Sustainability Report

The Group employs principles and adopts practices that support corporate sustainability as it acknowledges its importance towards the well-being and sustainable developments/improvements of our business, employees and stakeholders, community and environment and views it as an extension of the Group's effort in fostering a strong corporate governance culture.

As a diversified group with businesses categorised under hotels and resorts, information and communications technology ("ICT"), travel and tours, property development, wellness, education, coach building, card and payment services as well as investment holding divisions, the Group will be impacted by various environmental, economic, and social aspects of the operations and managing risks and opportunities aspects is part of and inculcated into our business operations. Our sustainability initiatives will ensure that the Group maximises its long term value creation through sustainable efforts in economic, environmental and social matters. The Board also promotes strategies which can deliver sustainable development in environment, social and governance aspects of the Group's business.

ECONOMIC

To address the challenges in the economic environment, our Group aims for sustainable growth, productive partnerships and fairness in all business dealings.

Relationship with our stakeholders

We recognise the importance of stakeholders engagement and we engage with each stakeholder in different ways depending on the nature of their interest and concern to develop a sustainable healthy relationship.

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.

We recognise the importance of and devote considerable efforts towards cultivating excellent business ethics and values (via code of conduct/policy in relation to dishonesty, corruption or unethical behavior), good corporate governance and stakeholder engagement (such as collaboration with customers, government surveys, and regularly scheduled meetings with customers, suppliers, regulators, media, investors and employees) and best practices in procurement as well as quality and innovative products and services. In this respect, we conduct 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.

As part of our programme to cultivate ethical business conduct, our hotels and resorts division had organised a seminar on anti-corruption, where at least 90% of the employees attended the training. Our ICT division has a brief policy note in its corporate employee guide for distribution to each employee on their first day of work and all our division have internal control measures to ensure adequate segregation of duties to avoid any single person being in charge of the entire procurement process from sourcing to payment.

ECONOMIC (continued)

Sustainable Manpower Planning

One of our major challenges in the Group is manpower planning. We strongly believe that local hiring, training and retaining is important and through this effort, it will not only benefit the Group but will also contribute to the country's economic development and this is extended to all the countries where the Group operates.

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 ICT divisions.

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.

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

To ensure the employees' continued development and growth, our Group will continuously invest in training and upgrading of our employees' skills. During the financial year ended 31 December 2016, the Group spent close to RM160,000 on training and this is an on-going exercise across all our subsidiaries. We believe that with such commitment to our employees, we are better able to retain our staff.

Sustainable Supply Chain and Customer Engagement

The Group strongly supports local businesses by purchasing our supplies and contracting services locally as we believe that a strong supply chain through productive partnership is vital to the Group's business growth. By such support, we believe that we can positively contribute to the local economy.

We will select partners who share our work ethics and values and are willing to work closely with us in a responsible manner to provide quality products and services. In cases where local suppliers are not suitable, we will source internationally. Where outsourcing is practised, we will ensure that the outsourced partner conforms to our requirements and policies. Although we do not have a formal policy, our Group subscribes to products that are labelled as complying with "good manufacturing practices".

We believe the Group's long term sustainable business is built on the trust and confidence from customers. Therefore, feedbacks from customers such as customer satisfaction rates and customer complaints are documented for future improvement on/development of products and services. Our card and payment services, coach building and wellness divisions have all rated their customer satisfaction rates at above 80%. Our ICT division has 24-hour customer careline for customers to lodge service issue and incidents.

ECONOMIC (continued)

Sustainable Supply Chain and Customer Engagement (continued)

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.

ENVIRONMENTAL

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.

Sustainable Management Practices

Our Group is mindful of environment aspects such as air pollution and soil erosion, discharge of effluence (sewage and grease), usage of energy and water and disposal of waste materials and chemical waste which could have a major impact to the eco-system and could directly or indirectly impact the Group. With such concern, the Group has started to embark on adopting sustainable environment management practices and some of our efforts are elaborated below and we shall continue to expand the practices to other areas.

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. Both Cherating Holiday Villa and Langkawi Holiday Villa performed environmental impact assessments before the hotels embarked on the developments in the hotels. Our hotels and resorts division uses renewable energy and fruit skin or vegetables as an alternative to cleaning chemical or detergent to reduce environmental impact. The division has its environmental policy in place and also the systems to measure and monitor the energy consumption, water consumption and waste production and have set annual improvement targets.

Our coach building division has a system in monitoring the waste production and all waste materials produced are deposited at designated areas and disposed of periodically, in an environmentally safe manner, by our authorised waste disposal agents.

The Group has made major progress during the year whereby improvements are recorded in our various divisions like ICT, hotel and resorts, coach building and wellness divisions for energy and water consumption and/or waste disposal. Given that the businesses of most of our divisions have operations that are concentrated in offices, the impact on the environment is relatively limited and confined largely to resource and energy efficiency and in this respect, we are committed to ensure that the designs of our offices are as energy efficient as possible. We also encourage our staff to be environmental friendly through reduced paper usage, recycling, e-procurement, and conservation of energy and water.

COMMUNITY AND SOCIAL

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.

Corporate Social Responsibility

The Group participates in the ACHIEVE Corporate Social Responsibility ("CSR") Programme ("ACHIEVE") which aims to pool and focus the efforts and resources of the Group with like-minded corporations that share the common desire to support and implement meaningful CSR activities. The ACHIEVE Committee was formed with representatives from various divisions of our Group participating as committee members, to spearhead CSR activities via synergy collaboration with identified organisations.

In our yearly programmes, our hotels and resorts division 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 2016. For the social well-being of our community, our wellness division has supported and will continue to support selected non-government organisations in providing free health talks and consultations. Our hotels and resorts division as well as wellness division also encouraged employees to volunteer their services to the community.

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.

Sustainable labour practices

The Group recognises that to be sustainable, we have to develop our people talent and have sustainable labour practices encompassing occupational health and safety, non discrimination and employer/employee relationship as the Group believes that employees are the key determinant/resources that drive long term and sustainable organisational successes.

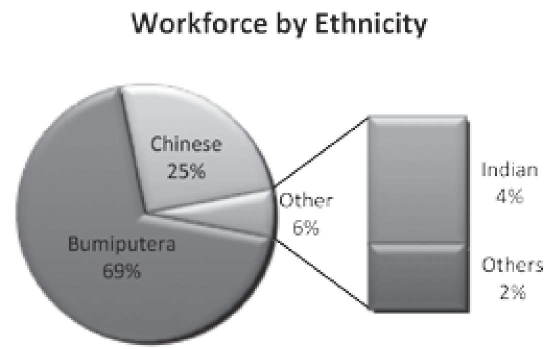
Our Group continuously promotes human capital development by encouraging and sponsoring the participation of our staff in internal and external training programmes and seminars that are relevant to their job functions to enhance their knowledge and skills. Please refer above under "Sustainable Manpower Planning" for more details.

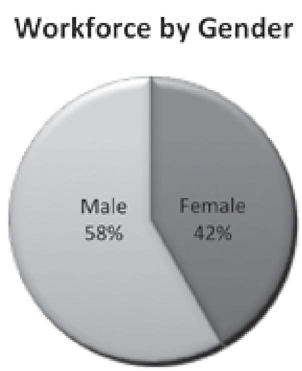
Our Group strives to respect the different cultures, gender and religions of our stakeholders as we understand that the diversity and differences give us a broader range of competence, skills and experience to enhance our capabilities to achieve business results which is important for the overall business sustainability. Diversity and non discrimination practices in our workplace are a necessity to ensure the sustainability of our businesses and in this respect, we recruit, nurture and retain staff who are highly skilled and motivated and are of good character with commitment to the Group. Thus, the Group will provide our staff an environment of equal opportunity to strive while promoting diversity in workforce.

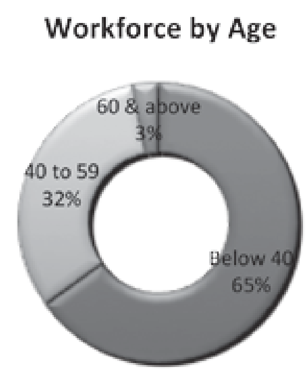
COMMUNITY AND SOCIAL (continued)

Sustainable labour practices (continued)

As at 31 December 2016, our total staff strength stands at 847 and the workforce statistics in terms of nationality, ethnicity, gender and age are illustrated below:







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 lifestyle physical activities. Our ICT division encourages its employees to undergo annual medical check-up especially for those above the age of 40.

We have a Health and Safety Committee to ensure that the Group complies with the Occupational Safety and Health Act 1994. Our hotels and resorts division has set a quantifiable targets relating to employee occupational health and safety where it is complusory for all its employees to attend occupational health and safety trainings and since implementation the percentage of workers of hotels and resorts division who have undergone safety and health training during the year is 70 - 75% while all our employees in the wellness division have attended the training.

To encourage a positive workplace and as part of the Group's endeavours to create cohesiveness and foster a closer relationship among the staff, the Group organises various activities during the year including parties and annual lunches/dinners. We also have an open door policy whereby employees are encouraged to speak and report any grievances the staff may face to direct superior, head of department, human resource department, chief executive officer and/or independent directors of the Company. This is to reinforce our commitment to our employees to provide them with a workplace that is healthy, safe and secure.

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)*
		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)*
		Aryati Sasya Dato' Ahmad Sebi	*(Non-Independent Non-Executive Director)*
		Anton Syazi Dato' Ahmad Sebi	*(Non-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, 69, Male, 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. Besides, he had held both the positions as Executive Chairman and Managing Director of Kumpulan Powernet Berhad from 12 January 2002 to 28 August 2015.

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

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 nor has he any conflict of interest with 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 and his son, Mr Anton Syazi Dato' Ahmad Sebi, who was appointed as a Non-Independent Non-Executive Director of Advance Synergy Berhad on 27 February 2017. 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 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Lee Su Nie
Group Managing Director

Lee Su Nie, 56, Female, 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, Corporate Planning & Finance. She was subsequently appointed the Group General Manager, Operations of Advance Synergy Berhad prior to her appointment as Chief Executive Officer on 22 April 2004.

She is a Non-Independent Non-Executive Director of Captii Limited, an indirect subsidiary of Advance Synergy Berhad which is listed on the Singapore Exchange Securities Trading Limited. She also sits on the Board of other subsidiaries and 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 no convictions for any offences within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

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

Puan Sri Datin Masri Khaw binti Abdullah, 64, Female, 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 & 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 no convictions for any offences within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Yong Teck Ming
Independent Non-Executive Director

Yong Teck Ming, 63, Male, 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 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Dato' Ahmad Ghiti bin Mohd Daud

Independent Non-Executive Director

Dato' Ahmad Ghiti bin Mohd Daud, 67, Male, 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 majoring in International Relations and Diploma in Casualty Insurance from the Insurance School of Japan.

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 Executive Chairman of Talasco Insurance from 1993 to 1994. He was also a Founder Director of Pernas Reinsurance Brokers Sdn Bhd from 1986 to 1993. From 1996 to 2005, he was the Managing Director and Chief Executive Officer of Inchcape Insurance Brokers Sdn Bhd (now known as Transnational Insurance Brokers Sdn Bhd) 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 KSDC 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 President of the Insurance Brokers Association of Malaysia (IBAM) from 1982 to 1987 and a member of the Board of Governors of the Pusat Latihan Insurans Malaysia from 1982 to 1986. In 1996, he was elected Deputy Chairman and in 2001, Chairman of IBAM 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 (now known as Advance Synergy Capital Sdn Bhd)("ASCAP") 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 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Rali bin Mohd Nor
Independent Non-Executive Director

Rali bin Mohd Nor, 63, Male, 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 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 no convictions for any offences within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

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

Aryati Sasya Dato' Ahmad Sebi, 42, Female, 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 9 years' experience in corporate management and finance in various companies ranging from hospitality, mining to manufacturing. She also sits on the board of various 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 since 1 March 2015, 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. Her brother, Mr Anton Syazi Dato' Ahmad Sebi, was appointed a Non-Independent Non-Executive Director of Advance Synergy Berhad and he is a director of Suasana Dinamik Sdn Bhd, a substantial shareholder of Advance Synergy Berhad. Her father, Dato' Ahmad Sebi Bakar, is also a substantial shareholder and director of Suasana Dinamik Sdn Bhd. She has had no convictions for any offences within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Anton Syazi Dato' Ahmad Sebi

Non-Independent Non-Executive Director

Mr Anton Syazi Dato' Ahmad Sebi, 39, a Malaysian, is a Non-Independent Non-Executive Director of Advance Synergy Berhad. He was appointed to the Board on 27 February 2017.

