GROUP OPERATIONS (continued)

### Travel and Tours (continued)

The division continued to be profitable and recorded a higher profit of RM4.0 million in 2015 compared to RM2.8 million in 2014, an increase of 42.9% although the revenue recorded by the division was marginally higher by 0.6% in 2015 compared to 2014. This was mainly attributable to the division's higher gross profit margin and higher other income achieved in 2015.

### Others

The 'Others' division comprises manufacturing, card and payment services, coach building, wellness and traditional chinese medicine ("TCM") and the newly acquired education businesses.

Although total revenue achieved by these businesses in 2015 amounted to RM31.6 million, a decrease of 4.2% compared to the revenue in 2014 of RM33.0 million, their combined financial results showed some improvement this year compared to 2014.

The bulk of the reduction in revenue was due to a decline in revenue of the manufacturing business from RM16.9 million in 2014 to RM14.1 million in 2015, a reduction of 16.6%. This decline was mitigated by the higher revenue from the card and payment services unit which registered a 9.9% growth in revenue, and new revenue from the newly acquired education business which contributed about 4.3% of total revenue for this division. Revenue for the TCM business was relatively flat as compared to 2014 while the coach building unit registered a decline of 5.6% against the revenue achieved in 2014.

Excluding the impairment loss on goodwill arising from acquisition of remaining shares in a former associated company in Australia by our coach building business amounting to RM1.5 million from our 2014 results, this division recorded a lower loss before tax in 2015 of RM9.7 million compared to a loss before tax of RM10.1 million in 2014.

The improvement in financial results by the majority of the businesses in this division in 2015 was overshadowed by the higher loss recorded in the manufacturing business.

## OUTLOOK

With the anticipated challenges expected to be faced in 2016, the Group will continue to focus on measures to improve operational efficiency and productivity. Our Group's existing strategic plan to grow our established core businesses, explore new market opportunities and restructure or divest the lower-potential and loss-making businesses will put the Group in a good position to meet the imminent challenges.

**OUTLOOK (continued)**

Although our hotels and resorts division anticipates weaker global and local market conditions in 2016, the division is cautiously optimistic taking into consideration the expected return of Chinese tourists to destinations where Holiday Villa hotels are located. This will still be the main market to target for the division's group series and incentive business, to complement the leisure markets of ASEAN, India, South Korea, Australia and the Middle East. The division will continue to see an increase in the online sales from additional investment in upgrading our websites, booking engine and web optimisation and as more and more customers prefer to shop online.

The ICT division continues to implement its strategy of augmenting organic growth with growth-by-acquisition and strategic investment. With the renaming of the division to Captii in 2014 and the establishment of venture-investment subsidiary Captii Ventures, our ICT division is now more clearly positioned as a technology investment company that not only invests in growing its existing businesses but also in promising technology and innovation originating outside the confines of the division.

The division expects the 2016 financial year to be challenging but remains optimistic that managed service contract revenues will drive the growth in the coming years and in the longer-run serve as the key driver for future organic growth. Through its technology investment and venture activities, the division will be capitalising on the growth in internet usage - especially the mobile variety - in the SEA and South Asia regions by strategically investing in early to late stage technology and innovation in internet-delivered applications and mobile and digital media. The ICT division's strategic investment plan will continue to complement the growth plans of its existing Unifiedcomms and GlobeOSS businesses.

Our travel and tours division is well positioned to benefit from a recovery in the international and local tourism markets. It has remained focused on building its client base for the ticketing business and in 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's inbound travel business relies primarily on the European market where economic woes coupled with past civil aviation accidents and negative travel advisories issued by the EU governments have affected the division's 2015 results. However, the division's continuous effort to develop products for the MICE market is expected to show meaningful results in 2016.

In view of the softening of the property market in Kuching and the Malaysian government's cooling measures on the property market, the property development division will focus on Federal Park project in Kuching, its on-going development project, to drive this division's performance for 2016. The construction of Phase 1, Federal Park which consists of 16 units of three-storey shophouses and 148 units of landed residential units is currently in progress and scheduled for completion by the first quarter of 2016. Subject to approvals from relevant authorities on the proposed amendment to the approved plan, the development of Phase 2, Federal Park comprising mainly of apartments is slated to commence at the end of 2016.

**OUTLOOK (continued)**

The 'Others' division expects to face continued challenges in 2016 and will continue to focus on strategies to drive revenue growth and deliver cost savings to address operating cost pressures. This division is expected to show improved performance in the year ahead - the loss making manufacturing business in this division will be divested in 2016 and the remaining units are expected to see more revenue growth.

The card and payment business will continue to focus on its merchant acquisition business to ramp up revenues. There is a growing trend in Malaysia of herbal/traditional ingredients being incorporated into newly launched consumer health products and our TCM business will introduce more products such as bottled nutritional drinks and those that address general wellbeing and beauty needs. Operational strategies at the TCM business will focus on streamlining operations, reducing overhead costs, strengthening the doctor's relationship with patients and cross-marketing with other complementary health service providers and partners.

For the coach building business, we expect to be more active in tender exercises. This business has successfully completed on time the bus refurbishment contract involving 100 Rapid KL buses which has boosted its reputation. The focus of our coach building business on the Australian market has yielded good results and this is expected to develop further.

Our newly acquired education business, The Language House, meanwhile expects to transform itself into an integrated provider of holistic education services in 2016. Besides its intensive English learning programme, this business also conducts learning programmes for nine other languages, all of which are certified by the Malaysian Ministry of Education. A good response has been received so far for its corporate training programmes and this is one area of focus for the business for the coming year. The education business is a training centre for IELTS and is working towards being appointed for one other major institution this year. Overall, this business is expected to show positive developments and outcomes in 2016.

**DIVIDENDS**

The Board of Directors is pleased to recommend for shareholders' approval, a first and final single tier dividend of 0.25 sen per ordinary share in respect of the financial year ended 31 December 2015.

**APPRECIATION**

I would like to express my gratitude to all shareholders, customers and associates for your confidence, trust and continued support. To the regulatory authorities, thank you for your continued guidance and support, and to the management and staff of the Group, I am grateful for your perseverance and dedication in helping to further develop and grow our business.

**DATO' AHMAD SEBI BAKAR**
Group Executive Chairman

# Financial Statements

# 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 2015.

**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 8 to the financial statements.

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

**RESULTS**

| | Group<br>RM'000 | Company<br>RM'000 |
|---|---|---|
| Net (loss)/profit for the financial year | (7,561) | 5,099 |
| Attributable to: Owners of the parent | (11,591) | 5,099 |
| Non-controlling interests | 4,030 | - |
| | (7,561) | 5,099 |

**DIVIDENDS**

Since the end of the previous financial year, a first and final single tier dividend of 0.25 sen per ordinary share totalling RM1,660,130 in respect of the financial year ended 31 December 2014 was paid on 18 September 2015 after the approval from the shareholders of the Company was obtained at the Annual General Meeting held on 23 June 2015.

At the forthcoming Annual General Meeting, a first and final single tier dividend of 0.25 sen per ordinary share of RM0.30 each in respect of the financial year ended 31 December 2015 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 2016.

**RESERVES AND PROVISIONS**

All material transfers to and from reserves and provisions during the financial year have been disclosed in the financial statements.

## BAD AND DOUBTFUL DEBTS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, 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 statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business, 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 to be realised.

At the date of this report, the Directors are not aware of any circumstances that 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 and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liabilities in respect of the Group and of the Company that has arisen since the end of the financial year, other than in the ordinary course of business.

In the opinion of the Directors, no contingent liabilities or other liabilities of the Group and of the Company have 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 substantially affect the ability of the Group and 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

Except for the property, plant and equipment written off, the gain on disposal of property, plant and equipment and the gain on disposal of lease rights as disclosed in Note 25 to the financial statements, the results of the operations of the Group and of the Company for the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

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 ended 31 December 2015, a total of 3,593,300 2% 10-Year Irredeemable Convertible Unsecured Loan Stocks at 100% of the nominal value of RM0.15 each ("ICULS") were converted into 1,796,650 new ordinary shares of RM0.30 each of the Company by surrendering for cancellation two (2) ICULS for every one (1) new ordinary share of RM0.30 each in the Company.

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

During the financial year, no new issue of 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 since the date of the last report and at the date of this report are:

Dato' Ahmad Sebi Bakar
Lee Su Nie
Puan Sri Datin Masri Khaw binti Abdullah
Aryati Sasya binti Ahmad Sebi

**DIRECTORS (continued)**

| | |
|---|---|
| Yong Teck Ming | |
| Dato' Ahmad Ghiti bin Mohd Daud | |
| Ir. Al'Azmy bin Ahmad | *(Resigned on 24 February 2016)* |
| Rali bin Mohd Nor | *(Appointed on 10 March 2016)* |

**REMUNERATION COMMITTEE**

The Remuneration Committee reviews and recommends to the Board of Directors, the Company's remuneration framework as well as remuneration packages for Executive Directors to ensure that they are appropriately rewarded for their contribution to the Group.

The members of the Remuneration Committee during the financial year ended 31 December 2015 are as follows:

| | |
|---|---|
| Dato' Ahmad Ghiti bin Mohd Daud | *(Chairman, Independent Non-Executive Director)* |
| Puan Sri Datin Masri Khaw binti Abdullah | *(Member, Non-Independent Non-Executive Director)* |
| Ir. Al'Azmy bin Ahmad | *(Member, Independent Non-Executive Director)* |

Subsequent to the aforesaid appointment and resignation, effective 10 March 2016, the composition of the Remuneration Committee is as follows:

| | |
|---|---|
| Dato' Ahmad Ghiti bin Mohd Daud | *(Chairman, Independent Non-Executive Director)* |
| Puan Sri Datin Masri Khaw binti Abdullah | *(Member, Non-Independent Non-Executive* Director) |
| Rali bin Mohd Nor | *(Member, Independent Non-Executive Director)* |

**DIRECTORS' INTERESTS**

According to the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of those Directors who held 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 2015 are as follows:

| | **Number of ASB ordinary shares of RM0.30 each** | | | |
|---|---|---|---|---|
| | **At 1.1.2015** | **Bought** | **Sold** | **At 31.12.2015** |
| **Direct Interest** | | | | |
| Dato' Ahmad Sebi Bakar # | 76,810,009 | - | - | 76,810,009 |
| **Deemed Interest** | | | | |
| Dato' Ahmad Sebi Bakar # | *1 122,805,936 | - | - | *1 122,805,936 |
| Puan Sri Datin Masri Khaw binti Abdullah | 5,000,000 | - | - | 5,000,000 |
| Lee Su Nie | *2 365,000 | - | - | *2 365,000 |

**DIRECTORS' INTERESTS (continued)**

| | Number of ordinary shares | | | |
|---|---|---|---|---|
| | **At 1.1.2015** | **Bought** | **Sold** | **At 31.12.2015** |
| **Subsidiary** | | | | |
| **Captii Limited ("Captii")** | | | | |
| **Direct Interest** | | | | |
| Lee Su Nie | *3 200,000 | - | - | *3 20,000 |

| | Number of ordinary shares of RM1.00 each | | | |
|---|---|---|---|---|
| | **At 1.1.2015** | **Bought** | **Sold** | **At 31.12.2015** |
| **Segi Koleksi Sdn. Bhd. ("SKSB")** | | | | |
| **Deemed Interest** | | | | |
| Dato' Ahmad Sebi Bakar | 105,000 | - | - | 105,000 |
| Aryati Saysa binti Ahmad Sebi | 105,000 | - | - | 105,000 |
| **Metroprime Corporation Sdn. Bhd.** | | | | |
| **Deemed Interest** | | | | |
| Dato' Ahmad Sebi Bakar | - | *4 350,000 | - | *4 350,000 |
| Aryati Saysa binti Ahmad Sebi | - | *4 350,000 | - | *4 350,000 |

| | Number of ASB ICULS | | | |
|---|---|---|---|---|
| | **At 1.1.2015** | **Bought** | **Sold** | **At 31.12.2015** |
| **Deemed Interest** | | | | |
| Dato' Ahmad Sebi Bakar | 94,105,835 | - | - | 94,105,835 |
| Puan Sri Datin Masri Khaw binti Abdullah | 12,240,000 | - | - | 12,240,000 |

# 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 This includes his son's interest in 30,467,000 ordinary shares of ASB which shall be treated as his interest in the ordinary shares of ASB pursuant to Section 134(12)(c) of the Companies Act, 1965 in Malaysia.

*2 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 134(12)(c) of the Companies Act, 1965 in Malaysia.

*3 Pursuant to the share consolidation exercise of every ten (10) ordinary shares consolidated into one (1) consolidated share completed on 14 May 2015.

*4 By virtue of their interest in SKSB, via Pacific Existence Sdn. Bhd., Dato' Ahmad Sebi Bakar and Aryati Sasya binti Ahmad Sebi are deemed to be interested in the shares to the extent that SKSB has an interest with effect from 12 January 2015 upon Metroprime Corporation Sdn. Bhd. ("MCSB") became a wholly-owned subsidiary of SKSB.

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 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 33 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.

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of the significant events during the financial year are disclosed in Note 38 to the financial statements.

## SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR

Details of the significant events after the financial year are disclosed in Note 39 to the financial statements.

## AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

On behalf of the Board,

**LEE SU NIE**
Director

**YONG TECK MING**
Director

Selangor Darul Ehsan
31 March 2016

# Statements of Financial Position

as at 31 December 2015

| | Note | Group 2015 RM'000 | Group 2014 RM'000 | Company 2015 RM'000 | Company 2014 RM'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 4 | 127,736 | 158,246 | 39 | 49 |
| Investment property | 5 | 8,870 | 8,870 | - | - |
| Intangible assets | 6 | 97,648 | 98,239 | - | - |
| Investment in subsidiaries | 8 | - | - | 474,593 | 474,593 |
| Investment in associates | 9 | 54,575 | 55,865 | - | - |
| Investment in joint venture | 10 | 9 | 18 | - | - |
| Investment securities | 11 | 24,051 | 21,083 | 4,900 | 4,900 |
| Trade and other receivables | 12 | - | 606 | - | - |
| Deferred tax assets | 13 | 665 | 743 | 270 | 389 |
| **Total non-current assets** | | 313,554 | 343,670 | 479,802 | 479,931 |
| **Current assets** | | | | | |
| Inventories | 14 | 59,420 | 65,145 | - | - |
| Trade and other receivables | 12 | 90,143 | 84,018 | 142,126 | 32,101 |
| Prepayments | | 4,563 | 8,895 | - | 15 |
| Tax recoverable | | 2,411 | 1,820 | 1,661 | 1,599 |
| Investment securities | 11 | 433 | 418 | - | - |
| Financial assets held for trading | 15 | 411 | - | - | - |
| Cash and bank balances and short term deposits | 16 | 159,764 | 128,619 | 1,844 | 2,718 |
| **Total current assets** | | 317,145 | 288,915 | 145,631 | 136,433 |
| **TOTAL ASSETS** | | 630,699 | 632,585 | 625,433 | 616,364 |

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2015 | 2014 | 2015 | 2014 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity attributable to owners of the parent** | | | | | |
| Share capital | 17 | 199,216 | 198,677 | 199,216 | 198,677 |
| Share premium | 18 | 117,317 | 117,317 | 117,317 | 117,317 |
| Other reserves | 18 | 29,684 | 19,731 | 69 | 69 |
| Retained earnings | 18 | 28,921 | 42,172 | 8,721 | 5,282 |
| ICULS | | | | | |
| - equity component | 19 | 64,861 | 65,384 | 64,861 | 65,384 |
| Shareholders' funds | | 439,999 | 443,281 | 390,184 | 386,729 |
| Non-controlling interests | | 39,155 | 36,498 | - | - |
| **Total equity** | | 479,154 | 479,779 | 390,184 | 386,729 |
| **Non-current liabilities** | | | | | |
| Borrowings | 20 | 42,844 | 37,728 | - | - |
| Deferred tax liabilities | 13 | 2,659 | 1,539 | - | - |
| Provision for retirement benefit obligations | 21 | 1,427 | 1,284 | - | - |
| ICULS | | | | | |
| - liability component | 19 | 2,976 | 4,297 | 2,976 | 4,297 |
| **Total non-current liabilities** | | 49,906 | 44,848 | 2,976 | 4,297 |
| **Current liabilities** | | | | | |
| Borrowings | 20 | 37,203 | 35,903 | - | - |
| Tax payable | | 494 | 418 | - | - |
| Trade and other payables | 22 | 63,942 | 71,637 | 232,273 | 225,338 |
| **Total current liabilities** | | 101,639 | 107,958 | 232,273 | 225,338 |
| **Total liabilities** | | 151,545 | 152,806 | 235,249 | 229,635 |
| **TOTAL EQUITY AND LIABILITIES** | | 630,699 | 632,585 | 625,433 | 616,364 |

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

# Statements of Comprehensive Income

for the financial year ended 31 December 2015

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2015** | **2014** | **2015** | **2014** |
| | **Note** | RM'000 | RM'000 | RM'000 | RM'000 |
| **Revenue** | 23 | 268,837 | 274,764 | 12,020 | 15,842 |
| Cost of sales | 24 | (174,893) | (181,364) | - | - |
| **Gross profit** | | 93,944 | 93,400 | 12,020 | 15,842 |
| Other operating income | | 28,518 | 23,725 | 2 | 15 |
| Distribution costs | | (10,033) | (10,980) | - | - |
| Administrative expenses | | (60,375) | (57,814) | (2,943) | (3,406) |
| Other operating expenses | | (47,060) | (39,872) | (1,135) | (956) |
| **Operating profit** | 25 | 4,994 | 8,459 | 7,944 | 11,495 |
| Finance costs | 26 | (5,118) | (4,933) | (2,777) | (2,415) |
| Share of results of associates and joint venture | | (718) | (896) | - | - |
| **(Loss)/Profit before tax** | | (842) | 2,630 | 5,167 | 9,080 |
| Income tax expense | 27 | (6,719) | (5,164) | (68) | (330) |
| **(Loss)/Profit for the financial year** | | (7,561) | (2,534) | 5,099 | 8,750 |
| **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 | | 11,729 | 2,549 | - | - |
| Fair value of available-for-sale financial assets | | (1,608) | 1,366 | - | - |
| Share of other comprehensive income of associates, net of tax | | 54 | 150 | - | - |
| | | 10,175 | 4,065 | - | - |
| | | 10,175 | 4,065 | - | - |
| **Total comprehensive income for the financial year** | | 2,614 | 1,531 | 5,099 | 8,750 |

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2015** | **2014** | **2015** | **2014** |
| | **Note** | RM'000 | RM'000 | RM'000 | RM'000 |
| **(Loss)/Profit attributable to:** | | | | | |
| Owners of the parent | | (11,591) | (4,643) | 5,099 | 8,750 |
| Non-controlling interests | | 4,030 | 2,109 | - | - |
| | | (7,561) | (2,534) | 5,099 | 8,750 |
| **Total comprehensive (loss)/ income attributable to:** | | | | | |
| Owners of the parent | | (1,638) | (413) | 5,099 | 8,750 |
| Non-controlling interests | | 4,252 | 1,944 | - | - |
| | | 2,614 | 1,531 | 5,099 | 8,750 |
| **Loss per ordinary share attributable to owners of the parent (sen)** | | | | | |
| **- Basic** | 28 | (1.75) | (0.82) | | |
| **- Diluted** | 28 | (1.75) | (0.82) | | |

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

# Statements of Changes in Equity

for the financial year ended 31 December 2015

| | Attributable to owners of the parent | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Non-Distributable | | | | | | Distributable | | | |
| **Group** | Share Capital RM'000 | ICULS-Equity Component RM'000 | Share Premium RM'000 | Revaluation Reserve RM'000 | Exchange Translation Reserve RM'000 | Available For-Sale Reserve RM'000 | Retained Earnings RM'000 | Total RM'000 | Non-Controlling Interests RM'000 | Total Equity RM'000 |
| At 1 January 2015 | 198,677 | 65,384 | 117,317 | 15,998 | (2,757) | 6,490 | 42,172 | 443,281 | 36,498 | 479,779 |
| Net (loss)/profit for the financial year | - | - | - | - | - | - | (11,591) | (11,591) | 4,030 | (7,561) |
| Fair value of available-for-sale financial assets | - | - | - | - | - | (1,608) | - | (1,608) | - | (1,608) |
| Share of other comprehensive (loss)/ income of associates, net of tax | - | - | - | - | (51) | 105 | - | 54 | - | 54 |
| Foreign currency translation differences for foreign operations | - | - | - | - | 11,507 | - | - | 11,507 | 222 | 11,729 |
| Total comprehensive income/(loss) for the financial year | - | - | - | - | 11,456 | (1,503) | (11,591) | (1,638) | 4,252 | 2,614 |
| **Transactions with owners:** | | | | | | | | | | |
| Issue of new ordinary shares pursuant to the conversion of ICULS | 539 | (523) | - | - | - | - | - | 16 | - | 16 |
| Dividends paid (Note 29) | - | - | - | - | - | - | (1,660) | (1,660) | - | (1,660) |
| Total transactions with owners | 539 | (523) | - | - | - | - | (1,660) | (1,644) | - | (1,644) |
| Dividends paid to non-controlling interest of a subsidiary | - | - | - | - | - | - | - | - | (1,595) | (1,595) |
| At 31 December 2015 | 199,216 | 64,861 | 117,317 | 15,998 | 8,699 | 4,987 | 28,921 | 439,999 | 39,155 | 479,154 |

| | Attributable to owners of the parent | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Non-Distributable | | | | | | Distributable | | | |
| | Share Capital | ICULS-Equity Component | Share Premium | Revaluation Reserve | Exchange Translation Reserve | Available For-Sale Reserve | Retained Earnings | Total | Non-Controlling Interests | Total Equity |
| **Group** | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2014 | 154,175 | 108,669 | 117,317 | 15,998 | (5,489) | 4,992 | 45,466 | 441,128 | 34,625 | 475,753 |
| Net (loss)/profit for the financial year | - | - | - | - | - | - | (4,643) | (4,643) | 2,109 | (2,534) |
| Fair value of available-for-sale financial assets | - | - | - | - | - | 1,366 | - | 1,366 | - | 1,366 |
| Share of other comprehensive income of associates, net of tax | - | - | - | - | 18 | 132 | - | 150 | - | 150 |
| Foreign currency translation differences for foreign operations | - | - | - | - | 2,714 | - | - | 2,714 | (165) | 2,549 |
| Total comprehensive income/(loss) for the financial year | - | - | - | - | 2,732 | 1,498 | (4,643) | (413) | 1,944 | 1,531 |
| **Transactions with owners:** | | | | | | | | | | |
| Disposal of interest in subsidiaries | - | - | - | - | - | - | 412 | 412 | 404 | 816 |
| Acquisition of additional interest in a subsidiary | - | - | - | - | - | - | - | - | 105 | 105 |
| Issue of new ordinary shares pursuant to the conversion of ICULS | 44,502 | (43,285) | - | - | - | - | 2,276 | 3,493 | - | 3,493 |
| Dividends paid (Note 29) | - | - | - | - | - | - | (1,339) | (1,339) | - | (1,339) |
| Total transactions with owners | 44,502 | (43,285) | - | - | - | - | 1,349 | 2,566 | 509 | 3,075 |
| Dividends paid to non-controlling interest of a subsidiary | - | - | - | - | - | - | - | - | (580) | (580) |
| At 31 December 2014 | 198,677 | 65,384 | 117,317 | 15,998 | (2,757) | 6,490 | 42,172 | 443,281 | 36,498 | 479,779 |

# Statements of Changes in Equity

for the financial year ended 31 December 2015 (continued)

| | ← Attributable to owners of the Company → | | | | | |
|---|---|---|---|---|---|---|
| | ← Non-Distributable | | | → | Distributable | |
| **Company** | **Share Capital** RM'000 | **ICULS-Equity Component** RM'000 | **Share Premium** RM'000 | **Capital Reserve** RM'000 | **(Accumulated Losses)/ Retained Earnings** RM'000 | **Total** RM'000 |
| At 1 January 2014 | 154,175 | 108,669 | 117,317 | 69 | (4,405) | 375,825 |
| Total comprehensive income for the financial year | - | - | - | - | 8,750 | 8,750 |
| **Transactions with owners:** | | | | | | |
| Issue of new ordinary shares pursuant to the conversion of ICULS | 44,502 | (43,285) | - | - | 2,276 | 3,493 |
| Dividends paid | - | - | - | - | (1,339) | (1,339) |
| Total transactions with owners | 44,502 | (43,285) | - | - | 937 | 2,154 |
| At 31 December 2014 | 198,677 | 65,384 | 117,317 | 69 | 5,282 | 386,729 |
| Total comprehensive income for the financial year | - | - | - | - | 5,099 | 5,099 |
| **Transactions with owners:** | | | | | | |
| Issue of new ordinary shares pursuant to the conversion of ICULS | 539 | (523) | - | - | - | 16 |
| Dividends paid | - | - | - | - | (1,660) | (1,660) |
| Total transactions with owners | 539 | (523) | - | - | (1,660) | (1,644) |
| At 31 December 2015 | 199,216 | 64,861 | 117,317 | 69 | 8,721 | 390,184 |