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

Mr Anton Syazi Dato' Ahmad Sebi was appointed as Chief Executive Officer of Captii Limited ("Captii"), a 58.3%-owned subsidiary of Advance Synergy Berhad and the Captii Group on 10 August 2010. From December 2005 to 9 August 2010, he served as Group Deputy Chief Executive Officer of Captii and was appointed to the Board of Captii on 22 June 2006.

Prior to joining Advance Synergy Berhad in June 2001 as Assistant General Manager - Business, Mr Anton Syazi Dato' Ahmad Sebi was with the South East Asia Investment Banking Division of Credit Suisse First Boston. He served as Executive Director of Advansa Pty Ltd, a wholly-owned subsidiary of Advance Synergy Berhad from 17 July 2001 to 18 March 2016. On 1 July 2005, he was appointed as General Manager - Corporate Development of Advance Synergy Berhad. Currently, Mr Anton Syazi Dato' Ahmad Sebi also sits on the Board of various subsidiaries, associated company and joint venture. He has also been a Non-Executive Director of SJ Securities Sdn Bhd from 20 September 2005.

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

Key Management

Key Management

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

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

CARD & PAYMENT SERVICES

SYNERGY CARDS SDN BHD
Wong Joon Hian
Managing Director & Chief Executive Officer

EDUCATION

METROPRIME CORPORATION SDN BHD (THE LANGUAGE HOUSE)
Cheah Ping Huey
Managing Director

COACH BUILDING

QUALITY BUS & COACH (M) SDN BHD

Yap Chee Kong
Managing Director

Frank Michael Turrisi
Production & Technical Director

TRAVEL & TOURS

ORIENT ESCAPE TRAVEL SDN BHD
Cheah Ping Huey
Executive Director

SYNERGY TOURS SDN BHD
Cheah Ping Huey
Chief Executive Officer

PROPERTY DEVELOPMENT

ADVANCE SYNERGY REALTY SDN BHD
Sng Ngiap Koon
Executive Director / Chief Operating Officer

WELLNESS

DAMA TCM SDN BHD
Aryati Sasya Dato' Ahmad Sebi
Chief Executive Officer

Key Senior Management

Tan Sri Dato' Azman Shah Haron

- *Chairman of Alangka-Suka Hotels & Resorts Sdn Bhd under Hotels & Resorts Division*

Tan Sri Dato' Azman Shah Haron, 67, Male, a Malaysian, is the co-founder of Holiday Villa hotels and resorts and presently, the Chairman of Alangka-Suka Hotels & Resorts Sdn Bhd which owns and manages the Holiday Villa hotel chain operating in Malaysia and abroad. He was appointed the Chairman on 26 August 1996.

Tan Sri Dato' Azman Shah Haron was educated in Australia and Japan and has received extensive training in general hotel management in USA.

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

Tan Sri Dato' Azman Shah Haron was the President of the Malaysian Association of Hotels for over a decade and a member of the Malaysia Tourism Board for over 12 years. He was also the President and board member of ASEANTA (Asean Tourism Association) and Asean Hotel & Restaurant Association (AHRA) and contributed a lot in the promotion and expansion of tourism activities in the ASEAN region. He was the Past President of International Organisation of Employers (IOE) Geneva. He retired as a Director of ACE Synergy Insurance Berhad on 22 March 2011 and Director of Malaysian Industrial Development Authority (MIDA) in 2015.

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

Currently, he also serves as member of the Task Force (PEMUDAH) and Co-Chairman of the Working Group Efficiency Issues (WGEI), as Alternate Member of the Asia Pacific Economic Corporation (APEC)/ Business Advisory Council (ABAC) Malaysia, as Substantive Member on National Labour Advisory Council (NLAC), as Council Member of the National Wages Consultative Committee (NWCC), Ministry of Human Resources and as Member of the Public Services Commission Malaysia (Suruhanjaya Perkhidmatan Awam (SPA) and Yayasan Kebajikan Anak-Anak Yatim Selangor (Rumah Bakti Ulu Kelang) and as Treasurer of Rumah Bakti Dato' Harun Idris , Ulu Klang, Selangor (Orphanage).

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

Tan Sri Dato' Azman Shah Haron (continued)

- *Chairman of Alangka-Suka Hotels & Resorts Sdn Bhd under Hotels & Resorts Division*

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

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

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

Sng Ngiap Koon

- *Chief Operating Officer - Asset Development of Advance Synergy Berhad*
- *Executive Director /Chief Operating Officer of Advance Synergy Realty Sdn Bhd under Property Development Division*

Sng Ngiap Koon, 69, Male, a Malaysian, was appointed the Executive Director / Chief Operating Officer of Advance Synergy Realty Sdn Bhd on 14 July 2007 and the Chief Operating Officer - Asset Development of Advance Synergy Berhad on 28 September 2012.

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

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

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

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

Wong Joon Hian

- *Chief Operating Officer - Financial Services of Advance Synergy Berhad*
- *Managing Director of Advance Synergy Capital Sdn Bhd under Investment Holding Division*
- *Managing Director & Chief Executive Officer of Synergy Cards Sdn Bhd under Card & Payment Services Division*

Wong Joon Hian, 67, Male, a Malaysian, was appointed the Chief Operating Officer - Financial Services of Advance Synergy Berhad on 28 September 2012. Mr Wong Joon Hian was appointed to the Board of ASCAP on 3 August 1995 and appointed as the Managing Director on 22 September 1995. He was appointed the Managing Director of Synergy Cards Sdn Bhd on 15 March 2010 and assumed additional role as the Chief Executive Officer of Synergy Cards Sdn Bhd on 16 March 2012.

Wong Joon Hian (continued)

- *Chief Operating Officer - Financial Services of Advance Synergy Berhad*
- *Managing Director of Advance Synergy Capital Sdn Bhd under Investment Holding Division*
- *Managing Director & Chief Executive Officer of Synergy Cards Sdn Bhd under Card & Payment Services Division*

Mr Wong Joon Hian is a member of the Malaysian Institute of Certified Public Accountants, the Malaysian Institute of Accountants and a fellow member of the Institute of Chartered Accountants in England and Wales.

He has accumulated over 30 years of working experience in the areas of audit, accountancy, financial services and corporate management. He commenced his career in 1973 when he joined Price Waterhouse & Co. in Birmingham, England after qualifying as a Chartered Accountant. He returned to Malaysia in 1975 to work for Price Waterhouse (now known as PricewaterhouseCoopers), Malaysia until 1985. He then served as the Technical Manager of The Malaysian Association of Certified Public Accountants from 1986 until he was appointed as the General Manager - Operations of Supreme Finance (Malaysia) Berhad in December 1987. After Mayban Finance Berhad had completed the acquisition of Supreme Finance (Malaysia) Berhad in 1991, he joined BDO Binder where he stayed until 1994 when he left to work for Advance Synergy Berhad.

During the period from 1995 to 2006, he served as a director in several financial institutions viz Southern Finance Bhd, Ban Hin Lee Bank Bhd and Perdana Merchant Bankers Bhd. He was the Independent Non-Executive Director of Integrax Berhad from 2008 to 2009.

Currently, he is a director in several non-listed public companies namely, SIBB Berhad (formerly known as Southern Investment Bank Berhad), SFB Auto Berhad, and CIMB-Principal Asset Management Berhad. Mr Wong Joon Hian also sits on the Board of various subsidiaries of Advance Synergy Berhad.

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

Wong Tze Leng

- *Group Executive Chairman of Captii Limited under Information & Communications Technology Division*

Wong Tze Leng, 52, Male, a Malaysian, was appointed the Group Executive Chairman of Captii Limited, a 58.3%-owned subsidiary of Advance Synergy Berhad which is listed on the Singapore Exchange Securities Trading Limited, under the Information & Communications Technology Division of Advance Synergy Berhad on 10 August 2010. He previously served as Group Chief Executive Officer of Captii Limited, a position he held since 22 December 2002 until his appointment as Executive Chairman.

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

In 1993, he joined Dialogic as an Applications Engineer and was later promoted to the position of Business Development Director for the Asia Pacific region. During his career with Dialogic, he established a close rapport and working relationship with numerous IT companies and telcos in the Asia Pacific region. In 1998, he left Dialogic and founded the Captii Limited Group. Mr Wong Tze Leng graduated from Monash University, Victoria, Australia, with a Bachelors degree in Computer Science in 1985 and subsequently obtained a Bachelors degree in Electrical and Electronic Engineering in 1987 from the same university.

Wong Tze Leng (continued)

- *Group Executive Chairman of Captii Limited under Information & Communications Technology Division*

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

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

Yap Chee Kong

- *General Manager - Corporate Services of Advance Synergy Berhad*
- *Managing Director of Quality Bus & Coach (M) Sdn Bhd under Coach Building Division*

Yap Chee Kong, 49, Male, a Malaysian, was appointed as a Financial Controller of ASCAP since October 2001. He is a qualified accountant by training and prior to joining ASCAP, he was an audit manager with PricewaterhouseCoopers. During his time with PricewaterhouseCoopers, he gained extensive experience in auditing where he held a portfolio of public listed companies involved in diverse range of industries, which included financial institutions and stock broking companies. He also has experience in financial advisory work and was actively involved in due diligence review, technical research, training and recruitment. He was also involved in special audit and special business approval certification of stock broking companies.

Since joining the Group, Mr Yap Chee Kong has held several positions in the Group including the current positions. Mr Yap Chee Kong was appointed the General Manager - Corporate Services of Advance Synergy Berhad on 28 September 2012. He was also appointed the Managing Director of Quality Bus & Coach (M) Sdn Bhd under Coach Building Division on 27 March 2017 following the reorganisation to streamline the operations of Quality Bus & Coach (M) Sdn Bhd.

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

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

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

Frank Michael Turrisi

- *Production & Technical Director of Quality Bus & Coach (M) Sdn Bhd under Coach Building Division*

Frank Michael Turrisi, 63, Male, an Australian, was redesignated as the Production & Technical Director from the Chief Executive Officer of Quality Bus & Coach (M) Sdn Bhd under Coach Building Division on 27 March 2017 following the reorganisation to streamline the operations of Quality Bus & Coach (M) Sdn Bhd.

Mr Frank Michael Turrisi has over 34 years' working experience in the areas of bus manufacturing and bus repairs. He commenced his career in the bus industry in 1983 when he joined Watts Bus &Coach Works Pty Ltd in Brisbane as a Manager, overseeing all aspects of bus management, repairs, scheduling and employee training and supervision until 1995. He then started his own company in the bus industry in Australia in 1995. In 2001, after several visits to Malaysia he established a local production facility, Quality Bus & Coach (M) Sdn Bhd, in 2002 where he has stayed to present day. Quality Bus & Coach (M) Sdn Bhd became a subsidiary of ASCAP in 2003. He was appointed as Executive Director of Quality Bus & Coach (M) Sdn Bhd on 1 June 2003.

Mr Frank Michael Turrisi is a member of the Bus Bodybuilders Association of Malaysia. He is also an associate member of The Queensland Bus Industry Council (QBIC), The BusNSW Association and The BusVIC Association.

Mr Frank Michael Turrisi also sits on the Board of the subsidiaries of Quality Bus & Coach (M) Sdn Bhd. He does not hold any directorship in public companies.

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

Cheah Ping Huey

- *Executive Director of Orient Escape Travel Sdn Bhd and Chief Executive Officer of Synergy Tours Sdn Bhd under Travel & Tours Division*
- *Managing Director of Metroprime Corporation Sdn Bhd (The Language House) under Education Division*

Cheah Ping Huey, 45, Female, a Malaysian, joined the Travel and Tours Division of Advance Synergy Berhad in 2004 and was appointed the Executive Director of Orient Escape Travel Sdn Bhd on 12 April 2007. Since joining the Group, she has held several positions in the Group including the current positions.

With over 20 years' working experience, Ms Cheah Ping Huey has served at the management level in various international hotels including Guoman Hotels Group and Nikko Hotel. Upon graduating from Stamford College with a Diploma in Business Administration in the early 90's, she began her career as a Banquet Sales Secretary with Istana Hotel. She accumulated her experience in sales as a Sales Executive and worked her way up the corporate ladder while studying Hotel Management Diploma Course. She eventually became the Youngest Director of Sales, Corporate Division in Nikko Hotel in year 2000. She was also awarded Most Outstanding Sales Achievement by Nikko Hotel in 2001. Her accomplishments include spearheading the hotels pre-opening Sales & Marketing Team of Guoman Hotels Group in Port Dickson and Hanoi. However, her love for meeting new people and accepting new challenges inspired her to take her career for a different turn.

In 2002, Ms Cheah Ping Huey moved out from the hotel industry and took a role as General Manager for a Japanese owned travel company namely Intersect Travel and Tour Sdn Bhd. Her acute insight and quick execution was quickly noted and in 2004, she was appointed the General Manager of Advance Synergy Berhad's subsidiary, Orient Escape Travel Sdn Bhd and has since grown the company into one of the leading travel agencies in Malaysia. In 2007, she was promoted to her current position as the Executive Director of Orient Escape Travel Sdn Bhd.

Ms Cheah Ping Huey does not hold any directorship in public companies and Advance Synergy Berhad Group.

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

Notes:

The profiles of the following Key Senior Management who are also Directors of Advance Synergy Berhad are set out in the Directors' Profile on pages 35, 39 and 40 of this Annual Report:

1. Puan Sri Datin Masri Khaw binti Abdullah
   Managing Director & Chief Executive Officer of Alangka-Suka Hotels & Resorts Sdn Bhd under Hotels & Resorts Division

2. Ms Aryati Sasya Dato' Ahmad Sebi
   Chief Executive Officer of Dama TCM Sdn Bhd under Wellness Division

3. Mr Anton Syazi Dato' Ahmad Sebi
   - *General Manager - Corporate Services of Advance Synergy Berhad*
   - *Group Chief Executive Officer of Captii Limited under Information & Communications Technology Division*

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 Company's website at 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;
- 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.

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

1.2 Clear roles and responsibilities (continued)

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") under Schedule 1 of the Board Charter which is available on the Company's website at www.asb.com.my. 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.

1.5 Board meetings and access to information and advice

During the financial year ended 31 December 2016, five (5) 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.

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

1.5 Board meetings and access to information and advice (continued)

Details of attendance of each Director at Board Meetings held during the financial year ended 31 December 2016 are as follows:

Name of Directors	Number of Meetings attended
Dato' Ahmad Sebi Bakar	5/5
Lee Su Nie	5/5
Puan Sri Datin Masri Khaw binti Abdullah	5/5
Yong Teck Ming	5/5
Dato' Ahmad Ghiti bin Mohd Daud	5/5
Rali bin Mohd Nor *(appointed on 10 March 2016)*	4/4
Ir Al'Azmy bin Ahmad *(resigned on 24 February 2016)*	0/1
Aryati Sasya Dato' Ahmad Sebi	5/5

Mr Anton Syazi Dato' Ahmad Sebi was appointed as Non-Independent Non-Executive Director of the Company on 27 February 2017.

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.

1.6 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. **Establish clear roles and responsibilities (continued)**

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 24 August 2016.

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 2016 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)*
- Rali bin Mohd Nor *(appointed on 10 March 2016)* *(Member, Independent Non-Executive Director)*
- Ir. Al'Azmy bin Ahmad *(resigned on 24 February 2016)* *(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 are set out in its TOR which is reviewed annually by the Nomination Committee and approved by the Board before the same was uploaded to the Company's website under Schedule 1 of the Board Charter.

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 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 2016, the Nomination Committee has met twice and carried out activities in accordance with its TOR which include among others, the following:

(a) assessed the independence of Mr Yong Teck Ming who served on the Board as an Independent Non-Executive Director for a cumulative terms of nine (9) years and to retain him as Independent Non-Executive Director of the Company. The Nomination Committee had recommended to the Board for approval that a resolution for the retention of Mr Yong Teck Ming as Independent Non-Executive Director of the Company be included in the Notice of the 92nd Annual General Meeting ("AGM") of the Company held on 31 May 2016 for shareholders' approval;

2. Strengthen composition (continued)

2.1 Nomination Committee (continued)

During the financial year ended 31 December 2016, the Nomination Committee has met twice and carried out activities in accordance with its terms of reference which include among others, the following (continued):

(b) recommended to the Board the appointment of Mr Rali bin Mohd Nor as Independent Non-Executive Director to fill the vacancy created by Ir. Al'Azmy bin Ahmad who resigned as an Independent Non-Executive Director to pursue his own interest;

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

(d) 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;

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

(f) 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;

(g) reviewed the TOR of the Nomination Committee; and

(h) reviewed the term of office and performance of the Audit Committee and each of its members.

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.

2. Strengthen composition (continued)

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

On 27 February 2017, the Nomination Committee met to consider the appointment of Mr Anton Syazi Dato' Ahmad Sebi as Non-Independent Non-Executive Director as proposed by the Group Executive Chairman as part of the Board's effort in promoting greater age diversity in the boardroom and for Mr Anton Syazi Dato' Ahmad Sebi to assume an executive role moving forward. The Board after having considered the mix of skills, experience, qualification and other quality required to meet the Group's needs and based on recommendation of the Nomination Committee, appointed Mr Anton Syazi Dato' Ahmad Sebi as Non-Independent Non-Executive Director on 27 February 2017. Following the appointment of Mr Anton Syazi Dato' Ahmad Sebi, both the percentage of independent directors and women Board members against the total Board members reduced to 37.50% from 42.86%.

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 line with the recent amendments to the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Nomination Committee will also review the term of office and performance of the Audit Committee and each of its members annually to ensure that the Audit Committee has carried out their duties in accordance with their terms of reference.

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. Mr Anton Syazi Dato' Ahmad Sebi who was appointed on 27 February 2017 shall stand for election by shareholders at the forthcoming AGM of the Company.

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 2016 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)*
- Rali bin Mohd Nor *(appointed on 10 March 2016)* *(Member, Independent Non-Executive Director)*
- Ir. Al'Azmy bin Ahmad *(resigned on 24 February 2016)* *(Member, Independent Non-Executive Director)*

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

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.

During the financial year ended 31 December 2016, the Remuneration Committee reviewed the annual fixed fee structure of members of the Board taking into consideration the increasing responsibilities and time commitment expected from the Directors and the last revised fee on 26 August 2015 which resulted in an increase in the Directors' fees for financial year ended 31 December 2015 of RM315,000 per annum compared to RM278,000 for the financial year ended 31 December 2014. The Remuneration Committee also reviewed the remuneration packages of the Directors and the proposed long service award policy for the Group.

(c) Remuneration package

Breakdown of the aggregate remuneration for the Directors and the number of Directors of the Company in each remuneration band for the financial year ended 31 December 2016 are as follows:

(a) Remuneration of Directors received from the Company:

Category of Director	Fees RM'000	Salaries, Bonuses, Allowances and other emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
Executive	150	822	88	1,060
Non-Executive	165	-	-	165

Range of remuneration (RM)	Number of Directors	
	Executive	Non-Executive
Below 50,000	-	5
150,000 - 200,000	1	-
850,001 - 900,000	1	-

2. Strengthen composition (continued)

2.3 Remuneration policies (continued)

(c) Remuneration package (continued)

Breakdown of the aggregate remuneration for the Directors and the number of Directors of the Company in each remuneration band for the financial year ended 31 December 2016 are as follows (continued):

(b) Remuneration of Directors received from the Group:

Category of Director	Fees RM'000	Salaries, Bonuses, Allowances and other emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
Executive	192	1,136	95	1,423
Non-Executive	429	628	-	1,057

Range of remuneration (RM)	Number of Directors	
	Executive	Non-Executive
Below 50,000	-	3
50,001 - 100,000	-	1
500,001- 550,000	1	-
800,001 - 850,000	-	1
900,001 - 950,000	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 Listing Requirements of 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 2016, the Board, through the Nomination Committee, has conducted such assessment on all the independent directors and each Independent Non-Executive Director has confirmed his independence to the Nomination Committee. Based on the said assessment, the Board is satisfied with the level of independence demonstrated by all the independent directors and their ability to act in the best interest of the Company during deliberation at meetings of the Board and Committees.

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.

3. Reinforce Independence (continued)

3.2 Tenure of Independent Directors (continued)

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 (i.e. Companies Act, 1965 which was repealed with the enforcement of the Companies Act 2016 on 31 January 2017) 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 shareholders of the Company had at the 92nd AGM which was held on 31 May 2016 approved for Mr Yong Teck Ming who has served on the Board 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.

On 27 February 2017, the Nomination Committee met and concluded that during Mr Yong Teck Ming's long service to the Company, he had performed very well as an Independent Non-Executive Director and there is no reason to believe that he will not continue to act independently and to contribute to the Company taking into consideration the following:

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

(b) he is a member of the 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 will enable him to provide the Board with constructive opinion;

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

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

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

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

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

3. **Reinforce Independence (continued)**

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

In view of the above, the Nomination Committee recommended to the Board that a resolution for the retention of Mr Yong Teck Ming as Independent Non-Executive Director of the Company, be tabled for shareholders' approval at the forthcoming 93rd AGM of the Company and the Board supported this recommendation.

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 six (6) 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 33 to 40 of this Annual Report.

The presence of three (3) Independent Non-Executive Directors making up more than one-third (1/3) 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. He is the Group Executive Chairman and 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.

4. Foster Commitment (continued)

4.1 Time commitment (continued)

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 2016 as set out below:

Name of Director	Board	Audit Committee	Nomination Committee	Remuneration Committee	Risk Management Committee
Dato' Ahmad Sebi Bakar	5/5	-	-	-	-
Lee Su Nie	5/5	-	-	-	-
Puan Sri Datin Masri Khaw binti Abdullah	5/5	-	2/2	2/2	-
Yong Teck Ming	5/5	5/5	-	-	4/4
Dato' Ahmad Ghiti bin Mohd Daud	5/5	5/5	2/2	2/2	4/4
Rali bin Mohd Nor *(appointed on 10 March 2016)*	4/4	4/4	1/1	2/2	3/3
Ir. Al'Azmy bin Ahmad *(resigned on 24 February 2016)*	0/1	0/1	0/1	-	*0/1
Aryati Sasya Dato' Ahmad Sebi	5/5	*4/5	-	-	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.

4.2 Training

All the 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.

4. Foster Commitment (continued)

4.2 Training (continued)

During the financial year ended 31 December 2016, 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:

- Audit Oversight Board: The New Auditor's Report - Sharing the UK Experience
  (attended by Ms Lee Su Nie)

- Corporate Governance Breakfast Series with Directors: Improving Board Risk Oversight Effectiveness
  (attended by Dato' Ahmad Ghiti bin Mohd Daud)

- Corporate Governance Breakfast Series with Directors: Future of Auditor Reporting - The Game Changer for Boardroom
  (attended by Puan Sri Datin Masri Khaw binti Abdullah and Dato' Ahmad Ghiti bin Mohd Daud)

- Ring the Bell for Gender Equality
  (attended by Puan Sri Datin Masri Khaw binti Abdullah)

- Audit Committee Conference 2016: Setting The Right Tone
  (attended by Dato' Ahmad Ghiti bin Mohd Daud)

- Fraud Risk Management Workshop
  (attended by Dato' Ahmad Ghiti bin Mohd Daud)

- Mandatory Accreditation Programme
  (attended by Mr Rali bin Mohd Nor)

- Corporate Governance Breakfast Series with Directors: Thought Leadership Session for Directors "The Strategy, the Leadership, the Stakeholders and the Board"
  (attended by Ms Lee Su Nie and Mr Yong Teck Ming)

- Corporate Governance Statement Workshop: For Directors of Public Listed Companies: "The Interplay between Corporate Governance, Non-Financial Information (NFI) and Investment Decisions"
  (attended by Mr Yong Teck Ming)

- Fraud and Cybersecurity Conference - Combating Fraud & Cyber Crime: Your Defence Strategy?
  (attended by Dato' Ahmad Ghiti bin Mohd Daud)

- Fraud Risk Management Workshop
  (attended by Ms Lee Su Nie and Mr Yong Teck Ming)

- Risk Management Programme: I am Ready to Manage Risks
  (attended by Dato' Ahmad Ghiti bin Mohd Daud and Ms Aryati Sasya Dato' Ahmad Sebi)

- Corporate Governance Breakfast Series with Directors: The Cybersecurity Threat and How Boards Should Mitigate the Risks
  (attended by Ms Lee Su Nie, Mr Yong Teck Ming, Dato' Ahmad Ghiti bin Mohd Daud and Ms Aryati Sasya Dato' Ahmad Sebi)

4. **Foster Commitment (continued)**

4.2 Training (continued)

During the financial year ended 31 December 2016, 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 (continued):

- Launch of the AGM Guide & Corporate Governance Breakfast series: "How to leverage on AGMs for Better Engagement with Shareholders"
  (attended by Mr Yong Teck Ming)

- Corporate Governance Breakfast Series with Directors: Anti-corruption & Integrity - Foundation of Corporate Sustainability
  (attended by Ms Aryati Sasya Dato' Ahmad Sebi)

- In-house training: Crisis Management & Anti Money Laundering Act
  (attended by Dato' Ahmad Sebi Bakar, Ms Lee Su Nie, Puan Sri Datin Masri Khaw binti Abdullah, Mr Rali bin Mohd Nor and Ms Aryati Sasya Dato' Ahmad Sebi)

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.