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

# Statements of Cash Flows

for the financial year ended 31 December 2015

| | Note | Group 2015 RM'000 | Group 2014 RM'000 | Company 2015 RM'000 | Company 2014 RM'000 |
|---|---|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| (Loss)/Profit before tax | | (842) | 2,630 | 5,167 | 9,080 |
| Adjustments for: | | | | | |
| Write (back)/down of inventories | | (25) | 28 | - | - |
| Amortisation of intangible assets | | 2,560 | 2,695 | - | - |
| Fair value change in held for trading investments | | (15) | 81 | - | - |
| Bad debts written off | | 546 | 3 | 15 | - |
| Depreciation | | 9,852 | 15,737 | 11 | 14 |
| Gain on disposal of: | | | | | |
| - property, plant and equipment (include item in Note 38(e)) | | (12,350) | (41) | - | - |
| - subsidiaries | | - | (11,339) | - | - |
| - lease rights | 38(b) | (4,986) | - | - | - |
| Gross dividend income | | - | (4) | - | - |
| Impairment loss on: | | | | | |
| - goodwill | | - | 1,496 | - | - |
| - loan and receivables | | 355 | 892 | - | - |
| - development expenditure | | - | 929 | - | - |
| - investment in associates and joint venture | | - | 198 | - | - |
| - available-for-sale investment securities | | 1 | - | - | - |
| - property, plant and equipment | | 489 | - | - | - |
| Interest expenses | | 5,118 | 4,933 | 2,777 | 2,415 |
| Interest income | | (3,381) | (2,696) | (64) | (34) |
| Loss on disposal of a subsidiary | | - | 141 | - | - |
| Loss on disposal of an associate | | 596 | - | - | - |
| Net unrealised (gain)/loss on foreign exchange | | (655) | (333) | 156 | (13) |
| Property, plant and equipment written off (include item in Note 38(b)) | | 16,816 | 93 | 1 | - |
| Provision/(Over provision) for retirement benefits obligations | | 173 | (74) | - | - |
| Realisation of foreign exchange reserve | | - | 1,827 | - | - |
| Share of results in associates and joint venture | | 718 | 896 | - | - |
| Write back of impairment loss on loan and receivables | | (683) | (3) | - | - |
| Fair value change in foreign currency held for trading | | (15) | - | - | - |
| Write back of payables | | (397) | (1,233) | - | - |
| Operating profit before working capital changes | | 13,875 | 16,856 | 8,063 | 11,462 |

| | Note | Group 2015 RM'000 | Group 2014 RM'000 | Company 2015 RM'000 | Company 2014 RM'000 |
|---|---|---|---|---|---|
| Changes in working capital: | | | | | |
| Inventories | | 5,750 | (5,721) | - | - |
| Receivables | | (1,392) | 8,639 | (10,617) | (26,888) |
| Financial assets held for trading | | (396) | - | - | - |
| Payables | | (7,987) | 9,959 | 6,944 | 12,150 |
| Net cash generated from/(used in) operations | | 9,850 | 29,733 | 4,390 | (3,276) |
| Retirement benefits paid | | (30) | (16) | - | - |
| Tax (paid)/refunded | | (6,033) | (6,462) | (12) | 932 |
| Net cash generated from/(used in) operating activities | | 3,787 | 23,255 | 4,378 | (2,344) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Acquisition of intangibles assets | | (1,209) | (1,124) | - | - |
| Acquisition of additional shares in existing subsidiaries | | - | 105 | - | - |
| Acquisition of fair value through profit or loss investments | | (4,576) | - | - | - |
| Acquisition of a subsidiary, net of cash acquired | 8(b) | (725) | 21 | - | - |
| Acquisition of associates | 9(a)-(c) | (3,807) | (20,716) | - | - |
| Acquisition of additional shares in an associate | | (1,000) | (400) | - | - |
| Payment of contingent consideration of acquisition of a subsidiary | | - | (2,315) | - | - |
| Dividend income received, net of tax | | - | 4 | - | - |
| Interest received | | 3,381 | 2,696 | 64 | 34 |
| Proceeds from disposal of property, plant and equipment (include item in Note 38(e)) | | 23,499 | 66 | - | - |
| Proceeds from disposal of an associate | 9(e) | 4,848 | - | - | - |
| Proceeds from disposal of subsidiaries, net of cash disposed | | - | 8,018 | - | - |
| Proceeds from disposal of lease rights | 38(b) | 4,986 | - | - | - |
| Purchase of property, plant and equipment | | (4,076) | (5,455) | (2) | (1) |
| Net cash generated from/(used in) investing activities | | 21,321 | (19,100) | 62 | 33 |

| | Note | Group 2015 RM'000 | Group 2014 RM'000 | Company 2015 RM'000 | Company 2014 RM'000 |
|---|---|---|---|---|---|
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | | |
| Dividends paid to non-controlling interests of a subsidiary | | (1,595) | (580) | - | - |
| Dividends paid | | (1,660) | (1,339) | (1,660) | (1,339) |
| Drawdown of term loans | | 30,000 | - | - | - |
| Drawdown of revolving credit | | - | 11,300 | - | - |
| Interest paid | | (5,908) | (6,841) | (3,654) | (4,400) |
| Payments to hire purchase payables | | (87) | (17) | - | - |
| (Placement)/Withdrawal of pledged deposits | | (527) | 3,763 | - | - |
| Repayment of term loans | | (1,780) | (8,028) | - | - |
| Repayment of revolving credit | | (21,400) | - | - | - |
| Net cash used in financing activities | | (2,957) | (1,742) | (5,314) | (5,739) |
| Effects of exchange rate changes | | (1,254) | (221) | - | - |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | | 20,897 | 2,192 | (874) | (8,050) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR | | | | | |
| As previously reported | | 94,592 | 90,901 | 2,718 | 10,768 |
| Effect of exchange rate changes | | 10,500 | 1,499 | - | - |
| | | 105,092 | 92,400 | 2,718 | 10,768 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR | | 125,989 | 94,592 | 1,844 | 2,718 |
| ANALYSIS OF CASH AND CASH EQUIVALENTS: | | | | | |
| Cash and bank balances | 16 | 52,777 | 48,490 | 94 | 2,268 |
| Short term deposits | 16 | 106,987 | 80,129 | 1,750 | 450 |
| Bank overdrafts | 20 | - | (779) | - | - |
| | | 159,764 | 127,840 | 1,844 | 2,718 |
| Less: Deposit placed with lease payables as security deposit for lease payments | 16(c) | (22,996) | (21,874) | - | - |
| Less: Deposit pledged to licensed banks | 16(a) | (10,214) | (10,827) | - | - |
| Less: Cash held under Housing Development Account | 16(b) | (565) | (547) | - | - |
| | | 125,989 | 94,592 | 1,844 | 2,718 |

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

# Notes to the Financial Statements

31 December 2015

## 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 8 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 31 March 2016.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation

The financial statements of the Group and of 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, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as disclosed in the significant accounting policies in Note 2.3 to the financial statements.

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 reporting period. It also requires Directors to exercise their judgment in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgment 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 financial statements are disclosed in Note 3 to the financial statements.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.2 New MFRSs and Amendments/Improvements to MFRSs

#### (a) Adoption of Amendments/Improvements to MFRSs

The Group and the Company had adopted the following amendments/improvements to MFRSs that are mandatory for the current financial year:

| Amendments/Improvements to MFRSs | |
|---|---|
| MFRS 1 | First-time Adoption of Malaysian Financial Reporting Standards |
| MFRS 2 | Share-based Payment |
| MFRS 3 | Business Combinations |
| MFRS 8 | Operating Segments |
| MFRS 13 | Fair Value Measurement |
| MFRS 116 | Property, Plant and Equipment |
| MFRS 119 | Employee Benefits |
| MFRS 124 | Related Party Disclosures |
| MFRS 138 | Intangible Assets |
| MFRS 140 | Investment Property |

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies.

***Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards***

Amendments to MFRS 1 relate to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that a first-time adopter is permitted but not required to apply a new or revised Standard that is not yet mandatory but is available for early application.

***Amendments to MFRS 2 Share-based Payment***

Amendments to MFRS 2 clarify the definition of 'vesting conditions' by separately defining 'performance condition' and 'service condition' to ensure consistent classification of conditions attached to a share-based payment.

***Amendments to MFRS 3 Business Combinations***

Amendments to MFRS 3 clarify that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132. They also clarify that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.2 New MFRSs and Amendments/Improvements to MFRSs (continued)

#### (a) Adoption of Amendments/Improvements to MFRSs (continued)

***Amendments to MFRS 3 Business Combinations (continued)***

In addition, Amendments to MFRS 3 clarify that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11) in the financial statements of the joint arrangement itself.

***Amendments to MFRS 8 Operating Segments***

Amendments to MFRS 8 require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly to the chief operating decision maker.

***Amendments to MFRS 13 Fair Value Measurement***

Amendments to MFRS 13 relate to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments also clarify that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 or MFRS 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132.

***Amendments to MFRS 116 Property, Plant and Equipment***

Amendments to MFRS 116 clarify the accounting treatment for the accumulated depreciation when an asset is revalued. They clarify that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and

- the accumulated depreciation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.2 New MFRSs and Amendments/Improvements to MFRSs (continued)

#### (a) Adoption of Amendments/Improvements to MFRSs (continued)

***Amendments to MFRS 119 Employee Benefits***

Amendments to MFRS 119 provide a practical expedient in accounting for contributions from employees or third parties to defined benefit plans.

If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.

However, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by MFRS 119 for the gross benefit (i.e. either based on the plan's contribution formula or on a straight-line basis).

***Amendments to MFRS 124 Related Party Disclosures***

Amendments to MFRS 124 clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

***Amendments to MFRS 138 Intangible Assets***

Amendments to MFRS 138 clarify the accounting treatment for the accumulated amortisation when an asset is revalued. They clarify that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and

- the accumulated amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

***Amendments to MFRS 140 Investment Property***

Amendments to MFRS 140 clarify that the determination of whether an acquisition of investment property meets the definition of both a business combination as defined in MFRS 3 and investment property as defined in MFRS 140 requires the separate application of both Standards independently of each other.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.2 New MFRSs and Amendments/Improvements to MFRSs (continued)

**(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted**

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

| | | **Effective for financial periods beginning on or after** |
|---|---|---|
| New MFRSs | | |
| MFRS 9 | Financial Instruments | 1 January 2018 |
| MFRS 15 | Revenue from Contracts with Customers | 1 January 2018 |
| | | |
| Amendments/Improvements to MFRSs | | |
| MFRS 5 | Non-current Asset Held for Sale and Discontinued Operations | 1 January 2016 |
| MFRS 7 | Financial Instruments: Disclosures | 1 January 2016 |
| MFRS 10 | Consolidated Financial Statements | Deferred/1 January 2016 |
| MFRS 11 | Joint Arrangements | 1 January 2016 |
| MFRS 12 | Disclosures of Interests in Other Entities | 1 January 2016 |
| MFRS 101 | Presentation of Financial Statements | 1 January 2016 |
| MFRS 116 | Property, Plant and Equipment | 1 January 2016 |
| MFRS 119 | Employee Benefits | 1 January 2016 |
| MFRS 127 | Separate Financial Statements | 1 January 2016 |
| MFRS 128 | Investments in Associates and Joint Ventures | Deferred/1 January 2016 |
| MFRS 138 | Intangible Assets | 1 January 2016 |
| MFRS 141 | Agriculture | 1 January 2016 |

A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs are summarised below. Due to the complexity of these new MFRS and amendments/improvements to MFRSs, the financial effects of their adoption are currently still being assessed by the Group and the Company.

***MFRS 9 Financial Instruments***

Key requirements of MFRS 9:

- MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.2 New MFRSs and Amendments/Improvements to MFRSs (continued)

#### (b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (continued)

***MFRS 9 Financial Instruments (continued)***

Key requirements of MFRS 9 (continued):

- 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. 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.

- 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.

***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:

- Identify the contracts with a customer.
- Identify the performance obligation in the contract.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.2 New MFRSs and Amendments/Improvements to MFRSs (continued)

#### (b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (continued)

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

- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- 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 |

***Amendments to MFRS 5 Non-current Assets Held for Sale and Discontinued Operations***

Amendments to MFRS 5 introduce specific guidance on when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution is discontinued.

***Amendments to MFRS 7 Financial Instruments: Disclosures***

Amendments to MFRS 7 provide additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7.

The Amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) to condensed interim financial statements.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.2 New MFRSs and Amendments/Improvements to MFRSs (continued)

**(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (continued)**

***Amendments to MFRS 11 Joint Arrangements***

Amendments to MFRS 11 clarify that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in MFRS 3 Business Combinations, it shall apply the relevant principles on business combinations accounting in MFRS 3, and other MFRSs, that do not conflict with MFRS 11. Some of the impact arising may be the recognition of goodwill, recognition of deferred tax assets / liabilities and recognition of acquisition-related costs as expenses. The Amendments do not apply to joint operations under common control and also clarify that previously held interests in a joint operation are not re-measured if the joint operator retains joint control.

***Amendments to MFRS 101 Presentation of Financial Statements***

Amendments to MFRS 101 improve the effectiveness of disclosures. The Amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

***Amendments to MFRS 116 Property, Plant and Equipment***

Amendments to MFRS 116 prohibit revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

***Amendments to MFRS 119 Employee Benefits***

Amendments to MFRS 119 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability and the depth of the market for high quality corporate bonds should be assessed at a currency level.

***Amendments to MFRS 127 Separate Financial Statements***

Amendments to MFRS 127 allow a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.2 New MFRSs and Amendments/Improvements to MFRSs (continued)

**(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (continued)**

***Amendments to MFRS 138 Intangible Assets***

Amendments to MFRS 138 introduce a rebuttable presumption that the revenue-based amortisation method is inappropriate. This presumption can be overcome only in the following limited circumstances:

- when the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or

- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

***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 10 Consolidated Financial Statements, MFRS 12 Disclosures of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures***

These amendments address the following issues that have arisen in the application of the consolidation exception for investment entities:

- Exemption from presenting consolidated financial statements: the amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

- Consolidation of intermediate investment entities: the amendments clarify that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.2 New MFRSs and Amendments/Improvements to MFRSs (continued)

**(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (continued)**

***Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosures of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures (continued)***

- Policy choice for equity accounting for investments in associates and joint ventures: the amendments allow a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

***Amendments to MFRS 116 Property, Plant and Equipment and Amendments to MFRS 141 Agriculture***

With the Amendments, bearer plants would come under the scope of MFRS 116 and would be accounted for in the same way as property, plant and equipment. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Nevertheless, the produce growing on the bearer plant would remain within the scope of MFRS 141. This is because the growth of the produce directly increases the expected revenue from the sale of the produce. Moreover, fair value measurement of the growing produce provides useful information to users of financial statements about future cash flows that an entity will actually realise as the produce will ultimately be detached from the bearer plants and sold separately.

### 2.3 Significant Accounting Policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

**(a) Basis of Consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the financial year.

The financial statements of the parent and its subsidiaries are all drawn up to the same reporting date.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (a) Basis of Consolidation (continued)

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

The consideration transferred for acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

In a business combination achieved in stages, previously held equity interest in the acquiree is re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The excess of the cost of the acquisition over the net fair value of the Group's share of the identifiable net assets, liabilities and contingent liabilities represents goodwill. The policy for the goodwill is in accordance with Note 2.3(i) to the financial statements. Any excess of the net fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Intra-group transactions and balances, and resulting unrealised gains are eliminated on consolidation. Unrealised losses resulting from intra-group transactions are also eliminated on consolidation to the extent of the cost of the asset that can be recovered. The extent of the costs that cannot be recovered is treated as impairment losses as appropriate. Where necessary, adjustments are made to the financial statements of the subsidiaries to ensure consistency with the accounting policies adopted by the Group.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (a) Basis of Consolidation (continued)

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at the acquisition date either at fair value or at the proportionate share of the acquiree's identifiable net assets.

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

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date the control is lost. Subsequently, it is accounted for as an equity investee or as an available for sale financial asset depending on the level of influence retained.

#### (b) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Potential voting rights are considered when assessing control only when such rights are substantive.

The Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

In the Group's consolidated financial statements, the difference between the net disposal proceeds and the Group's share of the subsidiary's net assets as of the date of disposal including the cumulative amount of any exchange differences that relate to the subsidiary is recognised in profit or loss attributable to the parent.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (b) Subsidiaries (continued)

Investment in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sales. The cost of investments includes transaction costs.

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of the financial year. The financial statements of the parent and its subsidiaries are all drawn up to the same reporting date.

#### (c) Associates

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

Investments in associates are accounted for in the Company's separate financial statements at cost less accumulated impairment losses, if any unless the investment is classified as held for sale or distribution. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(k) to the financial statements.

Investments in associates are accounted for in the consolidated financial statements using the equity method. The Group's investments in associates are initially recognised in the consolidated statement of financial position at cost. The initial carrying amount is increased or decreased to recognise the Group's share of post-acquisition net results and other changes in comprehensive income of the associates less impairment loss, if any, determined on an individual basis. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(k) to the financial statements.

The consolidated statement of comprehensive income reflects the share of the associates' results after tax. Where there has been a change recognised directly in the equity of associates, the Group recognises its share of such changes. Unrealised gains or losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in associates.

When the Group's share of losses in an associate exceeds its interest in the associate, the Group does not recognise further losses except to the extent that the Group has legal or constructive obligations or made payments on the behalf of the associate.

Goodwill relating to an associate is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (c) Associates (continued)

After the application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associates is impaired. If there is such evidence, the Group calculates the impairment as the difference between the recoverable amount of the associates and its carrying value and recognise the amount in the share of profit of associates in the profit or loss. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(k) to the financial statements.

The associates are equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate. Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value and this amount is regarded as the initial carrying amount of a 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 re-measured. 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 to profit or loss on the disposal of the related assets or liabilities.

The most recent available audited or management financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

On disposal of such investment, the differences between net disposals proceed and the carrying amount of the investment in an associate is recognised in the statement of profit or loss.

#### (d) Joint Arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

A joint arrangement is classified as "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to an arrangement. The Group account for each of its share of assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (d) Joint Arrangements (continued)

A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investment in joint venture are measured in the Company's statement of financial position at cost less accumulated impairment losses, if any, unless the investment is classified as held for sale or distribution.

Where there is objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets in accordance with Note 2.3(k) to the financial statements.

#### (e) Property, Plant and Equipment and Depreciation

All property, plant and equipment were initially stated at cost. Hotel buildings were subsequently shown at fair value, based on valuations of external independent valuers, less subsequent accumulated depreciation and impairment losses, if any. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment loss, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(k) to the financial statements.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Dismantlement, removal or restoration costs are included as part of property, plant and equipment if obligation for dismantlement, removal and restoration is included as consequence of acquiring or using the property, plant and 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.

The cost of replacing 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 and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss as incurred.

Freehold lands are not depreciated as it has an infinite life. Construction work-in-progress are not depreciated until it is ready for its intended use. Upon completion, construction works in progress are transferred to categories of property, plant and equipment, depending on the nature of the assets. Depreciation on buses under refurbishment commences when the buses are ready for their intended use.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (e) Property, Plant and Equipment and Depreciation (continued)

All other property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets concerned. The annual rates used for this purpose are as follows:

| | |
|---|---|
| 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 revision in the depreciation rate for the crockeries, glassware, cutleries, linen and kitchen utensils was effected so as to be more realistically reflected its estimated economic useful lives. The effect of this change in the accounting estimates is disclosed in the Note 4 to the financial statements.

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at end of each financial year. The effects of any revisions of the residual values and useful lives are included in profit or loss for the financial year in which the changes arise.

At each financial year end, the Group and the Company assess whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

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

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 included in profit or loss in the financial year the asset is derecognised.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (f) Revaluation of Assets

Hotel properties at valuation are revalued with sufficient regularity to ensure that the carrying values of the revalued land and buildings do not differ materially from that which would be determined using fair value at end of the financial year.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any surplus or deficit arising from the revaluations will be dealt with in the Revaluation Reserve Account. Any deficit is set-off against the Revaluation Reserve Account only to the extent of the surplus credited from the previous revaluation of the land and buildings and the excess of the deficit is charged to profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

#### (g) Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Investment property is subject to renovations or improvements at regular intervals. The costs of major renovations and improvements are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The costs of maintenance, repairs and minor improvement are charged to profit or loss when incurred.

On disposal or retirement of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss.

#### (h) Leases and Hire Purchase

##### (i) Finance Leases and Hire Purchase

Assets financed by finance leases and hire purchase arrangements which transfer substantially all the risks and rewards of ownership to the Group are capitalised as property, plant and equipment, and the corresponding obligations are treated as liabilities. The assets so capitalised are depreciated in accordance with the accounting policy on property, plant and equipment.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (h) Leases and Hire Purchase (continued)

##### (i) Finance Leases and Hire Purchase (continued)

Assets acquired by way of finance lease and hire purchase arrangements are stated at an amount equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(k) to the financial statements. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Property, plant and equipment acquired under finance leases and hire purchase are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance cost, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

##### (ii) Operating Leases

An operating lease is a lease other than a finance lease. Lease payments under operating lease are recognised as an expense in profit or loss on a straight line basis over the lease period.

##### (iii) Leases of Land and Buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and building are allocated between the land and the building elements of the lease in proportion to the relative fair values for leasehold interest in the land element and the building element of the lease at the inception of the lease.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (h) Leases and Hire Purchase (continued)

##### (iii) Leases of Land and Buildings (continued)

Leasehold land that normally has an indefinite economic life and where the lease does not transfer substantially all the risks and rewards incidental to ownership is treated as an operating lease. The lump-sum upfront lease payment made on entering into or acquiring leasehold land are accounted for as prepaid lease payments and are amortised over the lease term on a straight line basis except for leasehold land that is classified as an asset held under property development. Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

The buildings element is classified as a finance or operating lease in accordance with Notes 2.3(h)(i) and (h)(ii) to the financial statements. If the lease payment cannot be allocated reliably between these two elements, the entire lease is classified as a finance lease, unless it is clear that both elements are operating lease, in which case the entire lease is classified as an operating lease.

For a lease of land and building in which the amount that would initially be recognised for the land element is immaterial, the land and buildings is treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is recognised as the economic life of the entire leased assets.

#### (i) Intangible Assets

##### (i) Goodwill

Goodwill acquired in a business combination is recognised as an asset at the acquisition date and is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(k) to the financial statements. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (i) Intangible Assets (continued)

##### (i) Goodwill (continued)

For the purpose of impairment testing, goodwill is allocated, at the acquisition date, to each of the Group's cash-generating units ("CGU") that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. A CGU to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. An impairment loss is recognised for a CGU when the recoverable amount of the unit is less than the carrying amount of the unit. Any impairment loss recognised is first allocated to reduce the carrying amount of any goodwill allocated to the unit and then, to the other assets of the unit within pro rata on the basis of the carrying amount of each applicable asset in the unit. Any impairment loss recognised for goodwill is not reversed.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the CGU retained.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with Note 2.3(z) to the financial statements.

##### (ii) Other Intangible Assets

Other intangible assets are recognised only when identifiable, and control and economic benefit probability criteria are met.

The Group recognises at the acquisition date separately from goodwill, an intangible asset of the acquiree if the fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. In-process research and development projects acquired in such combinations are recognised as an asset even if subsequent expenditure is written off because the criteria specified in the policy for research and development is not met.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (i) Intangible Assets (continued)

##### (ii) Other Intangible Assets (continued)

Intangible assets are initially measured at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition.

After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(k) to the financial statements. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and are assessed for any indication that the asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. The amortisation expense on intangible assets with finite lives is recognised in profit or loss and is included within the other operating expenses line item.

An intangible asset has an indefinite useful life when based on the analysis of all the relevant factors; there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows to the Group. Intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that the carrying value may be impaired. Such intangible assets are not amortised. Their useful lives are reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for the asset. If they do not, the change in the useful life assessment for indefinite to finite is accounted for as a change in accounting estimate in accordance with MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors.

Expenditure on an intangible item that is initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset is recognised in profit or loss when the asset is derecognised.

*Research and Development Expenditure*

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (i) Intangible Assets (continued)

##### (ii) Other Intangible Assets (continued)

***Research and Development Expenditure (continued)***

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

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

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Development costs that have been capitalised are amortised from the commencement of commercial production of the product to which they relate on a straight-line method over the period of their expected benefits, not exceeding a period of 5 years.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at end of each financial year. The effects of any revision are recognised in profit or loss when the changes arise.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (i) Intangible Assets (continued)

##### (ii) Other Intangible Assets (continued)

*Intellectual Property*

Expenditure on acquired intellectual property is capitalised and amortised using the straight line method over their expected benefits, not exceeding a period of five (5) years.

Subsequent to initial recognition, acquired intellectual property is stated at cost less accumulated amortisation and accumulated impairment losses, if any.

The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(k) to the financial statements.

#### (j) Financial Assets

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

On initial recognition, financial assets are measured at fair value, plus transaction costs for financial assets not at 'fair value through profit or loss'.

Effective interest method is a method of calculating the amortised cost of financial assets and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash receipts through the expected life of the financial assets or a shorter period to the net carrying amount of the financial assets.

After initial recognition, financial assets are classified into one of four categories: financial assets at 'fair value through profit or loss', 'held-to-maturity' investments, 'loans and receivables' and 'available-for-sale' financial assets.

##### (i) Financial Assets at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

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 cost.