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.

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

5.1 Compliance with applicable financial reporting standards (continued)

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 auditors for the financial year 2016, 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.

(b) Audit Committee

During the financial year ended 31 December 2016, 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 93rd 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 65 to 67 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 2016 are as follows:

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

6.2 Internal audit function

The internal audit function of the Group is outsourced to professional firms ("Internal Auditors"). In 2016, 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 68 to 69 and pages 65 to 67 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.

To enhance the quality and value of the AGM, the Board ensures that the Notice of AGM identifies the Directors standing for re-election or election with a brief description to include matters such as age, gender, 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 Poll voting

In line with the recent amendments to the Listing Requirements of Bursa Securities, the Board will implement poll voting for all the resolutions set out in the notice of general meetings. In addition, the Company will appoint independent scrutineer to validate the votes cast at the general meetings. The outcome of the general meetings is to be announced to the Bursa Securities on the same day after the meetings are concluded and these announcements are available on the website of the Bursa Securities and the Company.

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.

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 2016 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.

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.

GROUP RISK MANAGEMENT (continued)

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 embedded in individual subsidiaries' day-to-day practices and operations. Furthermore, the Group has put in place Risk Registers outlining key risk profiles to safeguard the subsidiaries' business operations. 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 regularly at subsidiary and Group level and reported to the Risk Management Committee every quarter. The updates capture all the action plans that the subsidiaries' 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 performed by the Internal Auditors (outsourced professional firms) who are independent of the activities and operations of the Group.

INTERNAL AUDIT FUNCTION (continued)

In 2016, the Internal Auditors completed reviews on the top ten (10) Risk Registers for majority of the 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, operational and system review as part of the audit activities. The areas of audit coverage are based on areas of high risk that are independently assessed. All audit findings are deliberated and resolved with the Management of the subsidiaries. Follow-up reviews will subsequently be performed to ascertain the 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, in addition to the 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 2016 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 and reported to the Board the adequacy and effectiveness of the Group's risk management system, including the Group's risk tolerance and the enterprise-wide risk governance framework. The Audit Committee has reviewed and reported to the Board the adequacy and effectiveness of the system of internal controls operated by the Group for the year 2016 and up to the date of its last meeting prior to the date of the Annual Report. The Board considers the system of internal controls described in this Statement to be satisfactory and the risks to be at an acceptable level within the context of the Group's business environment. The Board has received assurance from the Group Managing Director and Senior Finance Manager of the Company that the Group's risk management and internal control system for the current Group's business environment is operating adequately and effectively, in all material aspects, based on the risk management framework adopted by the Group.

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

Audit Committee Report

MEMBERSHIP AND ATTENDANCE

The members of the Audit Committee during the financial year ended 31 December 2016 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 *Chairman, Independent Non-Executive Director*	5/5
Dato' Ahmad Ghiti bin Mohd Daud *Member, Independent Non-Executive Director*	5/5
Rali bin Mohd Nor *(Appointed on 10 March 2016)* *Member, Independent Non-Executive Director*	4/4
Ir. Al'Azmy bin Ahmad *(Resigned on 24 February 2016)* *Member, Independent Non-Executive Director*	0/1

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

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2016, the principal activities of the Audit Committee comprised of:

Financial Reporting

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

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

(iii) Reviewed the annual audited financial statements for the financial year ended 31 December 2015 prior to submission to the Board for approval.

Internal Audit

(i) Reviewed the objectives, adequacy and coverage of the internal audit activities of the proposed 2016 internal audit plan. A total of twenty-four (24) internal audit assignments was approved for the 2016 internal audit plan.

(ii) Reviewed a total of twenty-three (23) internal audit reports (comprising from 2015 and 2016 internal audit plans) 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) Convened meetings with the external auditors on 24 February 2016, 30 March 2016 and 23 November 2016 without the presence of the management to review and deliberate on various matters including the audit planning memorandum and audit review memorandum prepared by the external auditors. These memorandum includes significant audit findings, auditing and accounting issues, adequacy of management's response and other key matters arising from the statutory audit for the financial year ended 31 December 2015 and 31 December 2016.

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

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

Related Party Transactions

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

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 2015.

TOR of Audit Committee

Reviewed and revised the TOR of Audit Committee to incorporate the latest amendments pursuant to paragraphs 15.12(1)(g)(ii) and 15.20 of the Listing Requirements of Bursa Securities.

INTERNAL AUDIT FUNCTION

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

The Audit Committee is assisted by the Internal Auditors (outsourced professional firms since June 2013) to provide an independent appraisal and assurance to ensure the maintaining of a sound system of internal control to safeguard shareholders' investment. The Internal Auditors conducts regular systematic reviews of the system of controls in accordance with the Internal Audit Plan approved by the Audit Committee and independently reports directly to the Audit Committee.

During the financial year ended 31 December 2016, the Internal Auditors carried out various operational, system and risk assessment reviews to review and appraise the effectiveness of the risk management and internal control processes within the Group. Follow-up audits were also performed by the Internal Auditors to ensure that audit recommendations and corrective action plans were implemented accordingly. A total of twenty-three (23) internal audit reports arising from 2015 and 2016 internal audit plans were presented to the Audit Committee during the financial year ended 31 December 2016. The Internal Auditors also reviewed the related party transactions entered into by the Company and its subsidiaries to ensure that the transactions were carried out on an arm's length basis. The cost incurred for the internal audit function of the Group in respect of the financial year ended 31 December 2016 was about RM169,000.

Additional Compliance Information

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

For the financial year ended 31 December 2016, the following audit and non-audit fees are paid or payable by the Company and the Group:

Description	Company	Group
Audit Fees paid or payable to the external auditors, Messrs Baker Tilly Monteiro Heng ("BTMH")	RM100,000	RM433,000
Non-Audit Fees paid or payable to BTMH, or a firm or corporation affiliate to BTMH (RM) (Note 1)	RM12,000	RM12,000

Note 1 The amount disclosed included non-audit fees incurred for review of the Statement on Risk Management and Internal Control and Supplement Information on The Disclosure of Realised and Unrealised Profits or Loss for the Company.

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

There were no material contracts entered into by the Group which involved the interest of the directors, chief executive who is not a director or major shareholders either still subsisting at the end of the financial year ended 31 December 2016 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 Leeds Property Limited ("Leeds Property") 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 for the lease of the Hotel currently being operated by HVUK ("HVUK Lease"). His son, Mr Anton Syazi Dato' Ahmad Sebi, who was appointed as a Non-Independent Non-Executive Director of the Company on 27 February 2017, is also a Director of Leeds Property.

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 has been renewed until 30 June 2018.

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 2016.

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 RM'000	**Company** RM'000
Net profit for the financial year	15,035	3,509
Attributable to:		
Owners of the parent	3,858	3,509
Non-controlling interests	11,177	-
	15,035	3,509

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 2015 was paid on 23 August 2016 after the approval from the shareholders of the Company was obtained at the Annual General Meeting held on 31 May 2016.

At the forthcoming Annual General Meeting, a first and final single tier dividend of 0.25 sen per ordinary share in respect of the financial year ended 31 December 2016 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 2017.

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 and the insurance claim compensation as disclosed in Notes 25 and 38(d) 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, no new issue of shares or debentures were made by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

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

Dato' Ahmad Sebi Bakar	
Lee Su Nie	
Puan Sri Datin Masri Khaw binti Abdullah	
Yong Teck Ming	
Dato' Ahmad Ghiti bin Mohd Daud	
Rali bin Mohd Nor	(Appointed on 10.03.2016)
Ir. Al'Azmy bin Ahmad	(Resigned on 24.02.2016)
Aryati Sasya binti Ahmad Sebi	
Anton Syazi bin Ahmad Sebi	(Appointed on 27.02.2017)

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 2016 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)
- Rali bin Mohd Nor *(appointed on 10.03.2016)* (Member, Independent Non-Executive Director)
- Ir. Al'Azmy bin Ahmad *(resigned on 24.02.2016)*(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 2016 are as follows:

	Number of ASB ordinary shares of RM0.30 each*			
	At 1.1.2016	Bought	Sold	At 31.12.2016
Direct Interest				
Dato' Ahmad Sebi Bakar #	76,810,009	-	-	76,810,009
Deemed Interest				
Dato' Ahmad Sebi Bakar #	*1122,805,936	-	-	*1122,805,936
Puan Sri Datin Masri Khaw binti Abdullah	*25,000,000	-	-	*25,000,000
Lee Su Nie	*3365,000	-	-	*3365,000

	Number of ordinary shares			
	At 1.1.2016	Bought	Sold	At 31.12.2016
Subsidiary				
Captii Limited ("Captii")				
Direct Interest				
Lee Su Nie	20,000	-	-	20,000

	Number of ordinary shares of RM1.00 each*			
	At 1.1.2016	Bought	Sold	At 31.12.2016
Segi Koleksi Sdn. Bhd. ("SKSB")				
Deemed Interest				
Dato' Ahmad Sebi Bakar	*4105,000	-	-	*5105,000
Aryati Sasya binti Ahmad Sebi	*4105,000	-	-	*4105,000

DIRECTORS' INTERESTS (Continued)

	Number of ordinary shares of RM1.00 each*			
	At 1.1.2016	Bought	Sold	At 31.12.2016
Metroprime Corporation Sdn. Bhd.				
Deemed Interest				
Dato' Ahmad Sebi Bakar	[*6]350,000	-	-	[*7]350,000
Aryati Sasya binti Ahmad Sebi	[*6]350,000	-	-	[*6]350,000

	Number of ordinary shares of CHF500.00 each			
	At 14.9.2016	Bought	Sold	At 31.12.2016
Posthotel Arosa AG				
Deemed Interest				
Aryati Sasya binti Ahmad Sebi	[*8]800	[*8]2,350	-	[*8]3,150

	Number of ASB ICULS**			
	At 1.1.2016	Bought	Sold	At 31.12.2016
Deemed Interest				
Dato' Ahmad Sebi Bakar	[*9]94,105,835	-	-	[*9]94,105,835
Puan Sri Datin Masri Khaw binti Abdullah	[*2]12,240,000	-	-	[*2]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.

* Introduction of no par value regime effective from 31 January 2017.

** 2% 10-Year Irredeemable Convertible Unsecured Loan Stocks at 100% of the nominal value of RM0.15 each issued by ASB.

[*1] By virtue of his interest in Bright Existence Sdn. Bhd. ("BESB") and Suasana Dinamik Sdn. Bhd. ("SDSB"), Dato' Ahmad Sebi Bakar is also deemed to be interested in the shares to the extent that BESB and SDSB have an interest respectively. 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 or Section 59(11)(c) of the Companies Act 2016 in Malaysia effective from 31 January 2017. However, his son's interest shall be excluded with effect from his appointment as Director of ASB on 27 February 2017.

[*2] By virtue of her interest in ASH Holdings Sdn. Bhd. ("AHSB"), Puan Sri Datin Masri Khaw binti Abdullah is deemed to be interested in the securities to the extent that AHSB has an interest.

[*3] This is her spouse's interest in the ordinary shares of ASB which shall be treated as her interest in the ordinary shares of ASB pursuant to Section 134(12)(c) of the Companies Act, 1965 or Section 59(11)(c) of the Companies Act 2016 in Malaysia effective from 31 January 2017.

DIRECTORS' INTERESTS (Continued)

*4 By virtue of their interest in Pacific Existence Sdn. Bhd. ("PESB"), Dato' Ahmad Sebi Bakar and Ms Aryati Sasya binti Ahmad Sebi are also deemed to be interested in the shares to the extent that PESB has an interest.

*5 This is the interest of his children (Ms Aryati Sasya binti Ahmad Sebi and Mr Anton Syazi bin Ahmad Sebi) in SKSB which shall be treated as his interest in the ordinary shares of SKSB pursuant to Section 134(12)(c) of the Companies Act, 1965 or Section 59(11)(c) of the Companies Act 2016 in Malaysia effective from 31 January 2017.

*6 By virtue of their interest in SKSB, via PESB, Dato' Ahmad Sebi Bakar and Ms Aryati Sasya binti Ahmad Sebi are deemed to be interested in the shares to the extent that SKSB has an interest.

*7 By virtue of his interest in SKSB pursuant to Section 6A of the Companies Act, 1965 or Section 8 of the Companies Act 2016 in Malaysia effective from 31 January 2017, Dato' Ahmad Sebi Bakar is deemed to be interested in the shares to the extent that SKSB has an interest.

*8 By virtue of her interest in Kibar Konsep Sdn. Bhd. ("KKSB"), Ms Aryati Sasya binti Ahmad Sebi is deemed to be interested in the shares to the extent that KKSB has an interest with effect from 14 September 2016 upon Posthotel Arosa AG became an indirect subsidiary of ASB.

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

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

DIRECTORS' BENEFITS

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

DIRECTORS' REMUNERATION

	Group RM'000	Company RM'000
Directors' fees	621	315
Directors' other emoluments	1,764	822
Benefit-in-kind	95	88

AUDITORS' REMUNERATION

	Group RM'000	Company RM'000
Auditors' remuneration		
- statutory:		
- holding company	100	100
- subsidiaries	853	-
- (over)/under accrual in prior years	(15)	3
- non-statutory:		
- holding company	12	12

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

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

LEE SU NIE
Director

YONG TECK MING
Director

Selangor Darul Ehsan
Date: 11 April 2017

Statements of Financial Position

as at 31 December 2016

		Group		Company	
		2016	**2015**	**2016**	**2015**
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	156,155	127,736	36	39
Investment property	5	8,060	8,870	-	-
Intangible assets	6	97,172	97,648	-	-
Investment in subsidiaries	8	-	-	474,593	474,593
Investment in associates	9	46,937	54,575	-	-
Investment in joint venture	10	-	9	-	-
Investment securities	11	33,899	24,051	-	4,900
Deferred tax assets	13	1,850	665	139	270
Total non-current assets		344,073	313,554	474,768	479,802
Current assets					
Inventories	14	42,016	59,420	-	-
Trade and other receivables	12	170,570	90,143	142,730	142,126
Prepayments		5,284	4,563	-	-
Tax recoverable		2,459	2,411	1,661	1,661
Investment securities	11	460	433	-	-
Financial assets held for trading	15	429	411	-	-
Cash and bank balances and short term deposits	16	139,849	159,764	1,309	1,844
Total current assets		361,067	317,145	145,700	145,631
TOTAL ASSETS		705,140	630,699	620,468	625,433

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	17	199,216	199,216	199,216	199,216
Share premium	18	117,317	117,317	117,317	117,317
Other reserves	18	41,096	29,684	69	69
Retained earnings	18	31,591	28,921	10,570	8,721
ICULS - equity component	19	64,803	64,861	64,803	64,861
Shareholders' funds		454,023	439,999	391,975	390,184
Non-controlling interests		60,053	39,155	-	-
Total equity		514,076	479,154	391,975	390,184
Non-current liabilities					
Borrowings	20	79,745	42,844	-	-
Deferred tax liabilities	13	6,206	2,659	-	-
Provision for retirement benefit obligations	21	1,609	1,427	-	-
ICULS - liability component	19	1,593	2,976	1,593	2,976
Total non-current liabilities		89,153	49,906	1,593	2,976
Current liabilities					
Borrowings	20	23,499	37,203	-	-
Tax payable		787	494	-	-
Trade and other payables	22	77,625	63,942	226,900	232,273
Total current liabilities		101,911	101,639	226,900	232,273
Total liabilities		191,064	151,545	228,493	235,249
TOTAL EQUITY AND LIABILITIES		705,140	630,699	620,468	625,433

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

Statements of Comprehensive Income

for the financial year ended 31 December 2016

		Group		Company	
		2016	**2015**	**2016**	**2015**
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	23	276,775	268,837	9,960	12,020
Cost of sales	24	(179,299)	(174,893)	-	-
Gross profit		97,476	93,944	9,960	12,020
Other operating income		53,000	28,518	154	2
Distribution costs		(6,749)	(10,033)	-	-
Administrative expenses		(67,940)	(60,375)	(4,111)	(2,943)
Other operating expenses		(53,692)	(47,060)	(989)	(1,135)
Operating profit	25	22,095	4,994	5,014	7,944
Finance costs	26	(4,579)	(5,118)	(1,423)	(2,777)
Share of results of associates and joint ventures		(65)	(718)	-	-
Profit/(Loss) before tax		17,451	(842)	3,591	5,167
Income tax expense	27	(2,416)	(6,719)	(82)	(68)
Profit/(Loss) for the financial year		15,035	(7,561)	3,509	5,099
Other comprehensive income/(expenses) for the financial year, net of tax:					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of property, plant and equipment		7,695	-	-	-
		7,695	-	-	-
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		3,211	11,729	-	-
Fair value of available-for-sale financial assets		(1,045)	(1,608)	-	-
Share of other comprehensive income of associates, net of tax		109	54	-	-
		2,275	10,175	-	-
		9,970	10,175	-	-
Total comprehensive income for the financial year		25,005	2,614	3,509	5,099

		Group		Company	
		2016	**2015**	**2016**	**2015**
	Note	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) attributable to:					
Owners of the parent		3,858	(11,591)	3,509	5,099
Non-controlling interests		11,177	4,030	-	-
		15,035	(7,561)	3,509	5,099
Total comprehensive income/(loss) attributable to:					
Owners of the parent		15,410	(1,638)	3,509	5,099
Non-controlling interests		9,595	4,252	-	-
		25,005	2,614	3,509	5,099
Earnings/(Loss) per ordinary share attributable to owners of the parent (sen)					
-Basic	28	0.58	(1.75)		
-Diluted	28	0.45	(1.75)		

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

Statements of Changes in Equity

for the financial year ended 31 December 2016

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
	← Attributable to owners of the parent →						Distributable			
At 1 January 2016	199,216	64,861	117,317	15,998	8,699	4,987	28,921	439,999	39,155	479,154
Net profit for the financial year	-	-	-	-	-	-	3,858	3,858	11,177	15,035
Fair value of available-for-sale financial assets	-	-	-	-	-	(1,045)	-	(1,045)	-	(1,045)
Share of other comprehensive income of associates, net of tax	-	-	-	-	-	109	-	109	-	109
Revaluation of properties	-	-	-	7,695	-	-	-	7,695	-	7,695
Foreign currency translation differences for foreign operations	-	-	-	-	4,793	-	-	4,793	(1,582)	3,211
Total comprehensive income/(loss) for the financial year	-	-	-	7,695	4,793	(936)	3,858	15,410	9,595	25,005
Transactions with owners:										
Disposal of interest in a subsidiary	-	-	-	(183)	43	-	280	140	-	140
Disposal of partial interest in a subsidiary	-	-	-	-	-	-	-	-	443	443
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	192	192	(192)	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	12,064	12,064
Changes in income tax rate	-	(58)	-	-	-	-	-	(58)	-	(58)
Dividends paid (Note 29)	-	-	-	-	-	-	(1,660)	(1,660)	-	(1,660)
Dividends paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	(1,012)	(1,012)
Total transactions with owners	-	(58)	-	(183)	43	-	(1,188)	(1,386)	11,303	9,917
At 31 December 2016	199,216	64,803	117,317	23,510	13,535	4,051	31,591	454,023	60,053	514,076

	Attributable to owners of the parent									
							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)
Dividends paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	(1,595)	(1,595)
Total transactions with owners	539	(523)	-	-	-	-	(1,660)	(1,644)	(1,595)	(3,239)
At 31 December 2015	199,216	64,861	117,317	15,998	8,699	4,987	28,921	439,999	39,155	479,154

Statements of Changes in Equity

for the financial year ended 31 December 2016 (continued)

	← Attributable to owners of the Company →					
					Distributable	
	Share Capital	ICULS-Equity Component	Share Premium	Capital Reserve	Retained Earnings	Total
Company	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2015	198,677	65,384	117,317	69	5,282	386,729
Total comprehensive income for the financial year	-	-	-	-	5,099	5,099
<u>Transactions with owners:</u>						
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
Total comprehensive income for the financial year	-	-	-	-	3,509	3,509
<u>Transactions with owners:</u>						
Changes in income tax rate	-	(58)	-	-	-	(58)
Dividends paid	-	-	-	-	(1,660)	(1,660)
Total transactions with owners	-	(58)	-	-	(1,660)	(1,718)
At 31 December 2016	199,216	64,803	117,317	69	10,570	391,975

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

Statements of Cash Flows

for the financial year ended 31 December 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:					
Profit/(Loss) before tax		17,451	(842)	3,591	5,167
Adjustments for:					
Write down/(back) of inventories		160	(25)	-	-
Amortisation of intangible assets		2,003	2,560	-	-
Bad debts written off		-	546	-	15
Depreciation		7,454	9,852	9	11
(Gain)/Loss on disposal of:					
- property, plant and equipment		(72)	(12,350)	-	-
- an associate		(389)	596	-	-
- a subsidiary		884	-	-	-
- partial interest in a subsidiary		(38)	-	-	-
- lease rights		-	(4,986)	-	-
Impairment loss on:					
- goodwill		107	-	-	-
- loan and receivables		8	355	23	-
- development expenditure		300	-	-	-
- available-for-sale investment securities		1	1	-	-
- property, plant and equipment		93	489	-	-
Insurance claim compensation	38(d)	(32,646)	-	-	-
Interest expenses		4,579	5,118	1,423	2,777
Interest income		(2,949)	(3,381)	(28)	(64)
Net unrealised loss/(gain) on foreign exchange		2,026	(655)	(54)	156
Property, plant and equipment written off (include item in Note 38(d))		28,498	16,816	-	1
Provision for retirement benefits obligations		190	173	-	-
Realisation of foreign exchange reserve		737	-	-	-
Share of results in associates and joint venture		65	718	-	-
Write back of impairment loss on:					
- loan and receivables		(272)	(683)	-	-
- available-for-sale investment securities		(99)	-	(99)	-
Fair value change in:					
- investment in associates		(3,341)	-	-	-
- foreign currency held for trading		(17)	(15)	-	-
- held for trading investments		(28)	(15)	-	-
- investment property		810	-	-	-
- fair value through profit or loss investment securities		(5,428)	-	-	-
Write back of payables		-	(397)	-	-
Operating profit before working capital changes		20,087	13,875	4,865	8,063

Statements of Cash Flows

for the financial year ended 31 December 2016 (continued)

		Group		Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
Changes in working capital:					
Inventories		11,682	5,750	-	-
Receivables		(59,350)	(1,392)	(5,778)	(10,617)
Financial assets held for trading		(1)	(396)	-	-
Payables		15,122	(7,987)	(54)	6,944
Net cash (used in)/generated from operations		(12,460)	9,850	(967)	4,390
Retirement benefits paid		(8)	(30)	-	-
Tax paid		(5,643)	(6,033)	(10)	(12)
Net cash (used in)/generated from operating activities		(18,111)	3,787	(977)	4,378
CASH FLOWS FROM INVESTING ACTIVITIES:					
Acquisition of intangibles assets		(1,719)	(1,209)	-	-
Acquisition of fair value through profit or loss investments		(6,698)	(4,576)	-	-
Acquisition of a subsidiary, net of cash acquired	8(f)	1,158	(725)	-	-
Acquisition of associates	9(a)	(1,459)	(3,807)	-	-
Acquisition of additional shares in an associate		-	(1,000)	-	-
Interest received		2,949	3,381	28	64
Proceeds from disposal of available-for-sale investments		4,999	-	4,999	-
Proceeds from disposal of partial interest in a subsidiary		481	-	-	-
Proceeds from disposal of property, plant and equipment		130	23,499	-	-
Proceeds from disposal of an associate		-	4,848	-	-
Proceeds from disposal of a subsidiary, net of cash disposed	8(b)	5,298	-	-	-
Proceeds from disposal of lease rights		-	4,986	-	-
Purchase of property, plant and equipment		(3,803)	(4,076)	(6)	(2)
Net cash generated from investing activities		1,336	21,321	5,021	62