Other financial assets categorised as fair value through profit or loss is subsequently measured at their fair values with the gain or loss recognised in profit or loss.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (j) Financial Assets (continued)

##### (ii) Loan 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. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loan and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

##### (iii) Held-to-Maturity Investments

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

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

##### (iv) Available-for-Sale Financial Assets

Available-for-sale financial assets are financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method 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 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (j) Financial Assets (continued)

##### (iv) Available-for-Sale Financial Assets (continued)

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment loss, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised where the contractual right to receive cash flows from the assets has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

#### (k) Impairment

##### (i) Impairment of Financial Assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investment in subsidiaries and associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (k) Impairment (continued)

##### (i) Impairment of Financial Assets (continued)

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any accumulated impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through the profit or loss.

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

##### (ii) Impairment of Non-Financial Assets

The carrying amounts of non-financial assets (except for inventories, assets arising from construction contract, deferred tax asset, assets arising from employee benefits, investment property that is measured at fair value and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGU that are expected to benefit from the synergies of the combination.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (k) Impairment (continued)

##### (ii) Impairment of Non-Financial Assets (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit groups of units on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

#### (l) Contract Work-In-Progress

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the financial year ("percentage-of-completion method"), except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (l) Contract Work-In-Progress (continued)

At the end of the financial year, the aggregated costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented on the face of the statement of financial position as "Amount due from contract customers". Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as "Amount due to contract customers".

Progress billings not yet paid by customers and retentions are included within "Amount due from contract customers".

#### (m) Inventories

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

**(i) Cost of the inventories is determined on the following basis:**

- Finished goods, food and beverages, operating supplies for Hotels and Resorts segment - First-in, first-out basis.
- Completed units of unsold developed properties - Specific identification basis.
- Finished goods, consumable goods, operating supplies work-in-progress -Weighted average basis.

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.

The cost of raw materials, food and beverage and operating supplies comprises all cost of purchase plus the cost of bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials, direct labour and a proportion of production overheads based on normal operating capacity of the production facilities.

**(ii) Properties development inventory**

Cost includes:
- Freehold and leasehold rights for land.
- Amounts paid to contractors for construction.
- Borrowing costs, planning and design costs, costs for site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (m) Inventories (continued)

##### (ii) Properties development inventory (continued)

The cost of inventory recognised in profit or loss is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative sale value of the property sold.

#### (n) Cash and Cash Equivalents

For the purpose of cash flow statements, cash and cash equivalents comprise cash in hand, bank balances, fixed deposits, demand deposits and short term highly liquid investments, that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value, net of bank overdrafts and deposits pledged to financial institutions.

#### (o) Non-Current Assets Classified as Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to the terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable MFRSs. Then, on initial classification as held for sale, non-current assets (other than investment properties, deferred tax assets, employee benefits assets, financial assets and inventories) are measured in accordance with MFRS 5 that is at the lower of the carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

#### (p) Equity Instruments

Ordinary shares are recorded at the nominal value and the consideration in excess of nominal value of shares issued, if any, is accounted for as share premium. Both ordinary shares and share premium are classified as equity.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the financial year end. A dividend proposed or declared after the financial year end, but before the financial statements are authorised for issue, is not recognised as a liability at the financial year end.

Cost incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, if any, otherwise it is charged to profit or loss. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (q) ICULS

ICULS with fixed coupon rates are regarded as compound instruments consisting predominantly an equity component and a liability component.

#### (r) Financial Liabilities

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

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

##### (i) Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resulted gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

##### (ii) Other Financial Liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

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

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (r) Financial Liabilities (continued)

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

#### (s) 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.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

#### (t) Provisions for Liabilities

Provision for liabilities are recognised when the Group has a present obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

#### (u) Government Grant

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (v) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

**(i) Revenue from the Sale of Goods**

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

**(ii) Revenue from Services**

Revenue in respect of the rendering of services is recognised based on the stage of completion at the financial year end and when the cost incurred can be reliably measured. The stage of completion is determined by the services performed to date as a percentage of total services to be performed. The percentage of completion is estimated by management with reference to the stage of completion of the obligation under the contract with the customers. Where it is probable that a loss will arise from a contract, the excess estimated costs over revenue are recognised as an expense immediately.

**(iii) Hotel and Resort Services**

Revenue represents income from the rental of rooms, sale of food and beverages and other related services.

Revenue is recognised as follows:

- room revenue is recognised upon actual occupancy by guest;
- food and beverage revenue is recognised upon servicing; and
- other related services are recognised upon rendering of services.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (v) Revenue Recognition (continued)

##### (iv) Information and Communications Technology Related Services

(a) Revenue from service contracts

Revenue and profit from contracts are recognised on an individual contract basis using the percentage of completion method, when the stage of contract completion can be reliably determined, costs to date can be clearly identified, and the total revenue to be received and costs to complete can be reliably estimated. The percentage of completion is estimated by management with reference to the stage of completion of the obligations under the contract with the customer. Where it is probable that a loss will arise from a contract, the excess of total estimated costs over revenue is recognised as an expense immediately.

(b) Revenue from maintenance contract is recognised on a straight line basis over the period of the respective contracts.

##### (v) Coach Building

Revenue from sale of buses is recognised when significant risk and rewards of ownership of the buses has been transferred to the customer and where the Group retains neither continuing managerial involvement over the buses, which coincides with delivery of buses and services and acceptance by customers.

##### (vi) Sale of Completed Properties

A property is recognised as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

##### (vii) Sale of Property under Development

For a portfolio of property development contracts with customers, when control of property under the development is transferred over time to the customer (and hence the performance obligation is satisfied over time), revenue is recognised in profit or loss over time or progressively by reference to the stage of completion in a performance obligation. The stage of completion is determined by the proportion of property development costs incurred for work performed to date bear to the estimated total property development costs (an input method). When the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. If a customer does not obtain control when the asset is under development, such as in build and sell units, revenue is recognised at a point in time when the construction of the asset is completed and handed over to the customer.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (v) Revenue Recognition (continued)

**(viii) Rental Income**

Rental income is accounted for on a straight line basis over the lease terms on ongoing leases. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight line basis.

**(ix) Travel and Tours**

Revenue from invoiced value of tickets sold is recognised in profit or loss upon issuance of the tickets.

Revenue from travel and tour is recognised in profit or loss based on accrual basis upon performance of services.

Revenue from foreign currencies exchange is recognised in profit or loss upon customer's acceptance.

Revenue from remittance commission is recognised in profit or loss upon rendering of remittance service.

**(x) Interest Income**

Interest income is recognised as it accrues, using the effective interest method unless collectability is in doubt.

**(xi) Dividend Income**

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

**(xii) Card and Payment Services**

Joining fees is recognised upon issuance of cards to approved members. Cash advance fees is recognised upon billings to card members. Discount revenue and interchange fees are recognised upon the billing to/by merchants and inter-member banks. Interest income from line of credit facilities granted is recognised on an accrual basis.

**(xiii) Traditional Chinese Medicine Services**

Revenue from traditional Chinese medicine services is recognised when services are rendered and goods are delivered, net of discount and rebates.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (v) Revenue Recognition (continued)

##### (xiv) Education

Revenue is recognised to the extent that it is probable that the economic benefits will flow in and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from services rendered represents tuition fees, registration fees, programme fees and examination fees net of refunds and discounts allowed.

Revenue from tuition fees is recognised over the duration of the course. Amounts of fees relating to future periods of the course are included in fees received in advance under “trade and other payables”.

#### (w) Borrowing Costs

Borrowing costs are capitalised as part of the costs of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sales are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. Capitalisation of borrowing costs will be suspended when the assets are completed or during the period in which development and construction are interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowings incurred on that borrowing during the period less any investment income on the temporary investment of funds drawdown from those borrowing facilities.

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

#### (x) Income Taxes

The tax expense in profit or loss represents the aggregate amount of current tax and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (x) Income Taxes (continued)

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at time of the transaction, affects neither accounting profit nor taxable profit.

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 that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

#### (y) Employee Benefits

##### (i) Short Term Employee Benefits

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

##### (ii) Defined Contribution Plans

The Group contributes to the Employees Provident Fund, the national defined contribution plan. The contributions are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (y) Employee Benefits (continued)

##### (iii) Defined Benefits Plans

Certain subsidiaries operate an unfunded retirement benefits plan for rank and file employees in accordance with an article contained in the collective union agreement. The liabilities in respect of the retirement benefits plan are determined by an actuarial valuation for its defined benefit obligations under the Projected Unit Credit Method. Under this method, the current service cost is calculated as the present value of benefits that will accrue on valuation date (by reference to the number of employees providing the service in that year and projected final salaries). The liabilities will be recognised immediately in the year they are incurred.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or assets for the period by applying the discount rate used to measure the defined benefits obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Previously, the Group determined interest income on plan assets based on their long-term rate of expected return.

Net interest expense and other expenses relating to defined benefits plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains or losses on the settlement of a defined benefit plan when the settlement occurs.

#### (z) Foreign Currencies

##### (i) Functional and Presentation Currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in RM, which is the Group's functional currency and presentation currency.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (z) Foreign Currencies (continued)

##### (ii) Transactions and Balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximately those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising in monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is transferred to profit or loss of the Group on disposal of the foreign operation.

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

##### (iii) Foreign Operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date. Goodwill and fair value adjustments which arose from the acquisition on the foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rate prevailing at the date of acquisition.

Upon disposal of a foreign subsidiary, the accumulated amount of translation differences at the date of disposal of the subsidiary is taken to the consolidated statements of comprehensive income.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Policies (continued)

#### (aa) Earnings per Ordinary Share

The Group presents basic and diluted earnings per share ("EPS") 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.

Diluted earnings/(loss) per share of the Group is calculated by dividing the profit/(loss) for the financial year attributable to equity holders of the Company 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.

#### (ab) 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 events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statement of financial position of the Group.

#### (ac) Fair Value Measurements

The Group adopted MFRS 13, Fair Value Measurement which prescribed that 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 of the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

#### (ad) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the management, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

## 3. 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.

### 3.1 Judgements Made in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

#### (a) Classification of Financial Assets

The Group has classified certain of its financial assets as available-for-sale investments and financial assets held for trading. In applying the accounting policy, the Group assesses its nature and the intention. Should the circumstances change in the future, the classification of these financial assets as available-for-sale and held for trading may no longer be appropriate.

#### (b) Leases

The Group has reassessed and judged that the leasehold land of the Group which are in substance are finance leases and has reclassified the leasehold land to property, plant and equipment.

### 3.2 Key Source of Estimation Uncertainty

#### (a) Useful Lives of Property, Plant and Equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amount and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

### 3.2 Key Source of Estimation Uncertainty (continued)

#### (a) Useful Lives of Property, Plant and Equipment (continued)

The carrying amounts of the Group's and Company's property, plant and equipment are disclosed in Note 4 to the financial statements.

During the financial year, the Group conducted an operational efficiency review on its crockeries, glassware, cutleries, linen and kitchen utensils and revised its estimated useful life as disclosed in Note 2.3(e) to the financial statements.

#### (b) Useful Lives of Other Intangible Assets

The Group estimates the useful life to amortise other intangible assets based on the future performance of the assets acquired and management's judgement of the period over which economic benefit will be derived from the asset. The estimated useful lives of other intangible assets are reviewed periodically, taking into consideration factors such as changes in technology. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the other intangible assets would increase the recorded expenses and decrease the non-current assets.

The carrying amounts of the Group's and Company's other intangible assets are disclosed in Note 6 to the financial statements.

#### (c) Impairment of Intangible Assets

The Group assesses impairment of assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost of disposal for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Group's estimates calculated based on historical, sector and industry trends, general market and economic conditions changes in technology and other available information.

The carrying amounts of the Group's and Company's intangible assets are disclosed in Note 6 to the financial statements.

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

### 3.2 Key Source of Estimation Uncertainty (continued)

#### (d) 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 7 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 7 to the financial statements.

#### (e) Impairment of Investment in Subsidiaries and Recoverability of Amount Owing by Subsidiaries

The Group tests investment in subsidiaries for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary. The assessment of the net tangible assets of the subsidiaries affects the result of the impairment test. Costs of investments in subsidiaries which have ceased operations were impaired up to net assets of the subsidiaries. The impairment made on investment in subsidiaries entails an impairment of receivables to be made to the amount owing by these subsidiaries.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's tests for impairment of investment in subsidiaries.

The carrying amounts of the investment in subsidiaries are disclosed in Note 8 to the financial statements.

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

### 3.2 Key Source of Estimation Uncertainty (continued)

#### (f) Impairment of Investment in Associates and Recoverability of Amount Owing by Associates

The Group tests investment in associates for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary. The assessment of the net tangible assets of the associates affects the result of the impairment test. Costs of investments in associates which have ceased operations were impaired up to share of net assets of the associates. The impairment made on investment in associates entails an impairment of associates to be made to the amount owing by these associates.

Significant judgement is required in the estimation of the present value of future cash flows generated by the associates, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's tests for impairment of investment in associates. In addition, the assessment of the net tangible assets of the associates and the market value of the associates (for those quoted shares) also affects the result of the impairment test.

The carrying amounts of the Group's investment in associates and amount owing by associates are disclosed in Notes 9 and 12 to the financial statements respectively.

#### (g) Impairment on Investment Securities - Available-for-Sale Financial Assets

The Group tests investment in unquoted shares for impairment annually in accordance with its accounting policy. Significant judgement is required in the estimation of the present value of future cash flows generated by the investment in unquoted shares, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's tests for impairment of investment in unquoted shares.

The carrying amounts of the Group's and Company's investment securities – available-for-sale financial assets are disclosed in Note 11 to the financial statements.

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

### 3.2 Key Source of Estimation Uncertainty (continued)

#### (h) Allowances for Impairment - Trade and Other Receivables

The Group makes allowances for impairment based on an assessment of the recoverability of receivables. Allowances for impairment are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analysed historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

The carrying amounts of the Group's and Company's trade and other receivables are disclosed in Note 12 to the financial statements.

#### (i) Classification of equity and liability component on ICULS

The Group has recognised the compound instruments consisting of an equity and liability component. At the issue date, the value of the liability component is determined using a prevailing market interest rate. The judgment is made on the market interest rate used for classification of equity and liability component.

The carrying amounts of the Group's and Company's ICULS are disclosed in Note 19 to the financial statements.

#### (j) Income Taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

The income tax expense of the Group and Company are disclosed in Note 27 to the financial statements.

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

### 3.2 Key Source of Estimation Uncertainty (continued)

#### (k) Deferred Tax Assets

Deferred tax assets are recognised for all unutilised tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profit together with future tax planning strategies.

The carrying amounts of the Group's and Company's deferred tax assets are disclosed in Note 13(b) to the financial statements.

#### (l) Write down for Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

The carrying amounts of the Group's inventories are disclosed in Note 14 to the financial statements.

#### (m) Contract Work-In-Progress

Revenue and costs associated with a project are recognised as revenue and expenses respectively by reference to the management's estimated stage of completion of a project at the end of the financial year. This estimation of revenue and costs are based on the presumption that the outcome of a project can be estimated reliably. Management has performed the cost review for contract work-in-progress taking into account the costs to date and costs to complete each project and has also reviewed the status of such projects in determining the value of contract work-in-progress as at the end of the current financial year as disclosed in Note 12(c) to the financial statements.

## 4. PROPERTY, PLANT AND EQUIPMENT

| | 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-munications and research and develop-ment equip-ment | Construction work-in-progress | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 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 |
| **Group** | | | | | | | | | | | | | | |
| **2015** | | | | | | | | | | | | | | |
| **Cost/Valuation** | | | | | | | | | | | | | | |
| At 1 January 2015 | 36,084 | 18,502 | 1,589 | 28,219 | 67,230 | 10,420 | 48,432 | 31,944 | 3,591 | 19,960 | 3,155 | 24,828 | 400 | 294,354 |
| Additions | - | - | - | - | 138 | 82 | 1,065 | 1,335 | 40 | 262 | - | 848 | 306 | 4,076 |
| Acquisition of a subsidiary | - | - | - | - | - | - | 211 | 298 | 193 | - | - | - | - | 702 |
| Disposals | (8,916) | - | - | - | (1,510) | (92) | (2,752) | (10) | (121) | (52) | - | (24) | - | (13,477) |
| Written off (include item in Note 38(b)) | - | - | - | - | (22,680) | (2,016) | (3,775) | (19,339) | - | (2,228) | (1,156) | (221) | - | (51,415) |
| Reclassification | - | - | - | - | 706 | - | (59) | (9) | - | - | - | 89 | (706) | 21 |
| Foreign exchange translation adjustment | - | 528 | 184 | - | 2,533 | 310 | 1,194 | 2,566 | 65 | 208 | 129 | 1,767 | - | 9,484 |
| At 31 December 2015 | 27,168 | 19,030 | 1,773 | 28,219 | 46,417 | 8,704 | 44,316 | 16,785 | 3,768 | 18,150 | 2,128 | 27,287 | - | 243,745 |
| Representing: | | | | | | | | | | | | | | |
| Cost | 27,168 | 19,030 | 1,773 | - | - | 8,704 | 44,316 | 16,785 | 3,768 | 18,150 | 2,128 | 27,287 | - | 169,109 |
| Valuation | - | - | - | 28,219 | 46,417 | - | - | - | - | - | - | - | - | 74,636 |
| Total | 27,168 | 19,030 | 1,773 | 28,219 | 46,417 | 8,704 | 44,316 | 16,785 | 3,768 | 18,150 | 2,128 | 27,287 | - | 243,745 |

## 4. PROPERTY, PLANT AND EQUIPMENT (continued)

| Group 2015 | 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 | Telecommunications and research and development equipment RM'000 | Construction work-in-progress RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Accumulated Depreciation** | | | | | | | | | | | | | | |
| At 1 January 2015 | - | 2,414 | 843 | - | 26,558 | 8,773 | 40,911 | 8,884 | 3,176 | 17,398 | 848 | 14,934 | - | 124,739 |
| Depreciation for the financial year | - | 357 | 76 | - | 3,538 | 313 | 1,738 | 1,097 | 185 | 1,056 | 291 | 1,201 | - | 9,852 |
| Acquisition of a subsidiary | - | - | - | - | - | - | 131 | 224 | 115 | - | - | - | - | 470 |
| Disposals | - | - | - | - | (42) | (52) | (2,088) | (10) | (60) | (52) | - | (24) | - | (2,328) |
| Written off (include item in Note 38(b)) | - | - | - | - | (22,567) | (1,989) | (2,951) | (2,918) | - | (2,121) | (1,025) | (220) | - | (33,791) |
| Reclassification | - | - | - | - | - | - | (86) | 47 | - | 3 | - | (44) | - | (80) |
| Capitalisation to intangible assets | - | - | - | - | - | - | 7 | 14 | - | 1 | - | 31 | - | 53 |
| Foreign exchange translation adjustment | - | 182 | 102 | - | 2,311 | 287 | 1,034 | 322 | 56 | 221 | 105 | 544 | - | 5,164 |
| At 31 December 2015 | - | 2,953 | 1,021 | - | 9,798 | 7,332 | 38,696 | 7,660 | 3,472 | 16,506 | 219 | 16,422 | - | 104,079 |
| **Accumulated Impairment Loss** | | | | | | | | | | | | | | |
| At 1 January 2015 | - | - | - | - | 1,622 | - | 807 | 3,017 | - | - | - | 5,923 | - | 11,369 |
| Impairment loss for the financial year | - | - | - | - | - | - | - | - | - | - | - | 489 | - | 489 |
| Written off | - | - | - | - | - | - | (807) | - | - | - | - | (1) | - | (808) |
| Reclassification | - | - | - | - | - | - | - | - | - | - | - | 1 | - | 1 |
| Foreign exchange translation adjustment | - | - | - | - | - | - | - | - | - | - | - | 879 | - | 879 |
| At 31 December 2015 | - | - | - | - | 1,622 | - | - | 3,017 | - | - | - | 7,291 | - | 11,930 |
| **Carrying Amount at 31 December 2015** | 27,168 | 16,077 | 752 | 28,219 | 34,997 | 1,372 | 5,620 | 6,108 | 296 | 1,644 | 1,909 | 3,574 | - | 127,736 |
| Representing: | | | | | | | | | | | | | | |
| Cost | 27,168 | 16,077 | 752 | - | - | 1,372 | 5,620 | 6,108 | 296 | 1,644 | 1,909 | 3,574 | - | 64,520 |
| Valuation | - | - | - | 28,219 | 34,997 | - | - | - | - | - | - | - | - | 63,216 |
| Total | 27,168 | 16,077 | 752 | 28,219 | 34,997 | 1,372 | 5,620 | 6,108 | 296 | 1,644 | 1,909 | 3,574 | - | 127,736 |

## 4. PROPERTY, PLANT AND EQUIPMENT (continued)

| | 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-munications and research and develop-ment equip-ment | Construction work-in-progress | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 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 |
| **Group** | | | | | | | | | | | | | | |
| **2014** | | | | | | | | | | | | | | |
| **Cost/Valuation** | | | | | | | | | | | | | | |
| At 1 January 2014 | 36,084 | 22,122 | 1,523 | 28,219 | 80,250 | 11,207 | 53,145 | 31,033 | 3,809 | 22,035 | 3,093 | 30,420 | 2,075 | 325,015 |
| Additions | - | - | - | - | - | 325 | 2,101 | 763 | 141 | 328 | - | 1,747 | 50 | 5,455 |
| Disposal of subsidiaries | - | (3,524) | - | - | (14,413) | (907) | (3,990) | - | - | - | - | - | - | (22,834) |
| Disposals | - | - | - | - | - | - | (521) | (57) | (204) | (136) | - | (814) | - | (1,732) |
| Written off | - | - | - | - | (45) | (186) | (2,118) | (774) | (153) | (2,314) | - | (6,888) | - | (12,478) |
| Reclassification | - | 98 | - | - | 1,542 | - | 87 | - | - | - | - | (3) | (1,725) | (1) |
| Foreign exchange translation adjustment | - | (194) | 66 | - | (104) | (19) | (272) | 979 | (2) | 47 | 62 | 366 | - | 929 |
| At 31 December 2014 | 36,084 | 18,502 | 1,589 | 28,219 | 67,230 | 10,420 | 48,432 | 31,944 | 3,591 | 19,960 | 3,155 | 24,828 | 400 | 294,354 |
| Representing: | | | | | | | | | | | | | | |
| Cost | 36,084 | 18,502 | 1,589 | - | - | 10,420 | 48,432 | 31,944 | 3,591 | 19,960 | 3,155 | 24,828 | 400 | 198,905 |
| Valuation | - | - | - | 28,219 | 67,230 | - | - | - | - | - | - | - | - | 95,449 |
| Total | 36,084 | 18,502 | 1,589 | 28,219 | 67,230 | 10,420 | 48,432 | 31,944 | 3,591 | 19,960 | 3,155 | 24,828 | 400 | 294,354 |

## 4. 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-munications and research and develop-ment equip-ment | Construction work-in-progress | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2014** | 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 2014 | - | 2,486 | 739 | - | 18,215 | 9,046 | 42,996 | 8,720 | 3,369 | 18,684 | 513 | 21,517 | - | 126,285 |
| Depreciation for the financial year | - | 482 | 71 | - | 9,182 | 363 | 2,276 | 915 | 165 | 1,099 | 283 | 901 | - | 15,737 |
| Disposal of subsidiaries | - | (554) | - | - | (1,815) | (487) | (1,729) | - | - | - | - | - | - | (4,585) |
| Disposals | - | - | - | - | - | - | (498) | (57) | (202) | (136) | - | (808) | - | (1,701) |
| Written off | - | - | - | - | - | (169) | (2,077) | (762) | (153) | (2,305) | - | (6,855) | - | (12,321) |
| Reclassification | - | - | - | - | - | - | - | - | - | (3) | - | (2) | - | (5) |
| Capitalisation to intangible assets | - | - | - | - | - | - | 13 | 29 | - | 13 | - | 63 | - | 118 |
| Foreign exchange translation adjustment | - | - | 33 | - | 976 | 20 | (70) | 39 | (3) | 46 | 52 | 118 | - | 1,211 |
| At 31 December 2014 | - | 2,414 | 843 | - | 26,558 | 8,773 | 40,911 | 8,884 | 3,176 | 17,398 | 848 | 14,934 | - | 124,739 |
| **Accumulated Impairment Loss** | | | | | | | | | | | | | | |
| At 1 January 2014 | - | - | - | - | 1,622 | - | 807 | 3,017 | - | - | - | 5,877 | - | 11,323 |
| Disposals | - | - | - | - | - | - | - | - | - | - | - | (6) | - | (6) |
| Written off | - | - | - | - | - | - | - | - | - | - | - | (64) | - | (64) |
| Foreign exchange translation adjustment | - | - | - | - | - | - | - | - | - | - | - | 116 | - | 116 |
| At 31 December 2014 | - | - | - | - | 1,622 | - | 807 | 3,017 | - | - | - | 5,923 | - | 11,369 |
| **Carrying Amount at 31 December 2014** | 36,084 | 16,088 | 746 | 28,219 | 39,050 | 1,647 | 6,714 | 20,043 | 415 | 2,562 | 2,307 | 3,971 | 400 | 158,246 |
| Representing: | | | | | | | | | | | | | | |
| Cost | 36,084 | 16,088 | 746 | - | - | 1,647 | 6,714 | 20,043 | 415 | 2,562 | 2,307 | 3,971 | 400 | 90,977 |
| Valuation | - | - | - | 28,219 | 39,050 | - | - | - | - | - | - | - | - | 67,269 |
| Total | 36,084 | 16,088 | 746 | 28,219 | 39,050 | 1,647 | 6,714 | 20,043 | 415 | 2,562 | 2,307 | 3,971 | 400 | 158,246 |

## 4. PROPERTY, PLANT AND EQUIPMENT (continued)

| | Computer equipment RM'000 | Motor vehicles RM'000 | Furniture, fittings and equipment RM'000 | Total RM'000 |
|---|---|---|---|---|
| **Company** | | | | |
| **2015** | | | | |
| **Cost** | | | | |
| At 1 January 2015 | 103 | 5 | 187 | 295 |
| Additions | - | - | 2 | 2 |
| Written off | - | - | (2) | (2) |
| At 31 December 2015 | 103 | 5 | 187 | 295 |
| **Accumulated Depreciation** | | | | |
| At 1 January 2015 | 96 | 5 | 145 | 246 |
| Depreciation for the financial year | 4 | - | 7 | 11 |
| Written off | - | - | (1) | (1) |
| At 31 December 2015 | 100 | 5 | 151 | 256 |
| **Carrying Amount at 31 December 2015** | 3 | - | 36 | 39 |
| **2014** | | | | |
| **Cost** | | | | |
| At 1 January 2014 | 103 | 5 | 186 | 294 |
| Additions | - | - | 1 | 1 |
| At 31 December 2014 | 103 | 5 | 187 | 295 |
| **Accumulated Depreciation** | | | | |
| At 1 January 2014 | 91 | 5 | 136 | 232 |
| Depreciation for the financial year | 5 | - | 9 | 14 |
| At 31 December 2014 | 96 | 5 | 145 | 246 |
| **Carrying Amount at 31 December 2014** | 7 | - | 42 | 49 |

(a) Included in property, plant and equipment of the Group are assets acquired under hire purchase instalment plans with the following carrying amounts:

| | Group | |
|---|---|---|
| | **2015** RM'000 | **2014** RM'000 |
| Motor vehicles | 15 | 47 |

## 4. 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 20 to the financial statements with the following carrying amounts:

| | Group | |
|---|---|---|
| | **2015** | **2014** |
| | RM'000 | RM'000 |
| Hotel properties | 31,240 | 32,120 |
| Buildings | 41,417 | 9,818 |
| | 72,657 | 41,938 |

(c) The hotel properties of the Group stated at valuation are based on independent professional valuation carried out on an open market basis.