		Group		Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES:					
Dividends paid to non-controlling interests of a subsidiary		(1,012)	(1,595)	-	-
Dividends paid		(1,660)	(1,660)	(1,660)	(1,660)
Drawdown of hire purchase		341	-	-	-
Drawdown of term loans		-	30,000	-	-
Drawdown of revolving credit		11,350	-	-	-
Interest paid		(6,150)	(5,908)	(2,919)	(3,654)
Payments to hire purchase payables		(105)	(87)	-	-
(Placement)/Withdrawal of pledged deposits		(3,076)	(527)	-	-
Repayment of term loans		(5,469)	(1,780)	-	-
Repayment of revolving credit		-	(21,400)	-	-
Net cash used in financing activities		(5,781)	(2,957)	(4,579)	(5,314)
Effects of exchange rate changes		(2,268)	(1,254)	-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS		(24,824)	20,897	(535)	(874)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR					
As previously reported		125,989	94,592	1,844	2,718
Effect of exchange rate changes		1,833	10,500	-	-
		127,822	105,092	1,844	2,718
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		102,998	125,989	1,309	1,844
ANALYSIS OF CASH AND CASH EQUIVALENTS:					
Cash and bank balances	16	83,229	52,777	159	94
Short term deposits	16	56,620	106,987	1,150	1,750
		139,849	159,764	1,309	1,844
Less: Deposit placed with lease payables as security deposit for lease payments	16(c)	(23,851)	(22,996)	-	-
Less: Deposit pledged to licensed banks	16(a)	(12,416)	(10,214)	-	-
Less: Cash held under Housing Development Account	16(b)	(584)	(565)	-	-
		102,998	125,989	1,309	1,844

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

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 10 April 2017.

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 judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of Preparation (Continued)

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.

2.2 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 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 7	Financial Instruments: Disclosures
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 101	Presentation of Financial Statements
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
MFRS 138	Intangible Assets
MFRS 141	Agriculture

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 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)

(a) Adoption of Amendments/Improvements to MFRSs (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, 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.

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.

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 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.

- 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New MFRSs and Amendments/Improvements to MFRSs (Continued)

(b) New MFRSs, Amendments/Improvements to MFRSs and new IC Interpretation ("IC Int") that are issued, but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int 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
MFRS 16	Leases	1 January 2019
Amendments/Improvements to MFRSs		
MFRS 1	First-time adoption of MFRSs	1 January 2018
MFRS 2	Share-based Payment	1 January 2018
MFRS 4	Insurance Contracts	1 January 2018
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 12	Disclosure of Interests in Other Entities	1 January 2017
MFRS 107	Statement of Cash Flows	1 January 2017
MFRS 112	Income Taxes	1 January 2017
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018/ Deferred
MFRS 140	Investment Property	1 January 2018
New IC Int		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

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.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2.2 **New MFRSs and Amendments/Improvements to MFRSs (Continued)**

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

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.

  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.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2.2 **New MFRSs and Amendments/Improvements to MFRSs (Continued)**

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

MFRS 15 Revenue from Contracts with Customers

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

- identify the contracts with a customer;
- identify the performance obligation in the contract;
- 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 Int 13	Customer Loyalty Programmes
IC Int 15	Agreements for the Construction of Real Estate
IC Int 18	Transfers of Assets from Customers
IC Int 131	Revenue – Barter Transactions Involving Advertising Services

MFRS 16 Leases

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

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

Amendments to MFRS 1 First-time Adoption of MFRSs

Amendments to MFRS 1 deleted the short-term exemptions that relate to MFRS 7 *Financial Instruments: Disclosure*, MFRS 119 *Employee Benefits* and MFRS 10 *Consolidated Financial Statements* because they are no longer applicable.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2.2 **New MFRSs and Amendments/Improvements to MFRSs (Continued)**

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

Amendments to MFRS 2 Share-based Payment

Amendments to MFRS 2 provide specific guidance on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Amendments to MFRS 4 Insurance Contracts

Amendments to MFRS 4 introduce two additional voluntary options, namely an overlay approach and a deferral approach to be applied subject to certain criteria being met, which help to address temporary volatility in reported results of entities dealing with insurance contracts. The overlay approach involves option to recognise the possible volatility in other comprehensive income, instead of profit or loss, whilst the deferral approach provides temporary exemption from applying the Standard on Financial Instruments for entities whose activities are predominantly connected with insurance.

Amendments to MFRS 12 Disclosure of Interests in Other Entities

Amendments to MFRS 12 clarify that entities classified as held for sale are required to apply all the disclosure requirements of MFRS 12 except for the disclosure requirements set out in paragraphs B10-B16.

Amendments to MFRS 107 Statement of Cash Flows

Amendments to MFRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2.2 **New MFRSs and Amendments/Improvements to MFRSs (Continued)**

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

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that decreases in value of debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more than their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

The amendments also clarify that deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

Amendments to MFRS 128 Investments in Associates and Joint Ventures

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

Amendments to MFRS 140 Investment Property

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

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New MFRSs and Amendments/Improvements to MFRSs (Continued)

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

IC Int 22 Foreign Currency Transactions and Advance Consideration

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

2.3 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(a) Basis of Consolidation (Continued)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(c) Associates (Continued)

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.

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 gain 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

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

Freehold lands are not depreciated as it has an infinite life. Construction work-in-progress is 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.

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 residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at end of each financial year.

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) Lease 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(i) Intangible Assets (Continued)

(ii) Other Intangible Assets (Continued)

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.

(iii) Licenses are capitalised and amortised using the straight line method over their expected benefits, not exceeding a period of five (5) years.

Subsequent to initial recognition, licenses are 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.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2.3 **Significant Accounting Policies (Continued)**

(j) **Financial Assets (Continued)**

(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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(j) Financial Assets (Continued)

(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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(k) Impairment (Continued)

(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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(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.

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 "Amounts due to contract customers".

Progress billings not yet paid by customers and retentions are included within "Amounts 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.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2.3 **Significant Accounting Policies (Continued)**

(m) **Inventories (Continued)**

(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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(r) Financial Liabilities (Continued)

(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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(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.

(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.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2.3 **Significant Accounting Policies (Continued)**

(v) **Revenue Recognition (Continued)**

(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.

(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.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2.3 **Significant Accounting Policies (Continued)**

(v) **Revenue Recognition (Continued)**

(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.

(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.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2.3 **Significant Accounting Policies (Continued)**

(v) **Revenue Recognition (Continued)**

(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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(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.

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

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) **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.

(c) **Significant influence over investee**

The Company holds a 50% equity interest in SH Tour Co. Ltd. ("SH Tour"). The Company has no representation on the Board of Directors of SH Tour and has entered into an agreement with another shareholder that the Company will not actively participate in the strategic policy decisions in SH Tour's Executive Committee meetings. On that basis of these facts, the Company concludes that it does not exercise significant influence over SH Tour and thus treats SH Tour as an available-for-sale investment security.

(d) **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. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

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.

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

(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.

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 (Continued)**

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.

(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.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

3.2 Key Source of Estimation Uncertainty (Continued)

(i) 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 expenses of the Group and Company are disclosed in Note 27 to the financial statements.

(j) 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.

(k) 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.

(l) 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-munictions and research and development equipment	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
Group													
2016													
Cost/Valuation													
At 1 January 2016	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
Additions	-	-	-	-	198	440	769	550	688	174	25	959	3,803
Acquisition of a subsidiary	-	-	-	22,303	31,595	249	886	-	-	-	-	-	55,033
Disposals of a subsidiary	-	-	-	-	-	(1,206)	(2,140)	-	(330)	-	-	-	(3,676)
Disposals	-	-	-	-	-	-	(60)	(62)	(845)	(21)	-	-	(988)
Written off	-	-	-	-	(30,787)	(1,294)	(1,129)	(7)	(48)	(59)	(4)	(33)	(33,361)
Reclassification	-	-	-	-	-	-	-	-	-	(21)	-	229	208
Revaluation	-	-	-	13,957	(11,525)	-	-	-	-	-	-	-	2,432
Foreign exchange translation adjustment	-	52	124	531	(807)	(50)	(752)	(207)	(30)	19	-	586	(534)
At 31 December 2016	27,168	19,082	1,897	65,010	35,091	6,843	41,890	17,059	3,203	18,242	2,149	29,028	266,662
Representing:													
Cost	27,168	19,082	1,897	-	-	6,843	41,890	17,059	3,203	18,242	2,149	29,028	166,561
Valuation	-	-	-	65,010	35,091	-	-	-	-	-	-	-	100,101
Total	27,168	19,082	1,897	65,010	35,091	6,843	41,890	17,059	3,203	18,242	2,149	29,028	266,662

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-munictions and research and development equipment	Total
2016	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 2016	-	2,953	1,021	-	9,798	7,332	38,696	7,660	3,472	16,506	219	16,422	104,079
Depreciation for the financial year	-	358	81	-	1,351	275	1,542	1,048	219	1,027	287	1,266	7,454
Acquisition of a subsidiary	-	-	-	-	2,780	143	443	-	-	-	-	-	3,366
Disposals of a subsidiary	-	-	-	-	-	(1,051)	(2,140)	-	(256)	-	-	-	(3,447)
Disposals	-	-	-	-	-	-	(53)	(25)	(837)	(15)	-	-	(930)
Written off	-	-	-	-	(2,888)	(1,135)	(708)	(7)	(47)	(45)	-	(33)	(4,863)
Reclassification	-	-	-	-	-	-	12	16	-	3	-	(63)	(32)
Revaluation	-	-	-	-	(5,389)	-	-	-	-	-	-	-	(5,389)
Capitalisation to intangible assets	-	-	-	-	-	-	8	16	-	1	-	28	53
Foreign exchange translation adjustment	-	29	77	-	(66)	(42)	(657)	(13)	(27)	21	-	248	(430)
At 31 December 2016	-	3,340	1,179	-	5,586	5,522	37,143	8,695	2,524	17,498	506	17,868	99,861
Accumulated Impairment Loss													
At 1 January 2016	-	-	-	-	1,622	-	-	3,017	-	-	-	7,291	11,930
Impairment loss for the financial year	-	-	-	-	-	-	-	-	-	-	-	93	93
Reclassification	-	-	-	-	-	-	-	-	-	-	-	(8)	(8)
Revaluation	-	-	-	-	(1,622)	-	-	-	-	-	-	-	(1,622)
Foreign exchange translation adjustment	-	-	-	-	-	-	-	-	-	-	-	253	253
At 31 December 2016	-	-	-	-	-	-	-	3,017	-	-	-	7,629	10,646
Carrying Amount at 31 December 2016	27,168	15,742	718	65,010	29,505	1,321	4,747	5,347	679	744	1,643	3,531	156,155
Representing:													
Cost	27,168	15,742	718	-	-	1,321	4,747	5,347	679	744	1,643	3,531	61,640
Valuation	-	-	-	65,010	29,505	-	-	-	-	-	-	-	94,515
Total	27,168	15,742	718	65,010	29,505	1,321	4,747	5,347	679	744	1,643	3,531	156,155

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														
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	-	-	-	-	(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	Telecom-munications and research and develop-ment equip-ment 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	-	-	-	-	(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)**

Company	**Computer equipment** RM'000	**Motor vehicles** RM'000	**Furniture, fittings and equipment** RM'000	**Total** RM'000
2016				
Cost				
At 1 January 2016	103	5	187	295
Additions	2	-	4	6
At 31 December 2016	105	5	191	301
Accumulated Depreciation				
At 1 January 2016	100	5	151	256
Depreciation for the financial year	2	-	7	9
At 31 December 2016	102	5	158	265
Carrying Amount at 31 December 2016	3	-	33	36
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

(a) Included in property, plant and equipment of the Group are assets acquired under hire purchase instalment plans with the following carrying amounts:

	Group	
	2016 RM'000	**2015** RM'000
Motor vehicles	467	15

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	
	2016	**2015**
	RM'000	RM'000
Hotel properties	34,423	31,240
Buildings	39,888	41,417
	74,311	72,657

(c) Had the revalued assets been carried at cost less accumulated depreciation, the carrying amounts would have been as follows:

Group	**Cost**	**Accumulated depreciation**	**Carrying amount**
	RM'000	RM'000	RM'000
2016			
Hotel properties			
- lands	28,837	-	28,837
- buildings	30,656	(6,534)	24,122
	59,493	(6,534)	52,959
2015			
Hotel properties			
- lands	20,234	-	20,234
- buildings	30,656	(5,941)	24,715
	50,890	(5,941)	44,949

(d) Fair value information

Fair values of revalued properties are categorised as follows:

Group	**Level 1**	**Level 2**	**Level 3**	**Total**
2016	RM'000	RM'000	RM'000	RM'000
Hotel properties				
- lands	-	63,934	-	63,934
- buildings	-	31,900	-	31,900
	-	95,834	-	95,834
2015				
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 April 2016 and May 2016 carried out by accredited independent valuers with recognised and relevant qualification and recent experience in the location and assets being valued. The valuation method used was Comparison Method that makes reference to recent transactions and sales evidences involving other similar properties in the vicinity. The most significant input to this valuation approach is price per square feet of comparable properties.