Had the revalued assets been carried at cost less accumulated depreciation, the carrying amounts would have been as follows:

| **Group** | **Cost** RM'000 | **Accumulated depreciation** RM'000 | **Carrying amount** RM'000 |
|---|---|---|---|
| **2015** | | | |
| Hotel properties | | | |
| - lands | 20,234 | - | 20,234 |
| - buildings | 27,267 | (2,171) | 25,096 |
| | 47,501 | (2,171) | 45,330 |
| **2014** | | | |
| Hotel properties | | | |
| - lands | 20,234 | - | 20,234 |
| - buildings | 48,760 | (20,331) | 28,429 |
| | 68,994 | (20,331) | 48,663 |

(d) Fair value information

Fair values of revalued properties are categorised as follows:

| **Group** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| **2015** | RM'000 | RM'000 | RM'000 | RM'000 |
| Hotel properties | | | | |
| - lands | - | 28,219 | - | 28,219 |
| - buildings | - | 41,481 | - | 41,481 |
| | - | 69,700 | - | 69,700 |
| **2014** | | | | |
| Hotel properties | | | | |
| - lands | - | 28,219 | - | 28,219 |
| - buildings | - | 41,481 | - | 41,481 |
| | - | 69,700 | - | 69,700 |

## 4. 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 January 2011 and February 2014 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 | |
|---|---|---|
| | **2015** | **2014** |
| | RM'000 | RM'000 |
| Hotel properties - Freehold land | 17,220 | 17,220 |
| Hotel properties - Buildings | 14,786 | 14,486 |
| | 32,006 | 31,706 |

## 4. PROPERTY, PLANT AND EQUIPMENT (continued)

(f) The leasehold land and building has unexpired lease period of less than fifty (50) years.

(g) During the financial year, the depreciation rate of the crockeries, glassware, cutleries, linen and kitchen utensils has been revised to 10% per annum to better reflect the estimated useful life of the assets. The effect of this change in accounting estimates is an increase in depreciation charge for the year and corresponding by an increase in loss before tax of the Group amounting to RM283,000.

## 5. INVESTMENT PROPERTY

| | Group | |
|---|---|---|
| | **2015** RM'000 | **2014** RM'000 |
| At fair value: | | |
| At 1 January / 31 December | 8,870 | 8,870 |

There are no restrictions on the realisability of investment property or the remittance of income and proceeds on disposal.

The investment property is leased out under operating leases. Operating lease income commitments are disclosed in Note 32(b) to the financial statements.

The fair value of the investment property was measured in December 2015 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.

Strata title has not been issued by Department of Director General of Lands and Mines in Malaysia as at 31 December 2015.

Details of the Group's investment property 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 |

The following amounts are recognised in the profit or loss:

| | Group | |
|---|---|---|
| | **2015** RM'000 | **2014** RM'000 |
| Rental income | 630 | 628 |
| Direct operating expenses arising from investment property that generate rental income | (142) | (136) |

## 5. INVESTMENT PROPERTY (continued)

***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** | | | | |
| **2015** | | | | |
| Building | - | 8,870 | - | 8,870 |
| **2014** | | | | |
| Building | - | 8,870 | - | 8,870 |

**Valuation techniques and significant other observable inputs**

| | |
|---|---|
| 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 RM1,102 (2014: RM1,102) |
| Sensitivity on management's estimates – 10% variation from estimate: | Impact – lower by RM887,000 (2014: RM887,000); higher by RM887,000 (2014: RM887,000) |

**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.

## 6. INTANGIBLE ASSETS

| Group<br>2015 | Goodwill on consolidation<br>RM'000<br>(Note 7) | Purchased goodwill<br>RM'000 | Intellectual property<br>RM'000<br>(Note a) | Software development expenditure<br>RM'000<br>(Note b) | Licenses<br>RM'000<br>(Note c) | Total<br>RM'000 |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| At 1 January 2015 | 93,523 | - | 5,250 | 23,125 | - | 121,898 |
| Additions | 734 | - | - | 809 | 400 | 1,943 |
| Capitalisation of development equipment | - | - | - | 53 | - | 53 |
| At 31 December 2015 | 94,257 | - | 5,250 | 23,987 | 400 | 123,894 |
| **Accumulated Amortisation and Impairment** | | | | | | |
| At 1 January 2015 | 1,496 | - | 5,250 | 16,913 | - | 23,659 |
| Amortisation for the financial year | - | - | - | 2,489 | 71 | 2,560 |
| Foreign exchange translation difference | - | - | - | 27 | - | 27 |
| At 31 December 2015 | 1,496 | - | 5,250 | 19,429 | 71 | 26,246 |
| **Carrying Amount at 31 December 2015** | 92,761 | - | - | 4,558 | 329 | 97,648 |
| **2014** | | | | | | |
| **Cost** | | | | | | |
| At 1 January 2014 | 92,027 | 9,643 | 5,250 | 21,883 | - | 128,803 |
| Additions | 1,496 | - | - | 1,124 | - | 2,620 |
| Disposal of subsidiaries | - | (9,643) | - | - | - | (9,643) |
| Capitalisation of development equipment | - | - | - | 118 | - | 118 |
| At 31 December 2014 | 93,523 | - | 5,250 | 23,125 | - | 121,898 |
| **Accumulated Amortisation and Impairment** | | | | | | |
| At 1 January 2014 | - | 425 | 5,250 | 13,303 | - | 18,978 |
| Amortisation for the financial year | - | - | - | 2,695 | - | 2,695 |
| Impairment for the financial year | 1,496 | - | - | 929 | - | 2,425 |
| Disposal of subsidiaries | - | (744) | - | - | - | (744) |
| Foreign exchange translation difference | - | 319 | - | (14) | - | 305 |
| At 31 December 2014 | 1,496 | - | 5,250 | 16,913 | - | 23,659 |
| **Carrying Amount at 31 December 2014** | 92,027 | - | - | 6,212 | - | 98,239 |

## 6. 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 (2014: 3 years).

### (c) Licenses

The licenses comprise compliance and testing costs of bus models and have an average amortisation period of 5 years.

## 7. GOODWILL ON CONSOLIDATION

| | Group | |
|---|---|---|
| | **2015** RM'000 | **2014** RM'000 |
| At 1 January | 92,027 | 92,027 |
| Acquisition of a subsidiary | 734 | 1,496 |
| Impairment loss | - | (1,496) |
| At 31 December | 92,761 | 92,027 |

The carrying amounts of goodwill allocated to the Group's CGU are as follows:

| | Group | |
|---|---|---|
| | **2015** RM'000 | **2014** RM'000 |
| Information and communications technology - CGU 1 | 85,202 | 85,202 |
| Hotels and resorts - CGU 2 | 2,348 | 2,348 |
| Travel and tours - CGU 3 | 3,659 | 3,659 |
| Others | 1,552 | 818 |
| | 92,761 | 92,027 |

### 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 10% (2014: 10%). The forecasted growth rate used to extrapolate cash flow projections beyond the five-year period is 2% (2014: 2%).

## 7. GOODWILL ON CONSOLIDATION (continued)

### CGU 1 (continued)

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% (2014: 10%). The forecasted growth rate used to extrapolate cash flow projections beyond the five-year period is 3% - 5% (2014: 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.

## 8. INVESTMENT IN SUBSIDIARIES

| | Company | |
|---|---|---|
| | **2015** | **2014** |
| | RM'000 | RM'000 |
| Unquoted shares - at cost | 700,874 | 700,874 |
| Less: Impairment loss | (226,281) | (226,281) |
| | 474,593 | 474,593 |

## 8. INVESTMENT IN SUBSIDIARIES (continued)

(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 20(e) to the financial statements.

(b) On 12 January 2015, SKSB, a 70%-owned subsidiary of the Company, completed the acquisition of the 100% equity interest in MCSB comprising 350,000 issued and paid-up ordinary shares of RM1.00 each for a cash consideration of RM817,780 pursuant an agreement dated 10 December 2014. Accordingly, MCSB became an indirect 70%-owned subsidiary of the Company held via SKSB. MCSB currently owns and operates a language centre known as "The Language House" located in Petaling Jaya, Selangor Darul Ehsan.

The summary effects on the acquisition of MCSB are as follows:

| | **2015** RM'000 |
|---|---|
| Property, plant and equipment | 232 |
| Receivables | 76 |
| Tax recoverable | 21 |
| Cash and bank balances | 93 |
| Payables | (263) |
| Borrowings | (63) |
| Deferred tax liability | (12) |
| Net assets acquired | 84 |
| Goodwill on consolidation | 734 |
| Total purchase consideration | 818 |
| Cash and cash equivalents of the subsidiary acquired | (93) |
| Net cash outflows | 725 |

(c) On 17 February 2015, Captii Limited ("Captii"), a 58.3%-owned indirect subsidiary of the Company, has released an announcement in relation to the proposal to undertake a share consolidation for every ten (10) ordinary shares in the issued share capital of Captii into one (1) consolidated share ("Proposed Share Consolidation").

The shareholders' approval for the Proposed Share Consolidation was obtained at the Extraordinary General Meeting of Captii held on 29 April 2015.

The Proposed Share Consolidation was completed on 14 May 2015.

## 8. INVESTMENT IN SUBSIDIARIES

(d) The details of the subsidiaries are as follows:

| Name of Company | Country of Incorporation | Effective Equity Interest 2015 % | Effective Equity Interest 2014 % | 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 |

## 8. INVESTMENT IN SUBSIDIARIES (continued)

(d) The details of the subsidiaries are as follows (continued):

| Name of Company | Country of Incorporation | Effective Equity Interest 2015 % | Effective Equity Interest 2014 % | Principal Activities |
|---|---|---|---|---|
| **Direct subsidiaries (continued)** | | | | |
| Sadong Development Sdn. Bhd. | Malaysia | 100 | 100 | Property development |
| 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 | Credit and leasing |
| ASC Equities Sdn. Bhd. | Malaysia | 100 | 100 | Investment holding and venture capital business |
| 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 |
| Synergy Cards Sdn. Bhd. | Malaysia | 100 | 100 | Provision of payment card issuing and acquiring services |

## 8. INVESTMENT IN SUBSIDIARIES (continued)

(d) The details of the subsidiaries are as follows (continued):

| Name of Company | Country of Incorporation | Effective Equity Interest 2015 % | Effective Equity Interest 2014 % | Principal Activities |
|---|---|---|---|---|
| **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 chassis and chassis certification and testing |
| **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 |
| 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 |

**8. INVESTMENT IN SUBSIDIARIES (continued)**

(d) The details of the subsidiaries are as follows (continued):

| Name of Company | Country of Incorporation | Effective Equity Interest 2015 % | Effective Equity Interest 2014 % | Principal Activities |
|---|---|---|---|---|
| **Indirect subsidiaries held through Alangka-Suka Hotels & Resorts Sdn. Bhd. (continued)** | | | | |
| 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 | 100 | 100 | Operates and manages Diwangkara Holiday Villa Beach Resort & Spa Sanur Bali and manages Wina Holiday Villa Kuta Bali |

## 8. INVESTMENT IN SUBSIDIARIES (continued)

(d) The details of the subsidiaries are as follows (continued):

| Name of Company | Country of Incorporation | Effective Equity Interest 2015 % | Effective Equity Interest 2014 % | Principal Activities |
|---|---|---|---|---|
| **Indirect subsidiary held through Asbina Hotel & Property Sdn. Bhd.** | | | | |
| Asbina Hotel & Property (Cambodia) Pte. Ltd. | Kingdom of Cambodia | 100 | 100 | Inactive |
| **Indirect subsidiaries 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 |
| **Indirect subsidiaries held through Advance Synergy Properties Sdn. Bhd.** | | | | |
| Best Alpha Investments Limited | Hong Kong | 100 | 100 | Dormant |
| Excellent Result Investments Limited | Hong Kong | 100 | 100 | Dormant |
| Synergy Realty Incorporated | British Virgin Islands | 100 | 100 | Investment holding |

## 8. INVESTMENT IN SUBSIDIARIES (continued)

(d) The details of the subsidiaries are as follows (continued):

| Name of Company | Country of Incorporation | Effective Equity Interest 2015 % | Effective Equity Interest 2014 % | Principal Activities |
|---|---|---|---|---|
| **Indirect subsidiary held through Synergy Realty Incorporated** | | | | |
| * Builderworks Pty. Ltd. | Australia | 100 | 100 | Inactive |
| **Indirect subsidiaries held through Calmford Incorporated** | | | | |
| * Advansa Pty. Ltd. | Australia | 100 | 100 | Manufacturing and marketing of builder hardware products |
| 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 |
| 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 |

## 8. INVESTMENT IN SUBSIDIARIES (continued)

(d) The details of the subsidiaries are as follows (continued):

| Name of Company | Country of Incorporation | Effective Equity Interest 2015 % | Effective Equity Interest 2014 % | Principal Activities |
|---|---|---|---|---|
| **Indirect subsidiary held through Excellent Arch Sdn. Bhd.** | | | | |
| Advance Synergy Furniture Sdn. Bhd. | Malaysia | 100 | 100 | In liquidation |
| **Indirect subsidiary held through Excellent Display Sdn. Bhd.** | | | | |
| Dama TCM Sdn. Bhd. | Malaysia | 100 | 100 | Provision of traditional Chinese medicine consultation, products and services |
| **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 |

**8. INVESTMENT IN SUBSIDIARIES (continued)**

(d) The details of the subsidiaries are as follows (continued):

| Name of Company | Country of Incorporation | Effective Equity Interest 2015 % | Effective Equity Interest 2014 % | Principal Activities |
|---|---|---|---|---|
| **Indirect subsidiary held through Hotel Golden Dragon Sdn. Bhd.** | | | | |
| Simpang Tiga Realty Sdn. Bhd. | Malaysia | 95 | 95 | Inactive |
| **Indirect subsidiary held through Segi Koleksi Sdn. Bhd.** | | | | |
| Metroprime Corporation Sdn. Bhd. | Malaysia | 70 | - | Owns and operates The Language House |
| **Indirect subsidiary held through Worldwide Matrix Sdn. Bhd** | | | | |
| * Captii Limited | Singapore | 58.30 | 58.30 | Investment holding and the provision of management services |
| **Indirect subsidiaries held through Captii Limited** | | | | |
| * Captii Ventures Pte. Ltd. | Singapore | 58.30 | 58.30 | Investment holding |
| * Mobilization Sdn. Bhd. | Malaysia | 58.30 | 58.30 | Dormant |
| * Unified Assets Sdn. Bhd. | Malaysia | 58.30 | 58.30 | Investment holding |
| * Unified Communications (OHQ) Sdn. Bhd. | Malaysia | 58.30 | 58.30 | Provisions of management services |
| * Unified Communications (OSS) Sdn. Bhd. | Malaysia | 58.30 | 58.30 | Investment holding |

## 8. INVESTMENT IN SUBSIDIARIES (continued)

(d) The details of the subsidiaries are as follows (continued):

| Name of Company | Country of Incorporation | Effective Equity Interest 2015 % | Effective Equity Interest 2014 % | Principal Activities |
|---|---|---|---|---|
| **Indirect subsidiaries held through Captii Limited (continued)** | | | | |
| * 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 |
| **Indirect subsidiaries held through Unified Communications Pte. Ltd.** | | | | |
| * Adzentrum Sdn. Bhd. | Malaysia | 58.30 | 58.30 | Dormant |

## 8. INVESTMENT IN SUBSIDIARIES (continued)

(d) The details of the subsidiaries are as follows (continued):

| Name of Company | Country of Incorporation | Effective Equity Interest 2015 % | Effective Equity Interest 2014 % | Principal Activities |
|---|---|---|---|---|
| **Indirect subsidiaries held through Unified Communications Pte. Ltd. (continued)** | | | | |
| * Unified Communications (Private) Limited | Pakistan | 58.30 | 58.30 | Provision of telecommunications products, technology and customised solutions to telecommunications operators, service providers and enterprises |
| * 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 |
| **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 accountancy other than Baker Tilly Monteiro Heng.

# Companies not required to be audited in their countries of incorporation. The financial statements have been reviewed for consolidation purposes.

## 8. INVESTMENT IN SUBSIDIARIES (continued)

(e) The Group's subsidiaries that have material non-controlling interest ("NCI") are as follows:

| | 2015 | | | |
|---|---|---|---|---|
| | **Captii Limited** | **Quality Bus & Coach (M) Sdn. Bhd.** | **Other individually immaterial subsidiaries** | **Total** |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **NCI percentange of ownership interest and voting interest** | 41.7% | 29% | | |
| Carrying amount of NCI | 42,321 | (3,287) | 121 | 39,155 |
| Profit/(Loss) allocated to NCI | 4,260 | (208) | (22) | 4,030 |
| **Summary financial information before intra-group elimination** | | | | |
| **As at 31 December** | | | | |
| Non-current assets | 54,352 | 659 | | |
| Current assets | 60,938 | 19,047 | | |
| Non-current liabilities | (132) | - | | |
| Current liabilities | (13,670) | (40,229) | | |
| Net assets/(liabilities) | 101,488 | (20,523) | | |
| **Year ended 31 December** | | | | |
| Revenue | 54,736 | 9,805 | | |
| Profit/(Loss) for the financial year | 8,513 | (716) | | |
| Total comprehensive loss | (3,480) | (716) | | |
| Cash flows from operating activities | 18,409 | 494 | | |
| Cash flows (used in)/from investing activities | (5,428) | 4 | | |
| Cash flows used in financing activities | (2,947) | (1,345) | | |
| Net increase in cash and cash equivalents | 10,034 | (847) | | |
| Dividends paid to NCI | 1,595 | - | | |

## 8. INVESTMENT IN SUBSIDIARIES (continued)

(e) The Group's subsidiaries that have material NCI are as follows (continued):

| | 2014 | | | |
|---|---|---|---|---|
| | **Captii Limited** 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% | 29% | | |
| Carrying amount of NCI | 39,435 | (3,080) | 143 | 36,498 |
| Profit/(Loss) allocated to NCI | 2,563 | (216) | (238) | 2,109 |
| **Summary financial information before intra-group elimination** | | | | |
| **As at 31 December** | | | | |
| Non-current assets | 51,915 | 558 | | |
| Current assets | 58,043 | 24,200 | | |
| Non-current liabilities | (14) | - | | |
| Current liabilities | (15,377) | (44,412) | | |
| Net assets/(liabilities) | 94,567 | (19,654) | | |
| **Year ended 31 December** | | | | |
| Revenue | 55,550 | 10,391 | | |
| Profit/(Loss) for the financial year | 5,803 | (3,276) | | |
| Total comprehensive income/(loss) | 4,119 | (3,276) | | |
| Cash flows from/(used in) operating activities | 9,826 | (1,103) | | |
| Cash flows from investing activities | 829 | 516 | | |
| Cash flows (used in)/from financing activities | (1,668) | 1,603 | | |
| Net increase in cash and cash equivalents | 8,987 | 1,016 | | |
| Dividends paid to NCI | 580 | - | | |

## 9. INVESTMENT IN ASSOCIATES

| | Group 2015 RM'000 | Group 2014 RM'000 |
|---|---|---|
| At cost: | | |
| Quoted shares | - | 12,758 |
| Less: Impairment loss | - | (451) |
| | - | 12,307 |
| Unquoted shares | 53,621 | 49,012 |
| Less: Impairment loss | - | (197) |
| | 53,621 | 48,815 |
| Share of post-acquisition reserve, net of dividends received | 954 | (5,257) |
| | 54,575 | 55,865 |
| Market value of quoted shares | - | 2,819 |

The transactions involving associates during the financial year are as follows:

(a) On 2 January 2015, Orient Escape Travel Sdn. Bhd. ("OET"), an indirect wholly-owned subsidiary of the Company, completed the acquisition of the 35,000 shares representing 50% equity interest in SH Tour Co. Ltd., located in Nonhyun-dong, Gangnam-gu, Seoul, Korea ("SH Tour"), for a cash consideration of USD800,000 (equivalent to approximately RM2.8 million) pursuant to a Share Purchase Agreement entered into on 2 December 2014. Accordingly, SH Tour became an indirect 50%-owned associated company of the Company held via OET. On 5 January 2015, OET increased its investment to 89,202 shares representing 50% of the enlarged share capital of SH Tour by subscribing proportionately for further 54,202 shares in SH Tour for a cash consideration of USD250,000 (equivalent to approximately RM0.9 million). SH Tour is principally engaged in travel and tours business.

(b) On 13 January 2015, Dama TCM Sdn. Bhd. ("Dama TCM"), an indirect wholly-owned subsidiary of the Company, entered into the Joint Venture - Shareholders Agreement with CU Medicare Ltd. Co., a company incorporated in Korea, whereby the parties shall jointly establish and each hold 50% equity interest in a new company ("Proposed Company"). The Proposed Company, Medical Palace Sdn. Bhd., was incorporated on 11 February 2015. The Proposed Company will principally be involved in wellness and beauty treatment, products and services.

(c) On 11 February 2015, Strategic Research & Consultancy Sdn. Bhd. ("SRC"), a wholly-owned subsidiary of the Company, acquired 40% equity interest comprising 40 issued and fully paid-up ordinary shares of RM1.00 each in Kopistop Sdn. Bhd. ("Kopistop") for a total cash consideration of RM40 only and consequently, Kopistop became an indirect 40%-owned associated company of the Company. On 10 September 2015, SRC increased its investment to 160,000 shares representing 40% of the enlarged share capital of Kopistop by subscribing proportionately for further 159,960 shares in Kopistop for a cash consideration of RM159,960. Kopistop is principally engaged in the business of food and beverage cafe, restaurant and consultancy.

## 9. INVESTMENT IN ASSOCIATES (continued)

(d) On 19 February 2015, Le Indie Viaggi S.R.L., an indirect 50%-owned associated company in Italy of the Company, was dissolved. The principal activity of Le Indie Viaggi S.R.L. was to conduct outbound and inbound travel businesses for distribution through internet.

(e) On 9 March 2015, Advance Synergy Capital Sdn. Bhd. ("ASCAP"), a wholly-owned subsidiary of the Company, disposed 11,275,308 ordinary shares of RM1.00 each, representing 20% of the issued and paid up share capital of Kumpulan Powernet Berhad ("KPB") via off-market direct business transaction for a total cash consideration of RM4,848,382 ("Disposal"). With the Disposal, ASCAP ceased to be a substantial shareholder of KPB and KPB ceased to be an associated company of the Company. The disposal resulted in a loss of RM596,417 to the Group.