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Fair value hierarchy

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical properties that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the properties, either directly or indirectly.

Level 3 fair value

Level 3 fair value is estimated using unobservable input for the properties.

The Group does not have non-financial assets measured at Level 1 and Level 3 hierarchy.

Transfer between levels of fair value hierarchy

There is no transfer between levels of fair values hierarchy during the financial year.

(e) Included in property, plant and equipment of the Group are assets under sale and finance leaseback arrangements as follows:

	Group	
	2016	**2015**
	RM'000	RM'000
Hotel properties - Freehold land	27,077	17,220
Hotel properties - Buildings	10,213	14,786
	37,290	32,006

(f) The leasehold land and building has unexpired lease period of less than fifty (50) years.

5. INVESTMENT PROPERTY

	Group 2016 RM'000	Group 2015 RM'000
At fair value:		
At 1 January	8,870	8,870
Fair value change recognised to profit or loss	(810)	-
At 31 December	8,060	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 2016 based on the highest and best use method to reflect the actual market state and circumstances as of the end of financial year. The fair value was based on a valuation made by C H William Talhar & Wong, a firm of independent professional valuers, which hold a recognised and relevant professional qualification with sufficient recent experience in the location and category of the investment property being valued. There has been no change to the valuation technique during the year. Management determined that the highest and best use of the assets is the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

Strata title has not been issued by Department of Director General of Lands and Mines in Malaysia as at 31 December 2016.

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 2016 RM'000	Group 2015 RM'000
Rental income	576	630
Direct operating expenses arising from investment property that generate rental income	(146)	(142)

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				
2016				
Building	-	8,060	-	8,060
2015				
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 RM1,001 (2015: RM1,102)
Sensitivity on management's estimates – 10% variation from estimate:	Impact – lower by RM806,000 (2015: RM887,000); higher by RM806,000 (2015: 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 2016	Goodwill on consolidation RM'000 (Note 7)	Intellectual property RM'000 (Note a)	Software development expenditure RM'000 (Note b)	Licenses RM'000 (Note c)	Total RM'000
Cost					
At 1 January 2016	94,257	5,250	23,987	400	123,894
Additions	107	-	1,537	182	1,826
Capitalisation of development equipment	-	-	53	-	53
At 31 December 2016	94,364	5,250	25,577	582	125,773
Accumulated Amortisation and Impairment					
At 1 January 2016	1,496	5,250	19,429	71	26,246
Amortisation for the financial year	-	-	1,898	105	2,003
Impairment for the financial year	107	-	300		407
Foreign exchange translation difference	-	-	(55)	-	(55)
At 31 December 2016	1,603	5,250	21,572	176	28,601
Carrying Amount at 31 December 2016	92,761	-	4,005	406	97,172
2015					
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

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 (2015: 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	
	2016	**2015**
	RM'000	RM'000
At 1 January	92,761	92,027
Acquisition of a subsidiary	107	734
Impairment loss	(107)	-
At 31 December	92,761	92,761

The carrying amounts of goodwill allocated to the Group's CGU are as follows:

	Group	
	2016	**2015**
	RM'000	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	1,552
	92,761	92,761

Impairment loss

Impairment loss of RM107,000 was recognised during the year as there is no future economic benefit to be expected from the CGU.

7. **GOODWILL ON CONSOLIDATION (Continued)**

CGU 1

The recoverable amount of the CGU was determined based on its value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets and forecasts approved by management covering a five-year period using a discount rate of 13% (2015: 10%). The forecasted growth rate used to extrapolate cash flow projections beyond the five-year period is 2% (2015: 2%).

The discount rate applied to the cash flow projections is pre-tax and reflects management's estimate of the risks specific to the CGU at the date of assessment. Management determined the forecasted growth rate and budgeted gross margin based on past performance and its expectations of market developments.

Based on the sensitivity analysis performed, management believe that no reasonably possible change in base case key assumptions would cause the carrying values of the CGU to exceed its recoverable amounts.

The value in use was determined by management using discounted cash flow valuation technique. The key assumptions used for value in use calculations are as stated above.

CGU 2 and CGU 3

The recoverable amount of the CGUs was determined based on its value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets and forecasts approved by management covering a five-year period using a discount rate of 10% (2015: 10%). The forecasted growth rate used to extrapolate cash flow projections beyond the five-year period is 3% - 5% (2015: 3% - 5%).

The discount rate applied to the cash flow projections is pre-tax and reflects management's estimate of the risks specific to the CGUs at the date of assessment. Management determined the forecasted growth rate and budgeted gross margin based on past performance and its expectations of market developments.

Based on the sensitivity analysis performed, management believe that no reasonably possible change in base case key assumptions would cause the carrying values of the CGUs to exceed its recoverable amounts.

The value in use was determined by management using discounted cash flow valuation technique. The key assumptions used for value in use calculations are as stated above.

8. **INVESTMENT IN SUBSIDIARIES**

	Company	
	2016	**2015**
	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 5 February 2016, Pacific Prime Ventures Pty. Ltd., as trustee for the E Naidu Trust ("Purchaser") 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 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.

The summary effects on the disposal of Advansa Pty. Ltd. are as follows:

	2016 RM'000
Property, plant and equipment	229
Inventories	5,512
Receivables	2,867
Cash and bank balances	1,758
Payables	(2,722)
Exchange translation reserve	296
Net assets disposed	7,940
Net proceeds from disposal	(7,056)
Loss on disposal of the subsidiary	884
Net proceeds from disposal	7,056
Less : Cash and cash equivalents of the subsidiary disposed	(1,758)
Net cash inflows	5,298

(c) 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 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, 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 increased to 94.81% effective from 12 February 2016.

8. **INVESTMENT IN SUBSIDIARIES (Continued)**

(d) On 15 August 2016, Captii Limited ("Captii"), an indirect 58.3%-owned subsidiary of the Company, announced that its indirect 51%-owned subsidiary, GlobeOSS Pte. Ltd., has incorporated a wholly-owned subsidiary, GlobeOSS (Brunei) Sdn. Bhd. ("GlobeOSS Brunei"), in Brunei on 15 August 2016 with an initial paid-up capital of Brunei Dollars 10,000. The principal activity of GlobeOSS Brunei is to undertake the provision of global roaming quality of services management solution in Brunei.

(e) On 1 September 2016, the Company received notification that pursuant to Section 751 of the Companies Ordinance, Hong Kong and by notice published on 26 August 2016 under Gazette Notice No. 4804, Excellent Result Investments Limited, a dormant indirect wholly-owned subsidiary of the Company (held via Advance Synergy Properties Sdn Bhd, a wholly-owned subsidiary of the Company) incorporated in Hong Kong, has been deregistered and is accordingly dissolved as from the date of publication of the said Gazette Notice.

(f) Acquisition of Posthotel Arosa AG

On 14 September 2016, 4,650 new shares of CHF500 each in the share capital of Posthotel Arosa AG ("Arosa") were allotted and issued to Holiday Villa Assets Sdn. Bhd. ("HVA'), an indirect wholly-owned subsidiary of the Company, for a cash consideration of CHF2,325,000 (equivalent to approximately RM10 million) following the approval obtained at the extraordinary general assembly of Arosa held on 29 August 2016 for Arosa to increase its capital from CHF1,000,000 to CHF4,500,000 by issuance of 7,000 new shares of nominal value CHF500 each at an issue price of CHF500 per share.

Consequently, Arosa became a 62.49%-owned subsidiary of HVA as HVA's equity interest in Arosa increased from 48.70% to 62.49%.

The summary effects on the acquisition of Arosa are as follows:

	2016 RM'000
Property, plant and equipment	51,667
Inventories	184
Receivables	618
Cash and bank balances	1,987
Payables	(1,398)
Borrowings	(16,917)
Deferred tax liabilities	(3,979)
Total net assets	32,162
Net assets acquired	20,098
Goodwill on consolidation	107
Fair value of consideration	20,205
Fair value of previously held equity interest	(10,087)
	10,118
Capitalisation of advances to Arosa	(9,289)
Cash and cash equivalents of the subsidiary acquired	(1,987)
Net cash inflows on acquisition	(1,158)

8. **INVESTMENT IN SUBSIDIARIES (Continued)**

(f) Acquisition of Posthotel Arosa AG (Continued)

The fair value of the assets acquired and liabilities assumed and purchase consideration has been determined on a provisional basis pending completion of purchase price allocation exercise. The purchase price allocation exercise is expected to be completed not exceeding one year from the acquisition date.

Effect of the acquisition in consolidated statement of comprehensive income

From the date of acquisition, the subsidiary's contributed revenue and profit net of tax are as follows:

	2016
	RM'000
Revenue	787
Profit for the financial year	5,700

If the acquisition had occurred on 1 January 2016, the consolidated results for the financial year ended 31 December 2016 would have been as follows:

	2016
	RM'000
Revenue	277,520
Profit for the financial year	13,580

(g) On 8 December 2016, the Company received notification that pursuant to Section 751 of the Companies Ordinance, Hong Kong and by notice published on 2 December 2016 under Gazette Notice No. 6898, Best Alpha Investments Limited, a dormant indirect wholly-owned subsidiary of the Company (held via Advance Synergy Properties Sdn. Bhd., a wholly-owned subsidiary of the Company) incorporated in Hong Kong, has been deregistered and is accordingly dissolved as from the date of publication of the said Gazette Notice.

8. INVESTMENT IN SUBSIDIARIES (Continued)

(h) The details of the subsidiaries are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %	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)

(h) The details of the subsidiaries are as follows (Continued):

Name of Company	Country of Incorporation	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %	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)

(h) The details of the subsidiaries are as follows (Continued):

Name of Company	Country of Incorporation	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %	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)

(h) The details of the subsidiaries are as follows (Continued):

Name of Company	Country of Incorporation	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %	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	94.81	100	Manages Wina Holiday Villa Kuta Bali

8. INVESTMENT IN SUBSIDIARIES (Continued)

(h) The details of the subsidiaries are as follows (Continued):

Name of Company	Country of Incorporation	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %	Principal Activities
Indirect subsidiary held through Asbina Hotel & Property Sdn. Bhd.				
Asbina Hotel & Property (Cambodia) Pte. Ltd.	Kingdom of Cambodia	100	100	Inactive
Indirect subsidiary held through Holiday Villa Assets Sdn. Bhd.				
* Posthotel Arosa AG	Switzerland	62.49	48.7	Owns and operates Holiday Villa Arosa
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	Deregistered on 2 December 2016

8. INVESTMENT IN SUBSIDIARIES (Continued)

(h) The details of the subsidiaries are as follows (Continued):

Name of Company	Country of Incorporation	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %	Principal Activities
Indirect subsidiaries held through Advance Synergy Properties Sdn. Bhd. (Continued)				
Excellent Result Investments Limited	Hong Kong	-	100	Deregistered on 26 August 2016
Synergy Realty Incorporated	British Virgin Islands	100	100	Investment holding
Indirect subsidiary held through Segi Koleksi Sdn. Bhd.				
Metroprime Corporation Sdn. Bhd.	Malaysia	70	70	Owns and operates The Language House
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	Disposal completed on 18 March 2016
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

8. INVESTMENT IN SUBSIDIARIES (Continued)

(h) The details of the subsidiaries are as follows (Continued):