The summarised financial information of the associates are as follows:

| | Group | |
|---|---|---|
| | **2015** | **2014** |
| | RM'000 | RM'000 |
| **Results** | | |
| Revenue | 48,136 | 20,536 |
| Profit/(Loss) for the financial year | 262 | (1,307) |
| **Assets and Liabilities** | | |
| Total assets | 261,957 | 249,150 |
| Total liabilities | 125,009 | 100,646 |

The details of the associates are as follows:

| Name of Company | Country of Incorporation | Effective Equity Interest 2015 % | Effective Equity Interest 2014 % | Principal Activities |
|---|---|---|---|---|
| **Indirect associates held through Advance Synergy Capital Sdn. Bhd.** | | | | |
| Kumpulan Powernet Berhad | Malaysia | - | 20 | Investment holding |
| * 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 |

## 9. INVESTMENT IN ASSOCIATES (continued)

The details of the associates are as follows (continued):

| Name of Company | Country of Incorporation | Effective Equity Interest 2015 % | Effective Equity Interest 2014 % | Principal Activities |
|---|---|---|---|---|
| **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 | 40 | Investment holding |
| **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 marketing of SMILE Hospitality System, providing training and maintenance of software |
| **Indirect associate held through Holiday Villa Assets Sdn. Bhd.** | | | | |
| * Posthotel Arosa AG | Switzerland | 48.7 | 48.7 | Owns and operates Holiday Villa Arosa |
| **Indirect associate held through Orient Escape Travel Sdn. Bhd.** | | | | |
| * SH Tour Co. Ltd. | Republic of Korea | 50 | - | Tour operator |

## 9. INVESTMENT IN ASSOCIATES (continued)

The details of the associates are as follows (continued):

| Name of Company | Country of Incorporation | Effective Equity Interest 2015 % | Effective Equity Interest 2014 % | Principal Activities |
|---|---|---|---|---|
| **Indirect associates held through Synergy Tours Sdn. Bhd.** | | | | |
| * Le Indie Viaggi S. R. L. | Italy | - | 50 | Dissolved on 19 February 2015 |
| * P.T. Panorama Synergy Indonesia | Republic of Indonesia | 49 | 49 | Tour operator |
| * 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 | - | Provision of health and beauty products and services |
| **Indirect associate held through Strategic Research & Consultancy Sdn. Bhd.** | | | | |
| * Kopistop Sdn. Bhd. | Malaysia | 40 | - | Food and beverage cafe, restaurant and consultancy |

* Companies audited by another firm of accountancy other than Baker Tilly Monteiro Heng.

## 9. 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:

| Group | Posthotel Arosa AG RM'000 | SH Tour Co. Ltd. RM'000 | SIBB Berhad RM'000 | Holiday Villa Kuala Lumpur Sdn. Bhd. RM'000 | Helenium Holdings Limited RM'000 |
|---|---|---|---|---|---|
| **2015** | | | | | |
| **Summarised financial information** | | | | | |
| **As at 31 December** | | | | | |
| Non-current assets | 27,221 | 1,009 | 9,948 | 15,974 | 131,150 |
| Current assets | 1,254 | 16,837 | 47,761 | 2,258 | 5,957 |
| Non-current liabilities | (17,628) | (918) | (2,410) | (1,850) | (58,928) |
| Current liabilities | (14,296) | (14,043) | (201) | (20) | (13,496) |
| Net assets | (3,449) | 2,885 | 55,098 | 16,362 | 64,683 |
| **Year ended 31 December** | | | | | |
| Revenue | 5,292 | 30,470 | 1,715 | - | 7,605 |
| Profit/(Loss) for the financial year | (4,084) | (777) | 1,371 | (87) | 3,683 |
| Other comprehensive income/(loss) | - | - | 526 | - | - |
| Total comprehensive income/(loss) | (4,084) | (777) | 1,897 | (87) | 3,683 |

| | Posthotel Arosa AG RM'000 | SH Tour Co. Ltd. RM'000 | 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 | (1,680) | 1,443 | 11,020 | 6,545 | 25,873 | 596 | 43,797 |
| Group's share of fair value adjustment on property | 10,918 | - | - | - | - | - | 10,918 |
| Foreign exchange translation differences | 1,495 | 1,815 | - | - | (3,533) | 83 | (140) |
| Carrying amount in the statement of financial position | 10,733 | 3,258 | 11,020 | 6,545 | 22,340 | 679 | 54,575 |
| **Group's share of results** | | | | | | | |
| Year ended 31 December | | | | | | | |
| Group's share of profit or loss | (1,989) | (389) | 274 | (35) | 1,473 | (40) | (706) |
| Group's share of other comprehensive income/(loss) | - | - | 105 | - | - | (51) | 54 |
| Group's share of total comprehensive income/(loss) | (1,989) | (389) | 379 | (35) | 1,473 | (91) | (652) |
| **Other information** | | | | | | | |
| Dividends received | - | - | - | - | - | | |

## 9. 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):

| Group<br>2014 | Posthotel Arosa AG RM'000 | Kumpulan Powernet Berhad RM'000 | SIBB Berhad RM'000 | Holiday Villa Kuala Lumpur Sdn. Bhd. RM'000 | Helenium Holdings Limited RM'000 |
|---|---|---|---|---|---|
| **Summarised financial information** | | | | | |
| **As at 31 December** | | | | | |
| Non-current assets | 23,212 | 26,437 | 9,256 | 14,147 | 111,301 |
| Current assets | 963 | 8,005 | 47,878 | 1,736 | 5,215 |
| Non-current liabilities | (15,012) | (4,549) | (2,244) | (1,916) | (58,025) |
| Current liabilities | (8,426) | (1,804) | (1,686) | (19) | (6,824) |
| Net assets | 737 | 28,089 | 53,204 | 13,948 | 51,667 |
| **Year ended 31 December** | | | | | |
| Revenue | 8,074 | 6,948 | 1,839 | - | 3,119 |
| Profit/(Loss) for the financial year | (3,636) | (4,080) | 6,534 | (87) | 619 |
| Other comprehensive income/(loss) | - | 89 | 661 | - | - |
| Total comprehensive income/(loss) | (3,636) | (3,991) | 7,195 | (87) | 619 |

| | Posthotel Arosa AG RM'000 | Kumpulan Powernet Berhad RM'000 | 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 | 359 | 5,618 | 10,641 | 5,579 | 20,667 | 417 | 43,281 |
| Group's share of fair value adjustment on property | 10,918 | - | - | - | - | - | 10,918 |
| Foreign exchange translation differences | 1,444 | - | - | - | 199 | 23 | 1,666 |
| Carrying amount in the statement of financial position | 12,721 | 5,618 | 10,641 | 5,579 | 20,866 | 440 | 55,865 |
| **Group's share of results** | | | | | | | |
| Year ended 31 December | | | | | | | |
| Group's share of profit or loss | (1,771) | (842) | 1,431 | (35) | 248 | 99 | (870) |
| Group's share of other comprehensive income/(loss) | - | 18 | 132 | - | - | - | 150 |
| Group's share of total comprehensive income/(loss) | (1,771) | (824) | 1,563 | (35) | 248 | 99 | (720) |
| **Other information** | | | | | | | |
| Dividends received | - | - | - | - | - | | |

## 10. INVESTMENT IN JOINT VENTURE

| | Group 2015 RM'000 | Group 2014 RM'000 |
|---|---|---|
| At cost: | | |
| At 1 January | 18 | - |
| Share of post-acquisition reserve, net of dividends received | (12) | 18 |
| Foreign exchange translation differences | 3 | - |
| At 31 December | 9 | 18 |

The details of the joint venture are as follows:

| Name of Company | Country of Incorporation | Effective Equity Interest 2015 % | Effective Equity Interest 2014 % | Principal Activities |
|---|---|---|---|---|
| **Indirect joint venture held through Unified Communications Pte. Ltd.** | | | | |
| * Unified Telecom Private Limited | India | 29.15 | 29.15 | Provision of telecommunications products, services and customised solutions |

* Companies audited by another firm of accountancy other than Baker Tilly Monteiro Heng.

The statutory reporting year end of the joint venture is 31 March. The unaudited management financial statements for the period from 1 January 2015 to 31 December 2015 of the joint venture have been used for equity accounting since it is not significant to the Group.

## 10. INVESTMENT IN JOINT VENTURE (continued)

The summarised financial information of the joint venture, not adjusted for the percentage ownership held by the Group is as follows:

| | Group | |
|---|---|---|
| | **2015** | **2014** |
| | RM'000 | RM'000 |
| **Results** | | |
| Revenue | - | - |
| Loss for the financial year | (11) | (26) |
| **Assets** | | |
| - Current assets | 26 | 51 |
| - Non-current assets | - | 5 |
| | 26 | 56 |
| **Liabilities** | | |
| - Current liabilities | 17 | 39 |
| Operating cash outflows | - | (8) |
| Investing cash inflows | - | - |
| Financing cash inflows | - | - |

## 11. INVESTMENT SECURITIES

| | Group 2015 RM'000 | Group 2014 RM'000 | Company 2015 RM'000 | Company 2014 RM'000 |
|---|---|---|---|---|
| **Non-Current:** | | | | |
| **Available-for-sale financial assets** | | | | |
| **Quoted securities** | | | | |
| In Malaysia | | | | |
| - Equity instruments, at fair value | 12,866 | 14,474 | - | - |
| **Available-for-sale financial assets** | | | | |
| **Unquoted securities** | | | | |
| In Malaysia | | | | |
| - Equity instruments, at cost | 52,663 | 52,663 | 52,658 | 52,658 |
| - Less: Impairment loss | (47,758) | (47,758) | (47,758) | (47,758) |
| | 4,905 | 4,905 | 4,900 | 4,900 |
| Outside Malaysia | | | | |
| - Equity instruments, at cost | 16,512 | 16,512 | - | - |
| - Less: Impairment loss | (14,808) | (14,808) | - | - |
| | 1,704 | 1,704 | - | - |
| | 6,609 | 6,609 | 4,900 | 4,900 |
| **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 | 682 | - | - | - |
| - Convertible loan notes, at fair value | 136 | - | - | - |
| Outside Malaysia | | | | |
| - Convertible preference shares, at fair value | 627 | - | - | - |
| - Convertible loan notes, at fair value | 3,131 | - | - | - |
| | 4,576 | - | - | - |
| **Total non-current investment securities** | 24,051 | 21,083 | 4,900 | 4,900 |
| **Current:** | | | | |
| **Financial assets at fair value through profit or loss:** | | | | |
| **Held for trading investments** | | | | |
| **Quoted securities** | | | | |
| In Malaysia | | | | |
| - Equity instruments | 470 | 470 | - | - |
| - Fair value change | (37) | (52) | - | - |
| **Total current investment securities** | 433 | 418 | - | - |
| **Total investment securities** | 24,484 | 21,501 | 4,900 | 4,900 |
| **Market value of quoted investments** | 13,300 | 14,893 | - | - |

## 12. TRADE AND OTHER RECEIVABLES

| | Note | Group 2015 RM'000 | Group 2014 RM'000 | Company 2015 RM'000 | Company 2014 RM'000 |
|---|---|---|---|---|---|
| **Non-Current:** | | | | | |
| **Non-Trade** | | | | | |
| Other receivables | (b) | - | 606 | - | - |
| | | - | 606 | - | - |
| **Total non-current receivables** | | - | 606 | - | - |
| **Current:** | | | | | |
| **Trade** | | | | | |
| Trade receivables | (a) | 47,436 | 48,020 | - | - |
| Amount owing from customers for contract work | (c) | 136 | 6,020 | - | - |
| Accrued billings | (d) | 20,489 | 9,938 | - | - |
| | | 68,061 | 63,978 | - | - |
| **Less : Impairment loss** | | | | | |
| Trade receivables | (a) | (1,774) | (1,601) | - | - |
| | | 66,287 | 62,377 | - | - |
| **Non-Trade** | | | | | |
| Other receivables | | 14,604 | 16,844 | 917 | 965 |
| Deposits | | 1,587 | 1,502 | 5 | 5 |
| Amounts owing from associates | (e) | 8,714 | 4,628 | - | 11 |
| Amounts owing from subsidiaries | (f) | - | - | 141,204 | 131,120 |
| | | 24,905 | 22,974 | 142,126 | 132,101 |
| **Less : Impairment loss** | | | | | |
| Other receivables | | (1,049) | (1,333) | - | - |
| | | (1,049) | (1,333) | - | - |
| | | 23,856 | 21,641 | 142,126 | 132,101 |
| **Total current receivables** | | 90,143 | 84,018 | 142,126 | 132,101 |
| **Total trade and other receivables** | | 90,143 | 84,624 | 142,126 | 132,101 |
| **Add: Cash and bank balances and short term deposits** | 16 | 159,764 | 128,619 | 1,844 | 2,718 |
| **Total loan and receivables** | | 249,907 | 213,243 | 143,970 | 134,819 |

## 12. TRADE AND OTHER RECEIVABLES (continued)

### (a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group range from 30 to 90 days (2014: 30 to 90 days). Other credit terms are assessed and approved on a case by case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The carrying amounts of trade and other receivables approximate their fair values.

The ageing analysis of the Group's trade receivables is as follows:

| | Group | |
|---|---|---|
| | **2015** | **2014** |
| | RM'000 | RM'000 |
| Neither past due nor impaired | 16,670 | 18,038 |
| Past due 0 to 3 months | 11,473 | 10,306 |
| Past due 3 to 9 months | 15,442 | 14,276 |
| Past due over 9 months | 2,077 | 3,799 |
| | 28,992 | 28,381 |
| Impaired- Individually | 1,534 | 1,388 |
| Impaired- Collectively | 240 | 213 |
| | 47,436 | 48,020 |

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.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Included in the Group's trade and other receivable balances are receivables with carrying values of RM29.0 million (2014: RM28.4 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.

## 12. TRADE AND OTHER RECEIVABLES (continued)

### (a) Trade receivables (continued)

Receivables that are past due but not impaired (continued)

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's trade receivables that are impaired at the reporting date and the movement in allowance accounts used to record the impairment are as follows:

Movement in allowance accounts:

| | Group | |
|---|---|---|
| | **2015** | **2014** |
| | RM'000 | RM'000 |
| At 1 January | 1,601 | 1,314 |
| Charge for the financial year | 234 | 315 |
| Written off | (99) | (3) |
| Exchange differences | 38 | (25) |
| At 31 December | 1,774 | 1,601 |

Trade receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments.

### (b) Other receivables

The non-current other receivables for the previous financial year represent the retention amount receivable for the proceeds of disposal of Alangka-Suka Paris SAS, Holiday Villa Lafayette Paris SAS and Legenda de Malaisie and repayable by 7 July 2016.

## 12. TRADE AND OTHER RECEIVABLES (continued)

### (c) Amount owing from/(to) customers for contract work

| | Group | |
|---|---|---|
| | **2015** | **2014** |
| | RM'000 | RM'000 |
| Aggregate costs incurred to date and attributable profits recognised to date | 1,793 | 12,714 |
| Less: Progress billings | (1,801) | (7,600) |
| | (8) | 5,114 |
| Analysed as follows: | | |
| Amount owing to customers for contract work | (144) | (906) |
| Amount owing from customers for contract work | 136 | 6,020 |
| | (8) | 5,114 |

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.

### (d) Accrued billings

| | Group | |
|---|---|---|
| | **2015** | **2014** |
| | RM'000 | RM'000 |
| Aggregate costs incurred to date | 21,893 | 18,800 |
| Add: Attributable profits | 5,483 | 5,125 |
| | 27,376 | 23,925 |
| Less: Progress billings | (6,887) | (13,987) |
| | 20,489 | 9,938 |

### (e) Amount owing from associates

The amount owing from associates are unsecured, interest-free and are repayable on demand by cash.

### (f) Amount owing from subsidiaries

| | Group | |
|---|---|---|
| | **2015** | **2014** |
| | RM'000 | RM'000 |
| Amount owing from subsidiaries | 205,180 | 195,096 |
| Less : Impairment loss | (63,976) | (63,976) |
| | 141,204 | 131,120 |

The amount owing from subsidiaries are unsecured, interest-free and are repayable on demand by cash.

## 13. DEFERRED TAX

(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 | |
|---|---|---|---|---|---|
| | | **2015** | **2014** | **2015** | **2014** |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January | | 796 | 572 | (389) | (837) |
| Recognised in profit or loss | 27 | 1,177 | 119 | 117 | 326 |
| Recognised directly in equity: | | | | | |
| - ICULS | 19 | 2 | 122 | 2 | 122 |
| Foreign exchange translation adjustment | | 19 | (17) | - | - |
| At 31 December | | 1,994 | 796 | (270) | (389) |
| Presented after appropriate offsetting: | | | | | |
| Deferred tax assets, net | | (665) | (743) | (270) | (389) |
| Deferred tax liabilities, net | | 2,659 | 1,539 | - | - |
| | | 1,994 | 796 | (270) | (389) |

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 RM'000 | Others RM'000 | Total RM'000 |
|---|---|---|---|
| At 1 January 2015 | 2,373 | 919 | 3,292 |
| Recognised in profit or loss | 1,309 | 17 | 1,326 |
| At 31 December 2015 | 3,682 | 936 | 4,618 |
| At 1 January 2014 | 2,615 | 934 | 3,549 |
| Recognised in profit or loss | (242) | (15) | (257) |
| At 31 December 2014 | 2,373 | 919 | 3,292 |

## 13. DEFERRED TAX (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 asset of the Group**

| | Unutilised tax losses and unabsorbed capital allowances RM'000 | Others RM'000 | Total RM'000 |
|---|---|---|---|
| At 1 January 2015 | 2,603 | (107) | 2,496 |
| Recognised in profit or loss | 192 | (62) | 130 |
| Recognised in equity | - | (2) | (2) |
| At 31 December 2015 | 2,795 | (171) | 2,624 |
| At 1 January 2014 | 2,489 | 488 | 2,977 |
| Recognised in profit or loss | 114 | (473) | (359) |
| Recognised in equity | - | (122) | (122) |
| At 31 December 2014 | 2,603 | (107) | 2,496 |

(c) The amount of temporary differences for which no deferred tax assets have been recognised are as follows:

| | Group | |
|---|---|---|
| | 2015 RM'000 | 2014 RM'000 |
| Deductible temporary differences | 8,082 | 8,483 |
| Unutilised tax losses | 222,625 | 206,999 |
| Unabsorbed capital allowances | 19,222 | 18,021 |
| | 249,929 | 233,503 |

The unutilised tax losses and deductible temporary differences do not expire under current tax legislation.

## 14. INVENTORIES

| | Group | |
|---|---|---|
| | 2015 RM'000 | 2014 RM'000 |
| At cost/net realisable value: | | |
| Raw materials | 534 | 502 |
| Work-in-progress | 6,589 | 7,603 |
| Finished goods | 5,369 | 5,245 |
| Food and beverages | 213 | 246 |
| Operating supplies | 6,815 | 8,797 |
| Completed properties and properties under development | 39,900 | 42,752 |
| | 59,420 | 65,145 |

## 14. INVENTORIES (continued)

Completed properties and properties under development consist of the following:

| | Group | |
|---|---|---|
| | 2015 | 2014 |
| | RM'000 | RM'000 |
| **Current assets** | | |
| Leasehold land | 12,124 | 13,540 |
| Development costs | 24,592 | 25,409 |
| | 36,716 | 38,949 |
| Completed properties | 3,184 | 3,803 |
| | 39,900 | 42,752 |

Included in properties under development are the following charges incurred during the financial year:

| | Group | |
|---|---|---|
| | 2015 | 2014 |
| | RM'000 | RM'000 |
| Interest expenses | 136 | 225 |

Certain leasehold land held under development with carrying amount of RM5.15 million (2014: RM5.15 million) have been charged to financial institutions for credit facilities granted to a subsidiary as disclosed in Note 20 to the financial statements.

A unit of completed development property with carrying amount of RM0.69 million (2014: RM0.69 million) of the Group have been pledged to a licensed bank for credit facilities granted to a subsidiary as disclosed in Note 20 to the financial statements.

The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM47.05 million (2014: RM45.61 million).

## 15. FINANCIAL ASSETS HELD FOR TRADING

| | Group | |
|---|---|---|
| | 2015 | 2014 |
| | RM'000 | RM'000 |
| Financial assets held for trading at fair value through profit or loss: | | |
| Foreign currencies held for sale | 411 | - |

## 16. CASH AND BANK BALANCES AND SHORT TERM DEPOSITS

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash and bank balances | 52,777 | 48,490 | 94 | 2,268 |
| Short term deposits | 106,987 | 80,129 | 1,750 | 450 |
| | 159,764 | 128,619 | 1,844 | 2,718 |

Included in the short term deposits of the Group are:

(a) an amount of RM10.21 million (2014: RM10.83 million) charged to licensed banks as security for banking facilities granted to certain subsidiaries as disclosed in Note 20 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 RM0.57 million (2014: RM0.55 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 RM23.00 million (2014: RM21.87 million) placed with lease payables as security deposits for lease payments as disclosed in Note 20 to the financial statements.

The weighted average effective interest rate of the short term deposits is disclosed in Note 36(c) to the financial statements.

## 17. SHARE CAPITAL

| | 2015 | | 2014 | |
|---|---|---|---|---|
| | Number of Shares | | Number of Shares | |
| | '000 | RM'000 | '000 | RM'000 |
| **Authorised:** | | | | |
| Ordinary shares of RM0.30 each | | | | |
| At 1 January / 31 December | 3,000,000 | 900,000 | 3,000,000 | 900,000 |
| **Issued and fully paid:** | | | | |
| Ordinary shares of RM0.30 each | | | | |
| At 1 January | 662,257 | 198,677 | 513,917 | 154,175 |
| Arising from conversion of ICULS (Note 19) | 1,795 | 539 | 148,340 | 44,502 |
| At 31 December | 664,052 | 199,216 | 662,257 | 198,677 |

## 17. SHARE CAPITAL (continued)

During the financial year ended 31 December 2015:

(a) a total of 3,593,300 (2014: 296,679,702) ICULS at the nominal value of RM0.15 each issued by the Company were converted into 1,796,650 (2014: 148,339,851) new ordinary shares of RM0.30 each of the Company by surrendering for cancellation 2 ICULS for every 1 new ordinary share of RM0.30 each in the Company; and

(b) in the previous financial year, 1 ordinary share of RM0.30 each in the Company was issued consequential to a conversion of ICULS by surrendering for cancellation of 1 ICULS of nominal value of RM0.15 each and cash payment of RM0.15 for 1 new ordinary share of RM0.30 each in the Company.

## 18. RESERVES

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2015** | **2014** | **2015** | **2014** |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| **Non-distributable** | | | | | |
| Available-for-sale reserve | (a) | 4,987 | 6,490 | - | - |
| Capital reserve | | - | - | 69 | 69 |
| Foreign exchange translation reserve | (b) | 8,699 | (2,757) | - | - |
| Revaluation reserve | (c) | 15,998 | 15,998 | - | - |
| | | 29,684 | 19,731 | 69 | 69 |
| Share premium | | 117,317 | 117,317 | 117,317 | 117,317 |
| | | 147,001 | 137,048 | 117,386 | 117,386 |
| **Distributable** | | | | | |
| Retained earnings | | 28,921 | 42,172 | 8,721 | 5,282 |
| | | 175,922 | 179,220 | 126,107 | 122,668 |

### (a) Available-for-Sale Reserve

The available-for-sale reserve represents the fair value reserve relating to the fair valuation of financial assets categorised as available-for-sale and share of available-for-sale 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.

## 18. RESERVES (continued)

### (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.

## 19. 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.

## 19. ICULS (continued)

The ICULS is recognised in the statements of financial position of the Group and of the Company as follows:

| | | Group and Company | | |
|---|---|---|---|---|
| | | Equity Component | Liability Component | Total |
| **2015** | Note | RM'000 | RM'000 | RM'000 |
| **Nominal value** | | | | |
| At 1 January 2015 | | 65,384 | 16,160 | 81,544 |
| Deferred tax assets | 13 | - | (2) | (2) |
| Converted to ordinary shares during the financial year | 17 | (523) | (14) | (537) |
| At 31 December 2015 | | 64,861 | 16,144 | 81,005 |
| Expense recognised in profit or loss | | | | |
| At 1 January 2015 | | - | 7,605 | 7,605 |
| Recognised during the financial year - ICULS interest | | - | 287 | 287 |
| At 31 December 2015 | | - | 7,892 | 7,892 |
| Interest paid/accrued: | | | | |
| At 1 January 2015 | | - | (19,468) | (19,468) |
| Paid/accrued during the financial year | | - | (1,592) | (1,592) |
| At 31 December 2015 | | - | (21,060) | (21,060) |
| At 31 December 2015 | | 64,861 | 2,976 | 67,837 |
| **2014** | | | | |
| **Nominal value** | | | | |
| At 1 January 2014 | | 108,669 | 17,499 | 126,168 |
| Deferred tax assets | 13 | - | (122) | (122) |
| Converted to ordinary shares during the financial year | 17 | (43,285) | (1,217) | (44,502) |
| At 31 December 2014 | | 65,384 | 16,160 | 81,544 |
| Expense recognised in profit or loss | | | | |
| At 1 January 2014 | | - | 7,254 | 7,254 |
| Recognised during the financial year - ICULS interest | | - | 351 | 351 |
| At 31 December 2014 | | - | 7,605 | 7,605 |
| Interest paid/accrued: | | | | |
| At 1 January 2014 | | - | (15,522) | (15,522) |
| Paid/accrued during the financial year | | - | (3,946) | (3,946) |
| At 31 December 2014 | | - | (19,468) | (19,468) |
| At 31 December 2014 | | 65,384 | 4,297 | 69,681 |

Interest expense on the ICULS is calculated based on the effective yield by applying the effective interest rate of 7% (2014: 7%) for an equivalent non-convertible loan stock to the liability component of the ICULS.

## 20. BORROWINGS

| | Note | Group 2015 RM'000 | Group 2014 RM'000 |
|---|---|---|---|
| **Current liabilities** | | | |
| Bank overdrafts | (a) | - | 779 |
| Revolving credit | (b) | 9,400 | 30,800 |
| Finance lease payable | (c) | 23,084 | 1,570 |
| Hire purchase payables | (d) | 15 | 24 |
| Term loans | (e) | 4,704 | 2,730 |
| | | 37,203 | 35,903 |
| **Non-current liabilities** | | | |
| Finance lease payable | (c) | - | 21,427 |
| Hire purchase payables | (d) | - | 15 |
| Term loans | (e) | 42,844 | 16,286 |
| | | 42,844 | 37,728 |
| | | 80,047 | 73,631 |
| **Total liabilities** | | | |
| Bank overdrafts | (a) | - | 779 |
| Revolving credit | (b) | 9,400 | 30,800 |
| Finance lease payable | (c) | 23,084 | 22,997 |
| Hire purchase payables | (d) | 15 | 39 |
| Term loans | (e) | 47,548 | 19,016 |
| | | 80,047 | 73,631 |

### (a) Bank Overdrafts

| | Group 2015 RM'000 | Group 2014 RM'000 |
|---|---|---|
| Bank overdrafts: | | |
| - secured | - | 779 |

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 Notes 14 and 16 to the financial statements; and

(iii) a guarantee and an indemnity from the Company and its subsidiaries.

The weighted average effective interest rate of the bank overdraft is disclosed in Note 36(c) to the financial statements.

## 20. 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 4(b) to the financial statements;

(iii) certain shares of subsidiaries at carrying amounts of RM10.28 million (2014: RM10.28 million) and RM61.94 million (2014: 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 36(c) to the financial statements.

### (c) Finance Lease Payable

| | Group | |
|---|---|---|
| | **2015** RM'000 | **2014** RM'000 |
| Minimum lease payments: | | |
| - not later than one (1) year | 23,679 | 1,684 |
| - later than one (1) year but not later than five (5) years | - | 23,679 |
| - later than five (5) years | - | - |
| | 23,679 | 25,363 |
| Less: Future finance lease interest | (595) | (2,366) |
| Present value of finance lease liabilities | 23,084 | 22,997 |
| Represented by: | | |
| Current | | |
| - not later than one (1) year | 23,084 | 1,570 |
| Non-current | | |
| - later than one (1) year but not later than five (5) years | - | 21,427 |
| - later than five (5) years | - | - |
| | 23,084 | 22,997 |

Finance lease payable represents obligation arising from the finance lease for a hotel property pursuant to sale and leaseback agreements entered into in year 2006.

The Group has an option to buy back the hotel property at RM23 million at the end of the lease term, which is for a period of ten (10) years with an option to extend for another period of five (5) years.

## 20. BORROWINGS (continued)

### (c) Finance Lease Payable (continued)

The weighted average effective interest rate of the finance lease payable is disclosed in Note 36(c) to the financial statements.

The finance lease payable is secured by way of a pledge of short term deposit as disclosed in Note 16(c) to the financial statements.

### (d) Hire Purchase Payables

| | Group 2015 RM'000 | Group 2014 RM'000 |
|---|---|---|
| Minimum hire purchase payments: | | |
| - not later than one (1) year | 15 | 26 |
| - later than one (1) year but not later than five (5) years | - | 15 |
| | 15 | 41 |
| Less: Future hire purchase interest | - | (2) |
| Present value of hire purchase interest | 15 | 39 |
| Represented by: | | |
| Current | | |
| - not later than one (1) year | 15 | 24 |
| Non-current | | |
| - later than one (1) year but not later than five (5) years | - | 15 |
| | 15 | 39 |

The weighted average effective interest rate of the hire purchase payable is disclosed in Note 36(c) to the financial statements.

### (e) Term Loans

| | Group 2015 RM'000 | Group 2014 RM'000 |
|---|---|---|
| Term loans | | |
| -secured | 44,764 | 16,513 |
| -unsecured | 2,784 | 2,503 |
| | 47,548 | 19,016 |
| Represented by: | | |
| Current | | |
| - not later than one (1) year | 4,704 | 2,730 |
| Non-current | | |
| - later than one (1) year but not later than five (5) years | 8,186 | 5,396 |
| - later than five (5) years | 34,658 | 10,890 |
| | 42,844 | 16,286 |
| | 47,548 | 19,016 |

## 20. 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 4(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 (2014: RM10.28 million) and RM61.94 million (2014: RM61.94 million) respectively;

(iv) fixed and floating charges over the assets of certain subsidiaries as disclosed in Notes 14 and 16(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 36(c) to the financial statements.

## 21. 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 | |
|---|---|---|
| | **2015** | **2014** |
| | RM'000 | RM'000 |
| Present value of unfunded defined benefits obligations | 1,427 | 1,284 |

## 21. PROVISION FOR RETIREMENT BENEFIT OBLIGATIONS (continued)

The following table shows a reconciliation from the opening balance to the closing balance for the retirement benefit plan:

| | Group | |
|---|---|---|
| | **2015** | **2014** |
| | RM'000 | RM'000 |
| At 1 January | 1,284 | 1,374 |
| Include in the profit or loss: | | |
| - Current service cost | 97 | 106 |
| - Interest cost | 76 | 48 |
| - Interest income | - | (51) |
| - Gain on settlement | - | (8) |
| - Remeasurements | - | (169) |
| - Amortisation of net loss | - | - |
| | 173 | (74) |
| Others: | | |
| Paid during the financial year | (30) | (16) |
| At 31 December | 1,427 | 1,284 |

The principal actuarial assumptions used are as follows:

| | Group | |
|---|---|---|
| | **2015** | **2014** |
| | % | % |
| Discount rate | 6.0 | 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<br>Defined benefit obligation | |
|---|---|---|
| | **Increase** | **Decrease** |
| | RM'000 | RM'000 |
| Increase/Decrease of 1% discount rate | (214) | 260 |
| Increase/Decrease of 1% expected rate of salary increase | 274 | (228) |
| Increase/Decrease of 1% future turnover rate | (49) | 53 |
| Increase/Decrease of 10% future mortality | (10) | 10 |

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.

## 22. TRADE AND OTHER PAYABLES

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2015** | **2014** | **2015** | **2014** |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| **Current:** | | | | | |
| **Trade** | | | | | |
| Amount owing to customers for contract work | 12(c) | 144 | 906 | - | - |
| Trade payables | (a) | 16,106 | 21,236 | - | - |
| Deferred revenue | | 367 | 490 | - | - |
| | | 16,617 | 22,632 | - | - |
| **Current:** | | | | | |
| **Non-Trade** | | | | | |
| Accruals | | 23,775 | 25,075 | 533 | 617 |
| Accrued interest | | 1,472 | 1,482 | 1,472 | 1,482 |
| Amount owing to associates | (b) | 1,312 | 161 | - | - |
| Amount owing to subsidiaries | (c) | - | - | 230,267 | 223,238 |
| Deposits received | | 973 | 1,123 | - | - |
| Other payables | | 18,565 | 19,136 | 1 | 1 |
| Deferred revenue | | 1,228 | 2,028 | - | - |
| | | 47,325 | 49,005 | 232,273 | 225,338 |
| **Total current payables** | | 63,942 | 71,637 | 232,273 | 225,338 |
| **Total trade and other payables** | | 63,942 | 71,637 | 232,273 | 225,338 |
| **Less: Deferred revenue** | | 1,595 | 2,518 | - | - |
| **Add: Borrowings (Note 20)** | | 80,047 | 73,631 | - | - |
| **Total financial liabilities carried at amortised cost** | | 142,394 | 142,750 | 232,273 | 225,338 |

**(a) Trade payables**

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 30 to 90 days (2014: 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.

## 23. REVENUE

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Sales of goods and services | 27,184 | 30,750 | - | - |
| Hotels and resorts services | 48,716 | 54,541 | - | - |
| Coach building | 9,805 | 10,391 | - | - |
| Information, communications technology and related service | 54,736 | 55,550 | - | - |
| Travel and tours | 93,639 | 92,847 | - | - |
| Card and payment services | 5,949 | 5,412 | - | - |
| Interest and financing income | 64 | 34 | 64 | 34 |
| Property development | 27,376 | 23,923 | - | - |
| Rental income | 1,368 | 1,316 | - | - |
| Gross dividend income | - | - | 11,956 | 15,808 |
| | 268,837 | 274,764 | 12,020 | 15,842 |

## 24. COST OF SALES

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Sales of goods and services | 22,130 | 22,887 | - | - |
| Hotels and resorts services | 11,652 | 12,649 | - | - |
| Coach building | 8,489 | 9,913 | - | - |
| Information, communications technology and related service | 21,352 | 27,277 | - | - |
| Travel and tours | 84,846 | 85,281 | - | - |
| Card and payment services | 4,526 | 4,553 | - | - |
| Property development | 21,898 | 18,804 | - | - |
| | 174,893 | 181,364 | - | - |

## 25. OPERATING PROFIT

Operating profit has been arrived at:

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| After charging: | | | | |
| Amortisation of intangible assets | 2,560 | 2,695 | - | - |
| Auditors' remuneration | | | | |
| - statutory: | | | | |
| - holding company | 97 | 97 | 97 | 97 |
| - subsidiaries | 908 | 854 | - | - |
| - over accrual in prior years | (13) | (13) | - | (2) |
| - non-statutory: | | | | |
| - holding company | 12 | 12 | 12 | 12 |
| Write down of inventories | - | 28 | - | - |
| Bad debts written off | 546 | 3 | 15 | - |
| Depreciation | 9,852 | 15,737 | 11 | 14 |
| Directors' remuneration: | | | | |
| - fees | 614 | 567 | 315 | 278 |
| - other emoluments | 1,649 | 1,581 | 755 | 707 |
| Impairment loss on: | | | | |
| - development expenditure | - | 929 | - | - |
| - goodwill | - | 1,496 | - | - |
| - available-for-sale investment securities | 1 | - | - | - |
| - loan and receivables | 355 | 892 | - | - |
| - property, plant and equipment | 489 | - | - | - |
| - investment in associates and joint venture | - | 198 | - | - |
| Loss on disposal of an associate | 596 | - | - | - |
| Loss on disposal of a subsidiary | - | 141 | - | - |
| Lease rental | 12,347 | 11,685 | - | - |
| Loss on foreign exchange: | | | | |
| Net unrealised loss on foreign exchange | - | - | 156 | - |
| Property, plant and equipment written off (include item in Note 38(b)) | 16,816 | 93 | 1 | - |
| Provision/(Over provision) for retirement benefits plan | 173 | (74) | - | - |
| Fair value change in held for trading investments | - | 81 | - | - |
| Realisation of foreign exchange reserve | - | 1,827 | - | - |
| Rental expenses: | | | | |
| - equipment | 231 | 190 | - | - |
| - premises | 1,690 | 1,804 | 170 | 438 |
| - others | 165 | 50 | - | - |
| Staff cost: | | | | |
| - salaries and wages | 42,570 | 42,006 | 2,066 | 2,162 |
| - defined contribution plan | 5,153 | 5,139 | 312 | 327 |
| - other employee benefits | 3,657 | 3,333 | 26 | 26 |

## 25. OPERATING PROFIT (continued)

Operating profit has been arrived at (continued):

| | Group | | Company | |
|---|---|---|---|---|
| | **2015** | **2014** | **2015** | **2014** |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| And crediting: | | | | |
| Gain on disposal of: | | | | |
| - property, plant and (include item in Note 38(e)) | 12,350 | 41 | - | - |
| - lease rights (Note 38(b)) | 4,986 | - | - | - |
| - subsidiaries | - | 11,339 | - | - |
| Fair value change in financial assets held for trading | 15 | - | - | - |
| Fair value change in held for trading investments | 15 | - | - | - |
| Net gain on foreign exchange: | | | | |
| - realised | 943 | 896 | 1 | - |
| - unrealised | 655 | 333 | - | 13 |
| Gross dividend income from: | | | | |
| Available-for-sale financial assets | | | | |
| - Malaysia: | | | | |
| - unquoted securities | - | 4 | - | - |
| Interest income: | | | | |
| - Short term deposits | 3,123 | 2,454 | 64 | 34 |
| - Loan and receivables | 258 | 242 | - | - |
| Rental income | 1,587 | 1,817 | - | - |
| Write back of impairment loss on loan and receivables | 683 | 3 | - | - |
| Write back of inventories | 25 | - | - | - |
| Write back of payables | 397 | 1,233 | - | - |

## 26. FINANCE COSTS

| | Group | | Company | |
|---|---|---|---|---|
| | **2015** | **2014** | **2015** | **2014** |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Interest expenses | | | | |
| - bank overdrafts | 41 | 26 | - | - |
| - finance lease | 1,684 | 1,678 | - | - |
| - hire purchases | 3 | 2 | - | - |
| - ICULS | 288 | 351 | 288 | 351 |
| - term loans | 2,663 | 2,761 | 2,052 | 1,953 |
| - others | 439 | 115 | 437 | 111 |
| | 5,118 | 4,933 | 2,777 | 2,415 |

## 27. INCOME TAX EXPENSE

| | Group | | Company | |
|---|---|---|---|---|
| | **2015** | **2014** | **2015** | **2014** |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Income tax** | | | | |
| Current year | | | | |
| - In Malaysia | 6,118 | 5,502 | 10 | 4 |
| - Outside Malaysia | 7 | 83 | - | - |
| Prior years | (1,126) | (540) | (59) | - |
| **Real property gain tax** | | | | |
| Current year | 543 | - | - | - |
| **Deferred tax (Note 13)** | | | | |
| Current year | (47) | (205) | - | - |
| Prior years | 1,224 | 324 | 117 | 326 |
| | 6,719 | 5,164 | 68 | 330 |

The income tax is calculated at the statutory rate of 25% (2014: 25%) of the estimated assessable profit for the year. The statutory tax rate will be reduced to 24% from the current year's rate of 25% with effect from year of assessment 2016.

Two indirect subsidiaries of the Company, Ahead Mobile Sdn. Bhd. ("AMSB") and GlobeOSS Sdn. Bhd., have been granted pioneer status as Multimedia Super Corridor ("MSC") companies under the Malaysian Promotion of Investment Act, 1986. The benefits to a company having MSC status include a five year pioneer status tax exemption on profits generated from the MSC qualifying activities during the same period. The MSC status of AMSB after being extended once, had expired on 31 August 2015. The MSC status of GlobeOSS Sdn. Bhd. will expire on 14 January 2017.

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.

## 27. INCOME TAX EXPENSE (Continued)

A reconciliation of income tax expense applicable to (loss)/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 | |
|---|---|---|---|---|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| Applicable tax rate | 25 | 25 | 25 | 25 |
| Tax effects arising from | | | | |
| - Non allowable expenses | (1,008) | 166 | 33 | 19 |
| - Non taxable income | 977 | (191) | (58) | (44) |
| - Utilisation of previously unrecognised tax losses and capital allowances | 73 | - | - | - |
| - Deferred tax assets not recognised in the year | (596) | 163 | - | - |
| - Different tax rate in foreign jurisdiction | (176) | 32 | - | - |
| - Real property gain tax | (64) | - | - | - |
| - Share of tax of associates included in share of profit of associates | (21) | 9 | - | - |
| - Utilisation of group relief | 5 | - | - | - |
| | (785) | 204 | - | - |
| - (over)/under accrual in prior years | (12) | (8) | 1 | 4 |
| Average effective tax rate | (797) | 196 | 1 | 4 |

The tax savings of the Group and of the Company are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| Arising from utilisation of previously unutilised tax losses | 619 | 5 | - | - |

## 28. LOSS PER ORDINARY SHARE

### (a) Basic loss per ordinary share

| | Group | |
|---|---|---|
| | 2015 RM'000 | 2014 RM'000 |
| Consolidated loss attributable to owners of the parent | (11,591) | (4,643) |

## 28. LOSS PER ORDINARY SHARE (continued)

### (a) Basic loss per ordinary share (continued)

| | Group 2015 '000 | Group 2014 '000 |
|---|---|---|
| Weighted average number of ordinary shares in issue | 663,549 | 565,304 |

| | Group 2015 Sen | Group 2014 Sen |
|---|---|---|
| Basic loss per share | (1.75) | (0.82) |

### (b) Diluted loss per ordinary share

Diluted loss per share of the Group is calculated by dividing the profit/(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 2015 RM'000 | Group 2014 RM'000 |
|---|---|---|
| Consolidated loss attributable to owners of the parent | (11,591) | (4,643) |
| Interest expenses on ICULS (net of tax) | 406 | 676 |
| Loss after mandatory conversion of ICULS | (11,185) | (3,967) |

| | 2015 '000 | 2014 '000 |
|---|---|---|
| Weighted average number of ordinary shares in issue | 663,549 | 565,304 |
| Adjustment for ordinary shares deemed converted from ICULS | 265,646 | 363,891 |
| Weighted average number of ordinary shares in issue after deemed conversion of ICULS | 929,195 | 929,195 |

| | Group 2015 Sen | Group 2014 Sen |
|---|---|---|
| Diluted loss per share | (1.75) | (0.82) |

The diluted loss per share for current financial year is equivalent to the basic loss per share as the effect arising from deemed conversion of ICULS is anti-dilutive.

## 29. DIVIDENDS

Dividends recognised by the Company are as follows:

| | Sen per share | Total Amount RM'000 | Date of payment |
|---|---|---|---|
| 2015 | | | |
| Final 2014 ordinary share (single tier) | 0.250 | 1,660 | 18 September 2015 |
| 2014 | | | |
| Final 2013 ordinary share (single tier) | 0.250 | 1,339 | 5 August 2014 |

## 30. CONTINGENT LIABILITIES

| | Group | |
|---|---|---|
| | 2015 RM'000 | 2014 RM'000 |
| Litigation | 6,335 | 5,528 |

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, 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.

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 advise 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.

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 on 23 May, 28 July and 19 September 2014, was dismissed by the High Court on 14 January 2015, 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.

## 30. CONTINGENT LIABILITIES (continued)

During the year, 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 for the exchange of pleadings relating to the aforesaid claim and the counterclaim. The next steps involve parties exchanging affidavits of admissions and denial of documents and drafting issues to be dealt with during the arbitration. The date of the next hearing has not been fixed.

In the opinion of management of Captii and solicitor, no losses are expected to arise pertaining to the aforesaid contingent liability.

## 31. MATERIAL LITIGATION

(a) The Company initiated the Alor Setar High Court Civil Suit No. MT2-22-95-2004 on 14 June 2004 against Perbadanan Kemajuan Negeri Kedah ("PKNK") to recover its investment of RM52,500,000 representing 70% equity interest in Kedah Marble Sdn. Bhd. ("KMSB") together with other sums, damages, interests and costs.

PKNK then applied for the determination of points or issues of law pursuant to Order 14A and/or Order 33 Rule 2 of the Rules of High Court, 1980. The application was heard on 13 January 2011 and allowed by the High Court on the basis that the Company's claim was time barred under the Public Authorities Protection Act and/or the Limitation Act. In the result, the suit was dismissed with costs. The Judgment of the High Court was appealed to the Court of Appeal of Malaysia vide Civil Appeal No.: K-01-85-2011. The appeal was heard on the 27 September 2012 and allowed with costs. In the result, the order of the High Court dated 13 January 2011 was set aside and the matter remitted to the High Court for trial. Following the order of the Court of Appeal of Malaysia, PKNK has filed an application for leave ("Leave Application") to appeal to the Federal Court of Malaysia vide Civil Application No.: 08-772-10/2012.

The Leave Application was heard by the Federal Court of Malaysia on 6 May 2014 and unanimously dismissed with costs of RM10,000.00 payable by PKNK to the Company. As a result, the suit will be tried by the High Court in Alor Setar. Case management of the suit in the High Court has been adjourned to a date to be fixed pending clarification and extraction of the order of the Federal Court dated 6 May 2014. The Federal Court has on 15 May 2015 clarified the earlier order made and directed that the defence of limitation taken by PKNK be tried by the High Court. The sealed order of the Federal Court was served on 29 July 2015.

The High Court in Alor Setar has now fixed the matter for the full trial on 15 June 2016, 28 June 2016 and 29 June 2016. The High Court in Alor Setar has also scheduled the matter for case management on 20 April 2016 to monitor the compliance of case management directions.

## 31. MATERIAL LITIGATION (continued)

(b) The Company had announced that a legal proceeding was instituted against P.T. Diwangkara Holiday Villa Bali, an indirect subsidiary of the Company, arising from a claim dated 14 April 2015 made by P.T. Diwangkara Jaya Makmur ("Plaintiff") against P.T. Diwangkara Holiday Villa Bali ("Defendant I") and CV. Telabah Nasional Traiding Company ("Defendant II") which was read on 28 July 2015 at the Denpasar District Court. Defendant I has a lease agreement for the land and building which happened to be the building of Diwangkara Hotel including its licences and in the agreement, the owner also gives the right to operate and manage Diwangkara Hotel to Defendant I.

The Plaintiff's claims principally include among others to invalidate the lease agreement between the Defendant I and Defendant II for Defendant I to lease Diwangkara 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 have ended and the trial continues with Response of the Parties for the claim and Defendant I has responded by filing its claims to Denpasar District Court which principally include 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 Rp.24,304,854,643 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.

Based on solicitors' opinion, the management is of the opinion that the Group has a good cause of action against the Plaintiff and the likely outcome of the proceeding would be a decision in favour of Defendant I.

## 32. COMMITMENTS

(a) The Group has lease commitments under non-cancellable operating leases, which are payable as follows:

| | Group | |
|---|---|---|
| | **2015** | **2014** |
| | RM'000 | RM'000 |
| Not later than one (1) year | 9,527 | 11,844 |
| Later than one (1) year but not later than five (5) years | 18,067 | 6,171 |
| Later than five (5) years | 46,979 | 30,572 |
| | 74,573 | 48,587 |

The Group leases a number of hotels and office premises under operating leases. The hotels leases typically run for the period of two to eighty years and the office premises leases run for average period of three years.

## 32. COMMITMENTS (continued)

(b) The Group has total future minimum lease receivables committed under non-cancellable operating leases are as follows:

| | Group | |
|---|---|---|
| | **2015** | **2014** |
| | RM'000 | RM'000 |
| Not later than one (1) year | 612 | 642 |
| Later than one (1) year but not later than five (5) years | - | 590 |
| | 612 | 1,232 |

Operating lease income commitments are for investment property of the Group as disclosed in Note 5 to the financial statements. The lease rental income terms are negotiated for a term of three years.

## 33. 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 | |
|---|---|---|---|---|
| | **2015** | **2014** | **2015** | **2014** |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Income** | | | | |
| (i) Dividends receivable from subsidiaries | | | | |
| - Alangka-Suka Hotels & Resorts Sdn. Bhd. | - | - | 7,167 | 10,750 |
| - Worldwide Matrix Sdn. Bhd. | - | - | 1,385 | 935 |
| - Diversified Gain Sdn. Bhd. | - | - | 1,590 | 2,036 |
| - Advance Synergy Realty Sdn. Bhd. | - | - | 1,814 | 2,087 |

## 33. 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 | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Income** | | | | |
| (ii) Rental receivable from an associate | | | | |
| - KPB | - | 107 | - | - |
| (iii) Rental receivable from a company of which a director has deemed interest: | | | | |
| - SJ Securities Sdn. Bhd. | 558 | 558 | - | - |
| **Expenses** | | | | |
| (i) Rental payable to a subsidiary | | | | |
| - AESBI Power Systems Sdn. Bhd. | - | - | 170 | 438 |
| (ii) Purchase of goods and services from a subsidiary | | | | |
| - OET | - | - | 71 | 76 |
| (iii) Lease rental payable to a company of which a director has deemed interest: | | | | |
| - Leeds Property Limited | 5,065 | 4,405 | - | - |
| (iv) Directors' emoluments: | | | | |
| - fees | 614 | 567 | 315 | 278 |
| - salaries and bonuses | 1,649 | 1,581 | 755 | 707 |
| - benefit-in-kind | 23 | 90 | 23 | 83 |

### (c) Compensation of key management personnel

The remuneration of Directors and other key management personnel during the financial year are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Fees | 674 | 618 | 315 | 278 |
| Emoluments and benefits | 4,715 | 4,013 | 1,060 | 995 |
| Contributions to defined contribution plan | 515 | 447 | 127 | 119 |
| | 5,904 | 5,078 | 1,502 | 1,392 |

## 33. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

### (c) Compensation of key management personnel (continued)

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 RM29,900 (2014: RM89,900) for the Company and RM29,900 (2014: RM127,100) for the Group.

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration amounting to RM1,649,462 (2014: RM1,580,937) and RM754,880 (2014: RM706,720) respectively.

## 34. 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 Tour 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.

## 34. SEGMENT INFORMATION (continued)

**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.

**Segment capital expenditure**

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, and intangible assets other than goodwill.

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. |
| Travel and tours | : | Travel and tour agent, money services business and provision of travel related services. |
| Others | : | Businesses involving manufacturing and marketing of builder hardware products, design, building and fabrication of coaches and bus maintenance and related services, trading, payment card issuing and acquiring services, traditional Chinese medicine services and owns and operates language centre. |

## 34. SEGMENT INFORMATION (continued)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by operating segment:

| | 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 |
|---|---|---|---|---|---|---|---|---|---|
| **2015** | | | | | | | | | |
| **Revenue** | | | | | | | | | |
| External | 973 | 27,404 | 60,521 | 54,736 | 93,639 | 31,564 | - | | 268,837 |
| Inter-segment | 13,675 | 5 | - | - | 445 | - | (14,125) | (a) | - |
| | 14,648 | 27,409 | 60,521 | 54,736 | 94,084 | 31,564 | (14,125) | | 268,837 |
| **Results** | | | | | | | | | |
| Segment results | 13,904 | 4,464 | (12,722) | 11,103 | 4,276 | (9,731) | (11,418) | (b) | (124) |
| Share of results of associates | 1,626 | - | (2,048) | (12) | (284) | - | - | | (718) |
| Consolidated profit/(loss) before tax | 15,530 | 4,464 | (14,770) | 11,091 | 3,992 | (9,731) | (11,418) | | (842) |
| Income tax expense | (612) | (1,129) | (1,652) | (2,592) | (746) | 12 | - | | (6,719) |
| Net profit/(loss) for the financial year | | | | | | | | | (7,561) |
| Attributable to: | | | | | | | | | |
| Non-controlling interests | | | | | | | | | 4,030 |
| Owners of the parent | | | | | | | | | (11,591) |
| **Other information** | | | | | | | | | |
| Segments assets | 59,053 | 69,741 | 196,175 | 167,867 | 21,186 | 59,017 | - | | 573,039 |
| Investment in associates associates and joint venture | 33,520 | - | 17,373 | 9 | 3,682 | - | - | | 54,584 |
| Unallocated corporate assets | | | | | | | | | 3,076 |
| Total assets | | | | | | | | | 630,699 |
| Segment liabilities | 35,651 | 8,452 | 58,406 | 13,062 | 7,109 | 25,712 | - | | 148,392 |
| Unallocated corporate liabilities | | | | | | | | | 3,153 |
| Total liabilities | | | | | | | | | 151,545 |

## 34. SEGMENT INFORMATION (continued)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by operating segment (continued):

| | Invest-ment holding RM'000 | Property develop-ment RM'000 | Hotels and resorts RM'000 | Informa-tion and commu-nications techno-logy RM'000 | Travel and tours RM'000 | Others RM'000 | Elimi-nation RM'000 | Notes | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|
| **2015** | | | | | | | | | |
| **Other information (continued)** | | | | | | | | | |
| Additions to non-current assets (other than financial instruments and deferred tax assets) | | | | | | | | | |
| - Property, plant and equipment | 150 | 13 | 1,313 | 1,041 | 186 | 1,373 | - | | 4,076 |
| - Software development expenditure | - | - | - | 809 | - | - | - | | 809 |
| - Licenses | - | - | - | - | - | 400 | - | | 400 |
| Income: | | | | | | | | | |
| Interest Income | 150 | 27 | 2,282 | 807 | 86 | 29 | - | | 3,381 |
| Write back of inventories | - | - | - | 25 | - | - | - | | 25 |
| Fair value change in: | | | | | | | | | |
| - held for trading investments | - | - | 15 | - | - | - | - | | 15 |
| - foreign currency held for trading | - | - | - | - | 15 | - | - | | 15 |
| Write back of impairment loss on: | | | | | | | | | |
| - loan and receivables | 180 | - | - | 503 | - | - | - | | 683 |
| Gain on disposal of: | | | | | | | | | |
| - property, plant and equipment | 12,209 | 1 | 143 | 10 | - | (13) | - | | 12,350 |
| - lease rights | - | - | 4,986 | - | - | - | - | | 4,986 |

## 34. SEGMENT INFORMATION (continued)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by operating segment (continued):

| | 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 |
|---|---|---|---|---|---|---|---|---|---|
| **2015** | | | | | | | | | |
| **Other information (continued)** | | | | | | | | | |
| Expense: | | | | | | | | | |
| Amortisation of intangible assets | - | - | - | 2,489 | - | 71 | - | | 2,560 |
| Depreciation | 540 | 20 | 6,195 | 1,462 | 140 | 1,495 | - | | 9,852 |
| Finance cost | 3,024 | - | 1,766 | - | 41 | 287 | - | | 5,118 |
| Impairment loss on: | | | | | | | | | |
| - property, plant and equipment | - | - | - | 489 | - | - | - | | 489 |
| - available-for-sale investments | - | - | - | - | 1 | - | - | | 1 |
| - loan and receivables | 100 | - | 221 | - | - | 34 | - | | 355 |
| Property, plant and equipment written off | 58 | - | 16,667 | - | - | 91 | - | | 16,816 |
| Lease rental | - | - | 12,347 | - | - | - | - | | 12,347 |
| Staff costs: | | | | | | | | | |
| - salaries and wages | 3,915 | 850 | 14,105 | 14,650 | 3,572 | 5,478 | - | | 42,570 |
| - defined contribution plan | 649 | 100 | 1,409 | 1,928 | 421 | 646 | - | | 5,153 |
| - other employee benefits | 99 | 31 | 1,122 | 1,385 | 617 | 403 | - | | 3,657 |

## 34. SEGMENT INFORMATION (continued)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by operating segment (continued):

| | 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 |
|---|---|---|---|---|---|---|---|---|---|
| **2014** | | | | | | | | | |
| **Revenue** | | | | | | | | | |
| External | 1,102 | 23,973 | 68,301 | 55,550 | 92,847 | 32,991 | - | | 274,764 |
| Inter-segment | 17,367 | 10 | - | - | 611 | - | (17,988) | (a) | - |
| | 18,469 | 23,983 | 68,301 | 55,550 | 93,458 | 32,991 | (17,988) | | 274,764 |
| **Results** | | | | | | | | | |
| Segment results | 8,256 | 4,413 | 8,094 | 7,452 | 2,671 | (11,606) | (15,754) | (b) | 3,526 |
| Share of results of associates | 837 | - | (1,797) | (26) | 90 | - | - | | (896) |
| Consolidated profit/(loss) before tax | 9,093 | 4,413 | 6,297 | 7,426 | 2,761 | (11,606) | (15,754) | | 2,630 |
| Income tax expense | (333) | (1,131) | (1,072) | (1,630) | (998) | - | - | | (5,164) |
| Net profit/(loss) for the financial year | | | | | | | | | (2,534) |
| Attributable to: | | | | | | | | | |
| Non-controlling interests | | | | | | | | | 2,109 |
| Owners of the parent | | | | | | | | | (4,643) |
| **Other information** | | | | | | | | | |
| Segments assets | 65,730 | 64,053 | 196,515 | 162,791 | 21,532 | 63,518 | - | | 574,139 |
| Investment in associates associates and joint venture | 37,125 | - | 18,420 | 18 | 320 | - | - | | 55,883 |
| Unallocated corporate assets | | | | | | | | | 2,563 |
| Total assets | | | | | | | | | 632,585 |
| Segment liabilities | 10,331 | 8,496 | 82,214 | 14,885 | 8,278 | 26,645 | - | | 150,849 |
| Unallocated corporate liabilities | | | | | | | | | 1,957 |
| Total liabilities | | | | | | | | | 152,806 |

## 34. SEGMENT INFORMATION (continued)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by operating segment (continued):

| | 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 |
|---|---|---|---|---|---|---|---|---|---|
| **2014** | | | | | | | | | |
| **Other information (continued)** | | | | | | | | | |
| Additions to non-current assets (other than financial instruments and deferred tax assets) | | | | | | | | | |
| - Property, plant and equipment | 5 | 1 | 2,240 | 2,498 | 195 | 516 | - | | 5,455 |
| - Software development expenditure | - | - | - | 1,124 | - | - | - | | 1,124 |
| Income: | | | | | | | | | |
| Interest Income | 57 | 18 | 1,805 | 696 | 82 | 48 | (10) | (c) | 2,696 |
| Write back of impairment loss on: | | | | | | | | | |
| - loan and receivables | - | - | - | 3 | - | - | - | | 3 |
| Gain on disposal of subsidiaries | - | - | 11,198 | - | - | - | - | | 11,198 |
| Expense: | | | | | | | | | |
| Amortisation of intangible assets | - | - | - | 2,695 | - | - | - | | 2,695 |
| Depreciation | 532 | 20 | 12,330 | 1,201 | 129 | 1,525 | - | | 15,737 |
| Finance cost | 2,427 | - | 2,038 | 2 | 35 | 441 | (10) | (c) | 4,933 |
| Impairment loss on: | | | | | | | | | |
| - investment in associates and joint venture | - | - | - | - | 198 | - | - | | 198 |
| - development expenditure | - | - | - | 929 | - | - | - | | 929 |
| - loan and receivables | 65 | - | 7 | 79 | 497 | 244 | - | | 892 |
| - goodwill | - | - | - | - | - | 1,496 | - | | 1,496 |

## 34. SEGMENT INFORMATION (continued)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by operating segment (continued):

| 2014 | 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): | | | | | | | | | |
| Write down of inventories | - | - | - | 28 | - | - | - | | 28 |
| Fair value change in held for trading investments | - | - | 81 | - | - | - | - | | 81 |
| Lease rental | - | - | 11,685 | - | - | - | - | | 11,685 |
| Staff costs: | | | | | | | | | |
| - salaries and wages | 3,977 | 794 | 13,165 | 15,693 | 3,322 | 5,055 | - | | 42,006 |
| - defined contribution plan | 524 | 93 | 1,575 | 1,969 | 404 | 574 | - | | 5,139 |
| - other employee benefits | 75 | 31 | 1,559 | 824 | 520 | 324 | - | | 3,333 |

**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

(c) Inter-segment interest charges are eliminated on consolidation.

### 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, traditional Chinese medicine services and owns and operates language centre.

## 34. SEGMENT INFORMATION (continued)

### Geographical Information (continued)

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 (continued):

| | |
|---|---|
| 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. |
| Australia | : Manufacturing and marketing of builder hardware products. |
| 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. |

### 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) | |
|---|---|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysia | 211,056 | 217,277 | 471,976 | 470,265 | 4,321 | 5,068 |
| Singapore | 1,901 | 2,299 | 11,349 | 7,499 | 3 | 134 |
| Africa & Middle East | 11,991 | 12,676 | 10,362 | 9,250 | 57 | 51 |
| Europe | 14,331 | 16,556 | 9,932 | 13,726 | 140 | 416 |
| Australia | 14,113 | 16,891 | 17,194 | 17,841 | 7 | 41 |
| Others | 15,445 | 9,065 | 52,226 | 55,558 | 757 | 869 |
| | 268,837 | 274,764 | 573,039 | 574,139 | 5,285 | 6,579 |

### Major customers

There are no major customers with revenue equal or more than 10% of the Group total revenue.

## 35. FAIR VALUE OF FINANCIAL INSTRUMENTS

### (a) Financial instruments that are not carried at fair value and whose carrying amounts are not reasonably approximated to fair value

It is not practical to estimate the fair value of the unquoted investment in securities due to the lack of comparable quoted price in an active market and the inability to estimate fair value.

### (b) 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 | 12 |
| Financial assets held for trading | 15 |
| Cash and bank balances and short term deposits | 16 |
| **Financial Liabilities** | |
| Trade and other payables | 22 |
| Borrowings | 20 |
| ICULS | 19 |

The carrying amount of these financial assets and liabilities is reasonable approximations 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 approximations 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.

### (c) 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

## 35. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

### (c) 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 | | | | Fair value | Carrying amount |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total | | |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Group** | | | | | | | | | | | |
| **2015** | | | | | | | | | | | |
| **Financial Assets** | | | | | | | | | | | |
| Investment securities: | 11 | | | | | | | | | | |
| - Available-for-sale financial assets | | 12,866 | - | - | 12,866 | - | - | - | - | 12,866 | 12,866 |
| - Held for trading investments | | 433 | - | - | 433 | - | - | - | - | 433 | 433 |
| Foreign currency held for trading | 15 | 411 | - | - | 411 | - | - | - | - | 411 | 411 |
| **Financial Liabilities** | | | | | | | | | | | |
| Borrowings: | 20 | | | | | | | | | | |
| - Revolving credit | | - | - | - | - | - | 9,400 | - | 9,400 | 9,400 | 9,400 |
| - Finance lease payable | | - | - | - | - | - | 23,084 | - | 23,084 | 23,084 | 23,084 |
| - Hire purchase payable | | - | - | - | - | - | 15 | - | 15 | 15 | 15 |
| - Term loans | | - | - | - | - | - | 47,538 | - | 47,538 | 47,538 | 47,548 |
| ICULS | 19 | - | - | - | - | - | - | 67,837 | 67,837 | 67,837 | 67,837 |
| **Company** | | | | | | | | | | | |
| **2015** | | | | | | | | | | | |
| **Financial Liabilities** | | | | | | | | | | | |
| ICULS | 19 | - | - | - | - | - | - | 67,837 | 67,837 | 67,837 | 67,837 |

## 35. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

### (c) 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** | | | | | | | | | | | |
| **2014** | | | | | | | | | | | |
| **Financial Assets** | | | | | | | | | | | |
| Investment securities: | 11 | | | | | | | | | | |
| - Available-for-sale financial assets | | 14,474 | - | - | 14,474 | - | - | - | - | 14,474 | 14,474 |
| - Held for trading investments | | 418 | - | - | 418 | - | - | - | - | 418 | 418 |
| **Financial Liabilities** | | | | | | | | | | | |
| Borrowings: | 20 | | | | | | | | | | |
| - Bank overdrafts | | - | - | - | - | - | 779 | - | 779 | 779 | 779 |
| - Revolving credit | | - | - | - | - | - | 30,800 | - | 30,800 | 30,800 | 30,800 |
| - Finance lease payable | | - | - | - | - | - | 22,997 | - | 22,997 | 22,997 | 22,997 |
| - Hire purchase payable | | - | - | - | - | - | 39 | - | 39 | 39 | 39 |
| - Term loans | | - | - | - | - | - | 18,990 | - | 18,990 | 18,990 | 19,016 |
| ICULS | 19 | - | - | - | - | - | - | 69,681 | 69,681 | 69,681 | 69,681 |
| **Company** | | | | | | | | | | | |
| **2014** | | | | | | | | | | | |
| **Financial Liabilities** | | | | | | | | | | | |
| ICULS | 19 | - | - | - | - | - | - | 69,681 | 69,681 | 69,681 | 69,681 |

## 35. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

### (c) 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 19 to the financial statements.

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**

| Type | Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|---|---|---|---|
| ICULS | Discounted cash flows | Interest rate of 7% | The estimated fair value would increase (decrease) if the interest rate were higher (lower). |

## 35. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

### (c) Fair value hierarchy (continued)

**Sensitivity analysis for Level 3**

| | Profit or Loss | | Other Comprehensive income, net of tax | |
|---|---|---|---|---|
| | **Increase** | **Decrease** | **Increase** | Decrease |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Group and Company** | | | | |
| **2015** | | | | |
| Increase/Decrease of 1% interest rate | 413 | (441) | - | - |

**Transfer between levels of fair values hierarchy**

There is no transfer between levels of fair values hierarchy during the financial year.

## 36. 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.

**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 RM9.58 million (2014: RM11.27 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.

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (a) Credit Risk (continued)

**Exposure to credit risk (continued)**

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 | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| | RM'000 | % of total | RM'000 | % of total |
| **By industry sectors:** | | | | |
| Investment holding | 38 | 0.1% | 31 | 0.1% |
| Property development | 4,179 | 9.2% | 5,205 | 11.2% |
| Hotels and resorts | 9,765 | 21.4% | 8,264 | 17.8% |
| Information and communications technology | 18,332 | 40.1% | 18,752 | 40.4% |
| Travel and tours | 8,369 | 18.3% | 7,468 | 16.1% |
| Others | 4,979 | 10.9% | 6,699 | 14.4% |
| | 45,662 | 100.0% | 46,419 | 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 12 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 12 to the financial statements.

**Intercompany balances**

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (a) Credit Risk (continued)

**Intercompany balances (continued)**

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

**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 RM75.47 million (2014: RM48.62 million) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The Group provides unsecured financial guarantees to third parties in respect of manufacturing contracted granted to a subsidiary. The maximum exposure to credit risk amounts to RM0.2 million (2014: RM1.8 million) representing the outstanding guarantees as at the end of the reporting period.

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 maintains 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.

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (b) Liquidity Risk (continued)

**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 | | | |
|---|---|---|---|---|---|---|
| | Carrying Amount | Contractual interest rate | Within 1 Year | 1 - 5 Years | More than 5 Years | Total |
| | RM'000 | % | RM'000 | RM'000 | RM'000 | RM'000 |
| **2015** | | | | | | |
| **Group** | | | | | | |
| **Financial Liabilities** | | | | | | |
| Trade and other payables | 62,347 | - | 62,347 | - | - | 62,347 |
| Revolving credit | 9,400 | 5.58 | 9,400 | - | - | 9,400 |
| Finance lease payable | 23,084 | 7.32 | 23,763 | - | - | 23,763 |
| Hire purchase payables | 15 | 2.60 | 15 | - | - | 15 |
| Term loans | 47,548 | 4.70-7.85 | 4,269 | 23,691 | 47,533 | 75,493 |
| ICULS | 67,837 | 2.00 | 1,591 | 82,724 | - | 84,315 |
| **Company** | | | | | | |
| Other payables | 232,273 | - | 232,273 | - | - | 232,273 |
| ICULS | 67,837 | 2.00 | 1,591 | 82,724 | - | 84,315 |
| **2014** | | | | | | |
| **Group** | | | | | | |
| **Financial Liabilities** | | | | | | |
| Trade and other payables | 69,119 | - | 69,119 | - | - | 69,119 |
| Revolving credit | 30,800 | 5.50 | 30,800 | - | - | 30,800 |
| Finance lease payable | 22,997 | 7.32 | 1,597 | 23,763 | - | 25,360 |
| Hire purchase payables | 39 | 2.60 | 26 | 15 | - | 41 |
| Bank overdrafts | 779 | 7.60 | 779 | - | - | 779 |
| Term loans | 19,016 | 2.25-8.10 | 2,598 | 13,708 | 14,419 | 30,725 |
| ICULS | 69,681 | 2.00 | 1,602 | 84,887 | - | 86,489 |
| **Company** | | | | | | |
| Other payables | 225,338 | - | 225,338 | - | - | 225,338 |
| ICULS | 69,681 | 2.00 | 1,602 | 84,887 | - | 86,489 |

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (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.

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:

| | | 2015 | | 2014 | |
|---|---|---|---|---|---|
| | | **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 | 20(c) | 7.32 | 23,084 | 7.32 | 22,997 |
| Hire purchase payables | 20(d) | 5.10 | 15 | 5.10 | 39 |
| Term loans | 20(e) | 7.20 | 2,784 | 7.20 | 2,504 |
| | | | 25,883 | | 25,540 |
| ICULS | 19 | 7.00 | 67,837 | 7.00 | 69,681 |
| | | | 93,720 | | 95,221 |
| **Company** | | | | | |
| ICULS | 19 | 7.00 | 67,837 | 7.00 | 69,681 |

## 36. 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 (continued):

| | | 2015 | | 2014 | |
|---|---|---|---|---|---|
| | | **Weighted Average Effective Interest Rate** | **Carrying Amount** | **Weighted Average Effective Interest Rate** | **Carrying Amount** |
| | Note | % | RM'000 | % | RM'000 |
| **Floating Rate** | | | | | |
| **Group** | | | | | |
| **Financial Assets** | | | | | |
| Short term deposits | 16 | 3.27 | 106,987 | 2.99 | 80,129 |
| **Financial Liabilities** | | | | | |
| Bank overdrafts | 20(a) | - | - | 7.60 | 779 |
| Revolving credit | 20(b) | 5.58 | 9,400 | 5.50 | 30,800 |
| Term loans | 20(e) | 5.36 | 44,764 | 6.38 | 16,513 |
| | | | 54,164 | | 48,092 |
| **Company** | | | | | |
| **Financial Assets** | | | | | |
| Short term deposits | 16 | 3.18 | 1,750 | 3.00 | 450 |

**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.

**(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 RM0.40 million and RM0.01 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.

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (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") 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** | **Ringgit Malaysia** | **Australia Dollar** | **US Dollar** | **Singapore Dollar** | **Pound Sterling** | **Total** |
| **2015** | RM'000 | 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** | | | | | | |
| Euro | 69 | - | - | - | - | 69 |
| US Dollar | 473 | - | - | 1,644 | - | 2,117 |
| | 542 | - | - | 1,644 | - | 2,186 |
| **Other receivables** | | | | | | |
| Australia Dollar | 3,923 | - | - | - | - | 3,923 |
| US Dollar | 3 | - | - | 9 | 30 | 42 |
| | 3,926 | - | - | 9 | 30 | 3,965 |

## 36. 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** | **Australia Dollar** | **US Dollar** | **Singapore Dollar** | **Pound Sterling** | **Total** |
| **2015** | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Financial assets and liabilities not held in functional currency (continued) | | | | | | |
| **Financial assets held for trading** | | | | | | |
| Australia Dollar | 26 | - | - | - | - | 26 |
| Euro | 23 | - | - | - | - | 23 |
| Hong Kong Dollar | 37 | - | - | - | - | 37 |
| Pound Sterling | 38 | - | - | - | - | 38 |
| Renminbi | 19 | - | - | - | - | 19 |
| Singapore Dollar | 15 | - | - | - | - | 15 |
| US Dollar | 148 | - | - | - | - | 148 |
| Others | 105 | - | - | - | - | 105 |
| | 411 | - | - | - | - | 411 |
| **Cash and bank balances** | | | | | | |
| Australia Dollar | 2 | - | - | - | - | 2 |
| Euro | 259 | - | 311 | - | - | 570 |
| Pound Sterling | 3 | - | - | - | - | 3 |
| Renminbi | 1 | - | 17,367 | - | - | 17,368 |
| Singapore Dollar | - | - | 378 | - | - | 378 |
| US Dollar | 3,278 | - | - | 5,292 | 42 | 8,612 |
| Others | 15 | - | - | - | - | 15 |
| | 3,558 | - | 18,056 | 5,292 | 42 | 26,948 |
| **Trade payables** | | | | | | |
| US Dollar | 1,378 | 1,577 | - | 534 | - | 3,489 |
| Euro | 645 | - | - | - | - | 645 |
| Others | 2 | - | - | 531 | - | 533 |
| | 2,025 | 1,577 | - | 1,065 | - | 4,667 |
| **Other payables** | | | | | | |
| US Dollar | - | - | - | - | 80 | 80 |

## 36. 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** | **Australia Dollar** | **US Dollar** | **Singapore Dollar** | **Pound Sterling** | **Total** |
| **2015** | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Financial assets and liabilities not held in functional currency (continued) | | | | | | |
| **Borrowings** | | | | | | |
| Singapore Dollar | - | - | 578 | - | - | 578 |
| Australia Dollar | - | - | 859 | - | - | 859 |
| | - | - | 1,437 | - | - | 1,437 |
| **Group** | | | | | | |
| **2014** | | | | | | |
| Financial assets and liabilities not held in functional currency | | | | | | |
| **Investment securities** | | | | | | |
| Renminbi | - | - | 1,693 | - | - | 1,693 |
| **Trade receivables** | | | | | | |
| Brunei Dollar | - | - | - | 8 | - | 8 |
| Euro | 55 | - | - | 87 | - | 142 |
| US Dollar | 961 | - | - | 2,450 | - | 3,411 |
| | 1,016 | - | - | 2,545 | - | 3,561 |
| **Other receivables** | | | | | | |
| Australia Dollar | 2,666 | - | - | - | - | 2,666 |
| US Dollar | 3,649 | 24 | - | 22 | - | 3,695 |
| | 6,315 | 24 | - | 22 | - | 6,361 |

## 36. 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** | **Australia Dollar** | **US Dollar** | **Singapore Dollar** | **Pound Sterling** | **Total** |
| **2014** | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Financial assets and liabilities not held in functional currency (continued) | | | | | | |
| **Cash and bank balances** | | | | | | |
| Australia Dollar | 42 | - | - | - | - | 42 |
| Euro | 582 | - | - | - | - | 582 |
| Hong Kong Dollar | 16 | - | - | - | - | 16 |
| Pound Sterling | 55 | - | - | - | - | 55 |
| Renminbi | 48 | - | 7,282 | - | - | 7,330 |
| Singapore Dollar | 26 | - | 298 | - | - | 324 |
| US Dollar | 1,185 | - | - | 3,009 | 3 | 4,197 |
| Others | 49 | - | - | - | - | 49 |
| | 2,003 | - | 7,580 | 3,009 | 3 | 12,595 |
| **Trade payables** | | | | | | |
| US Dollar | 4,150 | 274 | - | 566 | - | 4,990 |
| Euro | 1,682 | - | - | - | - | 1,682 |
| Others | - | - | 16 | 464 | - | 480 |
| | 5,832 | 274 | 16 | 1,030 | - | 7,152 |
| **Other payables** | | | | | | |
| US Dollar | - | - | - | - | 18 | 18 |
| | - | - | - | - | 18 | 18 |
| **Borrowings** | | | | | | |
| Singapore Dollar | - | - | 502 | - | - | 502 |
| Australia Dollar | - | - | 779 | - | - | 779 |
| | - | - | 1,281 | - | - | 1,281 |

## 36. 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, Australian Dollar ("AUD") and Renminbi ("RMB") exchange rate against the respective functional currencies of the Group entities, with all other variables held constant.

| | | **Group 2015** RM'000 Profit/loss for the year |
|---|---|---|
| RMB/USD | - strengthened 10% | 1,906 |
| | - weakened 10% | (1,906) |
| USD/SGD | - strengthened 10% | 641 |
| | - weakened 10% | (641) |
| AUD/RM | - strengthened 10% | 395 |
| | - weakened 10% | (395) |

### (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 RM1.29 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.

## 37. 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 20 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 2014 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 | |
|---|---|---|
| | **2015** RM'000 | **2014** RM'000 |
| Total borrowings | 80,047 | 73,631 |
| Less : Cash and cash equivalents | (125,989) | (94,592) |
| Subtotal | (45,942) | (20,961) |
| Total equity | 479,154 | 479,779 |
| Debt-to-equity ratio | * | * |

* Not applicable

There were no changes in the Group's approach to capital management during the year.

The Company is required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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 requirement of Singapore Exchange Securities Trading Limited.

## 38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are as follows:

(a) On 2 July 2015, AESBI Power Systems Sdn. Bhd. ("AESBI"), a wholly-owned subsidiary of ASCAP which in turn is a wholly-owned subsidiary of ASB, had accepted a Term Loan of RM30,000,000 ("Facility") from CIMB Bank Berhad ("CIMB Bank") to be utilised for the Group's working capital and/or strategic investment.

The Facility will be secured by inter alia the property owned by AESBI and a corporate guarantee from ASB.

(b) On 22 September 2015, Asbina Hotel & Property Sdn. Bhd. ("AHP") has entered into a Termination of Lease Agreement with Monoratanak Construction Co., Ltd. ("Monoratanak") and Canadia Bank PLC to terminate the Lease Agreement dated 31 January 1996 ("Lease Agreement") entered into between AHP and the Municipality of Phnom Penh, the Kingdom of Cambodia ("MPP") where MPP leased to AHP a piece of land located on the corner of Preah Monivong Boulevard and Street No. 118, Sangkat Monorom, Khan 7 Makara, Phnom Penh, consisting of an existing building known as Hotel Monorom (now known as Holiday Villa City Centre Phnom Penh) ("Hotel") together with the land adjacent to the rear (hereinafter the existing building and the adjacent land shall together be referred to as "the Land") for a cash consideration of USD1,250,000 (equivalent to approximately RM5.0 million). The property, plant and equipment with the carrying amount of RM16,667,649 was written off upon disposal of the lease rights.

The hand-over of the Hotel was completed on 20 October 2015.

(c) On 16 December 2015, the new lease pursuant to the lease agreement dated 23 September 2015 entered into by Holiday Villa (UK) Ltd. ("HVUK"), a wholly-owned subsidiary of ASB held via Holiday Villas International Limited, an indirect wholly-owned subsidiary of ASB [held via Alangka-Suka Hotels & Resorts Sdn. Bhd. ("ASHR"), a wholly-owned subsidiary of ASB], together with ASHR as guarantor with Leeds Property Limited for the lease of hotel property known as Holiday Villa Hotel & Suites London located at 35-39 (odd number only), Leinster Garden, London W2 3AN, England, United Kingdom which is currently being operated by HVUK ("HVUK Lease") has commenced upon expiry of the current lease on 15 December 2015. The HVUK Lease will expire on 15 December 2017 subject to lease termination notice period of 12 months with no termination earlier than 31 March 2017. The lease may be renewed by both parties for a further period of up to three (3) years.

(d) On 11 November 2015, Changshu Holiday Villa Hotel Management Co. Ltd. ("Changshu Holiday Villa"), an indirect 95%-owned subsidiary of the Company, had entered into a Lease Contract with Shanghai Yutai Industrial Co., Ltd. for Changshu Holiday Villa or its nominee to lease Block B of the Yu Tai commercial complex excluding the mezzanine, second and third floors bearing postal address of No. 108, 4-13 Floors, Liu Shing Road, Jiading District, Shanghai, People's Republic of China ("the Hotel") to be operated as a hotel under the Holiday Villa brand.

## 38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

The significant events during the financial year are as follows (continued):

(e) On 28 February 2015, AESBI accepted an offer ("Offer Letter") and subsequently entered into a sale and purchase agreement ("SPA") with OS Soon Properties Sdn. Bhd. in respect of the proposed disposal of a parcel land under Geran 25343, Lot No. 3787, Mukim Tebrau, Daerah Johor Bahru at a total cash consideration of RM21,119,956 subject to terms and conditions as stipulated in the Offer Letter and as stipulated in the SPA. The disposal was completed during the year. The disposal resulted in a gain of RM12,203,630 to the Group.

(f) The significant events relating to changes in the composition of the Group are disclosed in Notes 8 and 9 to the financial statements.

## 39. SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR

(a) Pacific Prime Ventures Pty. Ltd., as trustee for the E Naidu Trust ("Purchaser"), has on 5 February 2016 signed the Share Sale Agreement to acquire from Calmford Incorporated ("Calmford"), a wholly-owned subsidiary of the Company, its 4,700,002 shares representing 100% shareholding in Advansa Pty. Ltd. for a cash consideration of AUD2,300,000 only (equivalent to approximately RM7.0 million) ("Proposed Disposal") as part of the Group's plan to divest non-core business. Following the completion of the Proposed Disposal on 18 March 2016, Advansa Pty. Ltd. ceased to be a subsidiary of Calmford and the Company.

(b) Pursuant to the Share Sale Agreement dated 12 August 2015 which was entered into by Alangka-Suka International Limited ("ASIL"), an indirect wholly-owned subsidiary of the Company, to dispose 75 ordinary shares of USD200.00 each, representing its 10% equity interest in P.T. Diwangkara Holiday Villa Bali ("PT Diwangkara") to Triadi Putranta Soewondo for a total cash consideration of USD115,415.00, PT Diwangkara became an indirect 90%-owned subsidiary of the Company held via ASIL. Following an increase in the share capital of PT Diwangkara, ASIL's equity interest in PT Diwangkara has increased to 94.81% effective from 12 February 2016.

(c) On 8 March 2016, Captii, an indirect 58.3%-owned subsidiary of the Company, announced that its wholly-owned subsidiary, Captii Ventures Pte. Ltd., has completed its investment in 50,000 convertible preference shares in OOPA Pte. Ltd. ("OOPA"), which in turn is convertible into ordinary shares of OOPA representing a 25% stake in OOPA on a fully convertible basis.

# Supplementary Information on The Disclosure of Realised and Unrealised Profits or Losses

On 25 March 2010, Bursa Securities issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Main Market Listing Requirements of Bursa Securities. The directive requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as at the end of the reporting period, into realised and unrealised profits and losses.

On 20 December 2010, Bursa Securities further issued guidance on the disclosure and the format required.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the retained profits of the Group and the Company as at 31 December 2015 are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2015** | **2014** | **2015** | **2014** |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Total retained earnings/(accumulated losses) of the Company and its subsidiaries: | | | | |
| - Realised | (505,472) | (462,984) | 9,613 | 5,566 |
| - Unrealised | 38,586 | 14,847 | (892) | (284) |
| | (466,886) | (448,137) | 8,721 | 5,282 |
| Total share of retained earnings/(accumulated losses) from associates: | | | | |
| - Realised | (3,286) | (6,937) | - | - |
| - Unrealised | - | 7 | - | - |
| Total share of retained earnings/(accumulated losses) from jointly controlled entities: | | | | |
| - Realised | (973) | (838) | - | - |
| - Unrealised | - | - | - | - |
| | (471,145) | (455,905) | 8,721 | 5,282 |
| Less : Consolidation adjustments | 500,066 | 498,077 | - | - |
| Total retained earnings/(accumulated losses) as per statements of financial position | 28,921 | 42,172 | 8,721 | 5,282 |

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

# Statement By Directors

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 64 to 207 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 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 2015 and of the financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 208 to the financial statements has been prepared in accordance with the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

Signed on behalf of the board in accordance with a resolution of the Directors,

**LEE SU NIE**
Director

**YONG TECK MING**
Director

Selangor Darul Ehsan
31 March 2016

# Statutory Declaration

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 64 to 207 and the supplementary information set out on page 208 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 Petaling Jaya in the State of Selangor Darul Ehsan on 31 March 2016.

Before me,
**LAWRENCE LOW**
No.:B484

Commissioner for Oaths
Malaysia

# Independent Auditors' Report

to the Members of Advance Synergy Berhad

## Report on the Financial Statements

We have audited the financial statements of ADVANCE SYNERGY BERHAD, which comprise the statements of financial position as at 31 December 2015 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 and other explanatory information, as set out on pages 64 to 207.

### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements so as to 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, 1965 in Malaysia. The Directors are also responsible for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation of financial statements that give a true and fair view 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 Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 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, 1965 in Malaysia.

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:-

(a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

(b) Except for the companies disclosed in Note 8 to the financial statements without auditors' reports, we have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 8 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

## Other Reporting Responsibilities

The supplementary information set out in Page 208 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

## Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 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**
No. AF 0117
Chartered Accountants

**Heng Fu Joe**
No. 2966/11/16 (J)
Chartered Accountant

Kuala Lumpur
31 March 2016

# Statement on Directors' Interests in the Company

and related corporations as at 28 March 2016

| | Ordinary shares of RM0.30 each | |
|---|---|---|
| **Direct Interest in the Company** | **Number** | **Percentage** |
| Dato' Ahmad Sebi Bakar * | 76,810,009 | 11.57 |
| **Deemed Interest in the Company** | | |
| Dato' Ahmad Sebi Bakar * | 122,805,936① | 18.49 |
| Puan Sri Datin Masri Khaw binti Abdullah | 5,000,000 | 0.75 |
| Lee Su Nie | 365,000② | 0.05 |

| | Ordinary shares | |
|---|---|---|
| **Direct Interest in related corporation** | **Number** | **Percentage** |
| **Captii Limited** | | |
| Lee Su Nie | 20,000③ | 0.06 |

| | Ordinary shares of RM1.00 each | |
|---|---|---|
| **Deemed Interest in related corporation** | **Number** | **Percentage** |
| **Segi Koleksi Sdn Bhd** | | |
| Aryati Sasya Dato' Ahmad Sebi | 105,000 | 30.00 |
| **Metroprime Corporation Sdn Bhd** | | |
| Aryati Sasya Dato' Ahmad Sebi | 350,000④ | 100.00 |

| | ICULS** | |
|---|---|---|
| **Deemed Interest in the Company** | **Number** | **Percentage** |
| Dato' Ahmad Sebi Bakar | 94,105,835 | 17.75 |
| Puan Sri Datin Masri Khaw binti Abdullah | 12,240,000 | 2.31 |

**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.

** 2% 10-Year Irredeemable Convertible Unsecured Loan Stocks at 100% of the nominal value of RM0.15 each issued by the Company.

① This includes his son's interest in 30,467,000 ordinary shares of the Company which shall be treated as his interest in the ordinary shares of the Company pursuant to Section 134(12)(c) of the Companies Act, 1965.

② 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 134(12)(c) of the Companies Act, 1965.

③ Pursuant to the share consolidation exercise of every ten (10) ordinary shares consolidated into one (1) consolidated share completed on 14 May 2015.

④ By virtue of her interest in Segi Koleksi Sdn Bhd ("SKSB") via Pacific Existence Sdn Bhd, Ms Aryati Sasya Dato' Ahmad Sebi is deemed to be interested in the shares of Metroprime Corporation Sdn Bhd to the extent that SKSB has an interest.

# Statistics on Shareholdings

as at 28 March 2016

### AUTHORISED SHARE CAPITAL

RM900,000,000 divided into 3,000,000,000 ordinary shares of RM0.30 each.

### ISSUED AND FULLY PAID-UP CAPITAL

RM199,215,699.60 divided into 664,052,332 ordinary shares of RM0.30 each.

### VOTING RIGHT

1 vote per ordinary share.

### ANALYSIS OF SHAREHOLDINGS

| Size of shareholdings | No. of shareholders | % of shareholders | No. of shares held | % of issued share capital |
|---|---|---|---|---|
| Less than 100 shares | 257 | 1.38 | 6,915 | negligible |
| 100 - 1,000 shares | 4,918 | 26.31 | 4,535,268 | 0.68 |
| 1,001 - 10,000 shares | 9,866 | 52.77 | 41,576,212 | 6.26 |
| 10,001 - 100,000 shares | 3,083 | 16.49 | 106,430,382 | 16.03 |
| 100,001 - less than 5% of issued shares | 569 | 3.04 | 353,893,620 | 53.29 |
| 5% and above of issued shares | 2 | 0.01 | 157,609,935 | 23.74 |
| | 18,695 | 100.00 | 664,052,332 | 100.00 |

### LIST OF TOP 30 SHAREHOLDERS

| No. | Name | No. of shares held | Percentage |
|---|---|---|---|
| 1. | SJ Sec Nominees (Tempatan) Sdn Bhd<br>Suasana Dinamik Sdn Bhd | 80,799,926 | 12.17 |
| 2. | Dato' Ahmad Sebi Bakar | 76,810,009 | 11.57 |
| 3. | SJ Sec Nominees (Tempatan) Sdn Bhd<br>Eighth Review (M) Sdn Bhd | 30,467,000 | 4.59 |
| 4. | Chew Lee Hwa | 19,856,000 | 2.99 |
| 5. | SJ Sec Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Chan Sai Kim | 14,672,000 | 2.21 |
| 6. | SJ Sec Nominees (Tempatan) Sdn Bhd<br>Bright Existence Sdn Bhd | 11,539,010 | 1.74 |

## LIST OF TOP 30 SHAREHOLDERS (continued)

| No. | Name | No. of shares held | Percentage |
|---|---|---|---|
| 7. | CIMSEC Nominees (Tempatan) Sdn Bhd<br>CIMB Bank for Chan Sai Kim | 10,547,625 | 1.59 |
| 8. | PM Nominees (Tempatan) Sdn Bhd<br>Malpac Management Sdn Bhd | 9,874,361 | 1.49 |
| 9. | TA Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Ong Chiew Kee | 6,500,000 | 0.98 |
| 10. | Tan Pak Nang | 6,320,000 | 0.95 |
| 11. | Maybank Nominees (Tempatan) Sdn Bhd<br>Lay Man Wan @ Lai Mun Wan | 5,044,200 | 0.76 |
| 12. | ASH Holdings Sdn Bhd | 5,000,000 | 0.75 |
| 13. | CIMSEC Nominees (Tempatan) Sdn Bhd<br>CIMB Bank for Lee Yoon Sing | 5,000,000 | 0.75 |
| 14. | Goh Boon Seng | 4,965,200 | 0.75 |
| 15. | Chan Kid Ching | 4,077,100 | 0.61 |
| 16. | Tay Teck Ho | 3,655,000 | 0.55 |
| 17. | Yeoh Swee Leng | 3,584,800 | 0.53 |
| 18. | Affin Hwang Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Chung Kin Chuan | 3,501,000 | 0.53 |
| 19. | Public Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Tan Lim Soon | 3,500,000 | 0.53 |
| 20. | Ooi Bin Keong | 3,460,500 | 0.52 |
| 21. | Citigroup Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Lim Chai Beng | 3,445,000 | 0.52 |

## LIST OF TOP 30 SHAREHOLDERS (continued)

| No. | Name | No. of shares held | Percentage |
|---|---|---|---|
| 22. | RHB Capital Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Phua Sin Mo | 3,400,000 | 0.51 |
| 23. | Lu Yong Lam | 2,981,600 | 0.45 |
| 24. | Affin Hwang Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Ong Lea Ping | 2,929,000 | 0.44 |
| 25. | Yeo Poh Gaik | 2,826,500 | 0.43 |
| 26. | Goh Geok Choo | 2,398,600 | 0.36 |
| 27. | Hu TianYing | 2,322,900 | 0.35 |
| 28. | HSBC Nominees (Asing) Sdn Bhd<br>Coutts & Co Ltd SG for Quek Leng Chye | 2,216,500 | 0.33 |
| 29. | Public Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Lee Yok Koon | 2,204,400 | 0.33 |
| 30. | Chan Lian | 2,151,000 | 0.32 |
| | | 336,013,231 | 50.60 |

## 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 | 92,338,936 | 11.57 | 13.91 |
| Suasana Dinamik Sdn Bhd | 80,799,926 | - | 12.17 | - |

# Statistics on ICULS Holdings

as at 28 March 2016

**NO. OF ICULS IN ISSUED** : 530,285,241
**VOTING RIGHT** : 1 vote per ICULS in respect of ICULS holders' Meeting.

**ANALYSIS OF ICULS HOLDINGS**

| Size of ICULS holdings | No. of ICULS holders | % of ICULS holders | No. of ICULS held | % of ICULS holdings |
|---|---|---|---|---|
| Less than 100 ICULS | 13 | 0.37 | 553 | negligible |
| 100 - 1,000 ICULS | 87 | 2.49 | 30,998 | 0.01 |
| 1,001 - 10,000 ICULS | 1,232 | 35.21 | 7,055,103 | 1.33 |
| 10,001 - 100,000 ICULS | 1,702 | 48.64 | 59,133,549 | 11.15 |
| 100,001 - less than 5% of the ICULS in issued | 462 | 13.20 | 261,366,703 | 49.29 |
| 5% and above of the ICULS in issued | 3 | 0.09 | 202,698,335 | 38.22 |
| | 3,499 | 100.00 | 530,285,241 | 100.00 |

**LIST OF TOP 30 ICULS HOLDERS**

| No. | Name | No. of ICULS held | Percentage |
|---|---|---|---|
| 1. | SJ Sec Nominees (Tempatan) Sdn Bhd<br>Bright Existence Sdn Bhd | 94,105,835 | 17.75 |
| 2. | Lim Hong Liang | 57,381,700 | 10.82 |
| 3. | HSBC Nominees (Asing) Sdn Bhd<br>Exempt An for Bank Julius Baer & Co. Ltd (Singapore Bch) | 51,210,800 | 9.66 |
| 4. | Malpac Capital Sdn Bhd | 22,538,300 | 4.25 |
| 5. | Malpac Capital Sdn Bhd | 20,000,000 | 3.77 |
| 6. | ASH Holdings Sdn Bhd | 12,240,000 | 2.31 |
| 7. | Maybank Nominess (Tempatan) Sdn Bhd<br>Lay Man Wan @ Lai Mun Wan | 12,033,500 | 2.27 |
| 8. | Chuah Kim Seng | 7,626,600 | 1.44 |
| 9. | Goh Geok Choo | 6,703,400 | 1.26 |
| 10. | Ong Bee Lian | 4,495,000 | 0.85 |

**LIST OF TOP 30 ICULS HOLDERS (continued)**

| No. | Name | No. of ICULS held | Percentage |
|---|---|---|---|
| 11. | Goh Boon Seng | 4,112,500 | 0.78 |
| 12. | Chan Kid Ching | 4,000,000 | 0.75 |
| 13. | Wong Ten An | 3,575,000 | 0.67 |
| 14. | Ong Sheok Kheng | 3,000,000 | 0.57 |
| 15. | Su Ming Keat | 2,776,500 | 0.52 |
| 16. | Goh Siew Cheng | 2,485,000 | 0.47 |
| 17. | Public Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Yeo Chwee Por | 2,354,000 | 0.44 |
| 18. | Mohd Jamel bin Abdul Munin | 2,278,000 | 0.43 |
| 19. | CIMSEC Nominees (Tempatan) Sdn Bhd<br>CIMB Bank for Lee Yoon Sing | 2,227,300 | 0.42 |
| 20. | Lee Wei Gia | 2,100,000 | 0.40 |
| 21. | Loh Say Bee Sdn Berhad | 2,000,000 | 0.38 |
| 22. | Sim Wen Yeong | 2,000,000 | 0.38 |
| 23. | Toh Ah San | 1,950,000 | 0.37 |
| 24. | Olive Lim Swee Lian | 1,945,000 | 0.37 |
| 25. | Poh Wee How | 1,660,700 | 0.31 |
| 26. | Chua Lee Guan | 1,659,900 | 0.31 |
| 27. | Public Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Tan Kien Wi | 1,500,000 | 0.28 |
| 28. | Song Huat Chan Holdings Sdn Bhd | 1,500,000 | 0.28 |
| 29. | UOB Kay Hian Nominees (Asing) Sdn Bhd<br>Exempt An for UOB Kay Hian Pte Ltd | 1,494,000 | 0.28 |
| 30. | Ah Chan @ Kan Kang Tiang | 1,465,200 | 0.28 |
| | | 334,418,235 | 63.07 |

# List of Properties

# List of Properties

The top 10 properties of the Group as at 31 December 2015 are as follows:

| Location | Description | Approx. land area | Approx. age of building (Years) | Tenure | Carrying Amount (RM'000) | Date of last revaluation / acquistion |
|---|---|---|---|---|---|---|
| * GM1126 Lot 1301,<br>GM424 Lot 1302,<br>GM857 Lot 1303,<br>GM405 Lot 1305,<br>HS(M) 1096 PT 1300 &<br>HS(M) 1082 PT 1303<br>Mukim Sungai Karang<br>Cherating<br>Pahang Darul Makmur | Land with hotel building, recreational facilities, restaurants and apartment block | 15 acres | 22.5 - 28 | Freehold | 32,006 | 28.03.2005 |
| 72, Pesiaran Jubli<br>Perak, Seksyen 22<br>40000 Shah Alam<br>Selangor Darul Ehsan | Industrial land and buildings | 61,492 sq. m. | 22 | Freehold | 31,550 | 03.06.2003 |
| Geran 85, Lot 2034<br>69, Jalan Haji Hussein<br>50300 Kuala Lumpur | 18 storey hotel building | 3,214 sq. m. | 40 | Freehold | 31,240 | 12.02.2014 |
| Suite No. 3A-5-1, Level 5<br>Block 3A, Plaza Sentral<br>Jalan Stesen Sentral 5<br>Kuala Lumpur | Office Suite | 749 sq. m. (floor area) | 12 | Freehold | 8,870 | 12.01.2011 |
| GRN 49945, Lot 39472<br>Mukim of Petaling<br>District of Kuala Lumpur<br>20, Jalan Menara Gading 1<br>Taman Connaught, Cheras<br>56000 Kuala Lumpur | Three storey mid terrace shop office | 164 sq. m. | 10 | Freehold | 2,814 | 20.12.2013 |

The top 10 properties of the Group as at 31 December 2015 are as follows (continued):

| Location | Description | Approx. land area | Approx. age of building (Years) | Tenure | Carrying Amount (RM'000) | Date of last revaluation / acquistion |
|---|---|---|---|---|---|---|
| B-16-8, Megan Avenue II<br>12 Jalan Yap Kwan Seng<br>50450 Kuala Lumpur | Office | 364 sq. m. (floor area) | 17 | Freehold | 2,068 | 10.01.2013 |
| GRN 232740, Lot 3063<br>Pekan Kinrara<br>District of Petaling<br>167, Jalan Kenari 23A<br>Bandar Puchong Jaya<br>47170 Puchong | Three and a half storey mid terrace shop office | 156 sq. m. | 6 | Freehold | 1,810 | 20.09.2013 |
| PN5161, Lot 13<br>Seksyen 1<br>Bandar Petaling Jaya<br>District Petaling Jaya<br>16, Jalan Othman<br>46000 Petaling Jaya<br>Selangor | Leasehold land & building | 503.33 sq. m. | 54 | Leasehold expiring on 13.09.2060 | 1,651 | 30.04.2012 |
| 9 Evesham House<br>Hereford Road<br>London W2 4PD<br>United Kingdom | Apartment | 120 sq. m. (floor area) | 25 | Leasehold expiring in 2987 | 1,258 | 23.06.1995 |
| Lot 6808, Synergy Square<br>Jalan Matang<br>93050 Kuching<br>Sarawak | Three storey shophouse | 85.37 sq. m | 16 | Leasehold expiring on 21.12.2071 | 364 | 08.04.1999 |

* Hotel property under finance lease.

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**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-second 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 Tuesday, 31 May 2016 at 10.00 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 first and final dividend. | | |
| 2. | Approval of the increase in Directors' fees and payment of Directors' fees. | | |
| 3. | Re-election of Dato' Ahmad Sebi Bakar as Director. | | |
| 4. | Re-election of Ms Lee Su Nie as Director. | | |
| 5. | Election of Mr Rali bin Mohd Nor as Director. | | |
| 6. | Re-appointment of Messrs Baker Tilly Monteiro Heng as auditors of the Company and authorisation for the Directors to fix their remuneration. | | |
| 7. | Retention of Mr Yong Teck Ming as Independent Non-Executive Director. | | |
| 8. | Authorisation for Directors to allot and issue new shares pursuant to Section 132D of the Companies Act, 1965. | | |

Dated this __________ day of ______________ 2016

| Number of shares held | |
|---|---|

______________________
Signature

**Notes:**

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 May 2016 (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.

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**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

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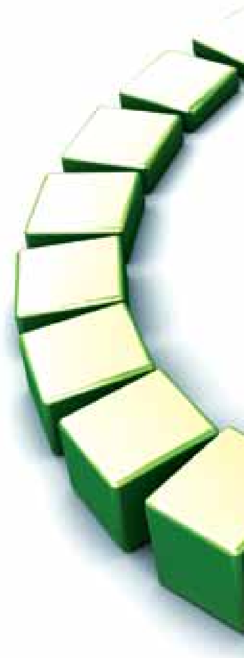

**ADVANCE SYNERGY BERHAD** (1225-D)
Level 3, East Wing, Wisma Synergy
No. 72, Pesiaran Jubli Perak
Seksyen 22, 40000 Shah Alam
Selangor Darul Ehsan, Malaysia