Name of Company	Country of Incorporation	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %	Principal Activities
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
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

8. INVESTMENT IN SUBSIDIARIES (Continued)

(h) The details of the subsidiaries are as follows (Continued):

Name of Company	Country of Incorporation	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %	Principal Activities
Indirect subsidiaries held through iSynergy Sdn. Bhd. (Continued)				
Rewardstreet.com (Malaysia) Sdn. Bhd.	Malaysia	100	100	Inactive
Indirect subsidiaries held through Nagapura Management Corporation Sdn. Bhd.				
Acrylic Synergy Sdn. Bhd.	Malaysia	81	81	Inactive
Syarikat Fit and Weld Engineering (M) Sdn. Bhd.	Malaysia	70	70	In liquidation
Xgo Technik Sdn. Bhd.	Malaysia	100	100	Provision of management services
Indirect subsidiary held through Sadong Development Sdn. Bhd.				
Hotel Golden Dragon Sdn. Bhd.	Malaysia	95	95	Inactive
Indirect subsidiary held through Hotel Golden Dragon Sdn. Bhd.				
Simpang Tiga Realty Sdn. Bhd.	Malaysia	95	95	Inactive
Indirect subsidiary held through Worldwide Matrix Sdn. Bhd				
* Captii Limited	Singapore	58.30	58.30	Investment holding and the provision of management services

8. INVESTMENT IN SUBSIDIARIES (Continued)

(h) The details of the subsidiaries are as follows (Continued):

Name of Company	Country of Incorporation	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %	Principal Activities
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	Provision and operation of next generation mobile applications and mobile value added services
* 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
* 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

8. INVESTMENT IN SUBSIDIARIES (Continued)

(h) The details of the subsidiaries are as follows (Continued):

Name of Company	Country of Incorporation	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %	Principal Activities
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 subsidiary held through GlobeOSS Pte. Ltd.				
* GlobeOSS (Brunei) Sdn. Bhd.	Brunei Darussalam	29.73	-	Provision of global roaming quality of services management solutions
Indirect subsidiaries held through Unified Communications Pte. Ltd.				
* Adzentrum Sdn. Bhd.	Malaysia	58.30	58.30	Dormant
* 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

8. INVESTMENT IN SUBSIDIARIES (Continued)

(h) The details of the subsidiaries are as follows (Continued):

Name of Company	Country of Incorporation	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %	Principal Activities
Indirect subsidiaries held through Unified Communications Sdn. Bhd.				
* Ahead Mobile Sdn. Bhd.	Malaysia	58.30	58.30	Software engineering, system integration, project management, and maintenance and support services for the telecommunications industry
* Unified Communications (Tech) Pte. Ltd.	Singapore	58.30	58.30	Distribution of information technology and telecommunications products

* Companies audited by another firm of auditors other than Baker Tilly Monteiro Heng.

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)**

(i) The Group's subsidiaries that have material non-controlling interest ("NCI") are as follows:

	2016				
	Captii Limited	**Posthotel Arosa AG**	**Quality Bus & Coach (M) Sdn. Bhd.**	**Other individually immaterial subsidiaries**	**Total**
	RM'000	RM'000	RM'000	RM'000	RM'000
NCI percentange of ownership interest and voting interest	41.7%	37.51%	29%		
Carrying amount of NCI	49,728	14,408	(3,968)	(115)	60,053
Profit/(Loss) allocated to NCI	10,001	2,098	(681)	(241)	11,177
Summary financial information before intra-group elimination					
As at 31 December					
Non-current assets	71,889	22,834	881		
Current assets	83,046	36,933	24,570		
Non-current liabilities	(1,557)	(17,851)	-		
Current liabilities	(34,126)	(3,505)	(48,384)		
Net assets/(liabilities)	119,252	38,411	(22,933)		
Year ended 31 December					
Revenue	70,035	6,519	12,363		
Profit/(Loss) for the financial year	19,287	4,245	(2,347)		
Total comprehensive income/(loss)	16,267	25,417	(2,347)		
Cash flows from/(used in) operating activities	1,221	(13,197)	(6,687)		
Cash flows used in investing activities	(10,255)	-	(219)		
Cash flows (used in)/from financing activities	(4,262)	14,215	7,237		
Net (decrease)/increase in cash and cash equivalents	(13,296)	1,018	331		
Dividends paid to NCI	1,012	-	-		

8. **INVESTMENT IN SUBSIDIARIES (Continued)**

(i) The Group's subsidiaries that have material NCI are as follows (Continued):

	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/(decrease) in cash and cash equivalents	10,034	(847)		
Dividends paid to NCI	1,595	-		

9. INVESTMENT IN ASSOCIATES

	Group	
	2016	**2015**
	RM'000	RM'000
At cost:		
Unquoted shares	36,378	53,621
Fair value change	3,341	-
	39,719	53,621
Share of post-acquisition reserve, net of dividends received	7,218	954
	46,937	54,575

The transactions involving associates during the financial year are as follows:

(a) On 8 March 2016, Captii, an indirect 58.3%-owned subsidiary of the Company, announced that its wholly-owned subsidiary, Captii Ventures Pte. Ltd., 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.

(b) As disclosed in Note 8(f) to the financial statements, Arosa, previously, an associate has become an indirect subsidiary of the Company.

The summarised financial information of the associates is as follows:

	Group	
	2016	**2015**
	RM'000	RM'000
Results		
Revenue	15,426	48,136
Profit for the financial year	1,935	262
Assets and Liabilities		
Total assets	200,591	261,957
Total liabilities	69,362	125,009

9. INVESTMENT IN ASSOCIATES (Continued)

The details of the associates are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %	Principal Activities
Indirect associate held through Advance Synergy Capital Sdn. Bhd.				
* SIBB Berhad	Malaysia	20	20	Investment dealings
Indirect associate held through Synergy Realty Incorporated				
* Helenium Holdings Limited	British Virgin Islands	40	40	Property investment, management and rental of property
Indirect associates held through Alangka-Suka Hotels & Resorts Sdn. Bhd.				
Holiday Villa Hotels & Resorts Sdn. Bhd.	Malaysia	40	40	Dormant
Holiday Villa Kuala Lumpur Sdn. Bhd.	Malaysia	40	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

9. INVESTMENT IN ASSOCIATES (Continued)

The details of the associates are as follows (Continued):

Name of Company	Country of Incorporation	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %	Principal Activities
Indirect associate held through Holiday Villa Assets Sdn. Bhd.				
* Posthotel Arosa AG	Switzerland	-	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
Indirect associates held through Synergy Tours Sdn. Bhd.				
* 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	50	Dormant
Indirect associate held through Strategic Research & Consultancy Sdn. Bhd.				
* Kopistop Sdn. Bhd.	Malaysia	40	40	Food and beverage cafe, restaurant and consultancy
Indirect associate held through Captii Ventures Pte. Ltd.				
* OOPA Pte. Ltd.	Vietnam	14.58	-	Provision and operation of mobile prepaid top-up services

* Companies audited by another firm of auditors 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:

	SIBB Berhad RM'000	Holiday Villa Kuala Lumpur Sdn. Bhd. RM'000	Helenium Holdings Limited RM'000
Group			
2016			
Summarised financial information			
As at 31 December			
Non-current assets	10,692	17,863	113,518
Current assets	49,007	1,510	4,523
Non-current liabilities	(2,499)	(1,633)	(50,768)
Current liabilities	(254)	(1,545)	(11,303)
Net assets	56,946	16,195	55,970
Year ended 31 December			
Revenue	1,716	-	7,768
Profit/(Loss) for the financial year	1,309	(172)	96
Other comprehensive income	540	-	-
Total comprehensive income/(loss)	1,849	(172)	96

	SIBB Berhad RM'000	Holiday Villa Kuala Lumpur Sdn. Bhd. RM'000	Helenium Holdings Limited RM'000	Other individually immaterial associates RM'000	Total RM'000
Reconciliation of net assets to carrying amount					
As at 31 December					
Group's share of net assets	11,389	6,478	22,388	6,718	46,973
Foreign exchange translation differences	-	-	(10)	(26)	(36)
Carrying amount in the statement of financial position	11,389	6,478	22,378	6,692	46,937
Group's share of results					
Year ended 31 December					
Group's share of profit or loss	262	(69)	38	(284)	(53)
Group's share of other comprehensive income	108	-	-	-	108
Group's share of total comprehensive income/(loss)	370	(69)	38	(284)	55
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):

	SIBB Berhad	Holiday Villa Kuala Lumpur Sdn. Bhd.	Helenium Holdings Limited	Posthotel Arosa AG	SH Tour Co. Ltd.
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
2015					
Summarised financial information					
As at 31 December					
Non-current assets	9,948	15,974	131,150	27,221	1,009
Current assets	47,761	2,258	5,957	1,254	16,837
Non-current liabilities	(2,410)	(1,850)	(58,928)	(17,628)	(918)
Current liabilities	(201)	(20)	(13,496)	(14,296)	(14,043)
Net assets/(liabilities)	55,098	16,362	64,683	(3,449)	2,885
Year ended 31 December					
Revenue	1,715	-	7,605	5,292	30,470
Profit/(Loss) for the financial year	1,371	(87)	3,683	(4,084)	(777)
Other comprehensive income	526	-	-	-	-
Total comprehensive income/(loss)	1,897	(87)	3,683	(4,084)	(777)

	SIBB Berhad	Holiday Villa Kuala Lumpur Sdn. Bhd.	Helenium Holdings Limited	Posthotel Arosa AG	SH Tour Co. Ltd.	Other individually immaterial associates	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Reconciliation of net assets to carrying amount							
As at 31 December							
Group's share of net assets	11,020	6,545	25,873	(1,680)	1,443	596	43,797
Group's share of fair value adjustment on property	-	-	-	10,918	-	-	10,918
Foreign exchange translation differences	-	-	(3,533)	1,495	1,815	83	(140)
Carrying amount in the statement of financial position	11,020	6,545	22,340	10,733	3,258	679	54,575
Group's share of results							
Year ended 31 December							
Group's share of profit or loss	274	(35)	1,473	(1,989)	(389)	(40)	(706)
Group's share of other comprehensive income/(loss)	105	-	-	-	-	(51)	54
Group's share of total comprehensive income/(loss)	379	(35)	1,473	(1,989)	(389)	(91)	(652)
Other information							
Dividends received	-	-	-	-	-		

10. INVESTMENT IN JOINT VENTURE

	Group	
	2016	2015
	RM'000	RM'000
At cost:		
At 1 January	9	18
Share of post-acquisition reserve, net of dividends received	(12)	(12)
Foreign exchange translation differences	3	3
At 31 December	-	9

The details of the joint venture are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %	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 auditors 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 2016 to 31 December 2016 of the joint venture have been used for equity accounting since it is not significant to the Group.

The summarised financial information of the joint venture, not adjusted for the percentage ownership held by the Group is as follows:

	Group	
	2016	2015
	RM'000	RM'000
Results		
Revenue	-	-
Loss for the financial year	(27)	(11)
Assets		
- Current assets	19	26
- Non-current assets	-	-
	19	26
Liabilities		
- Current liabilities	34	17
Operating cash inflows	-	-
Investing cash inflows	-	-
Financing cash inflows	-	-

11. INVESTMENT SECURITIES

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Non-Current:				
Available-for-sale financial assets				
Quoted securities				
In Malaysia				
- Equity instruments, at fair value	11,820	12,866	-	-
Available-for-sale financial assets				
Unquoted securities				
In Malaysia				
- Equity instruments, at cost	5	52,663	-	52,658
- Less: Impairment loss	-	(47,758)	-	(47,758)
	5	4,905	-	4,900
Outside Malaysia				
- Equity instruments, at cost	20,158	16,512	-	-
- Less: Impairment loss	(14,808)	(14,808)	-	-
	5,350	1,704	-	-
	5,355	6,609	-	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	666	682	-	-
- Convertible loan notes, at fair value	311	136	-	-
Outside Malaysia				
- Convertible preference shares, at fair value	5,257	627	-	-
- Convertible loan notes, at fair value	10,490	3,131	-	-
	16,724	4,576	-	-
Total non-current investment securities	33,899	24,051	-	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	(10)	(37)	-	-
Total current investment securities	460	433	-	-
Total investment securities	34,359	24,484	-	4,900
Market value of quoted investments	12,281	13,300	-	-

12. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2016	**2015**	**2016**	**2015**
	Note	RM'000	RM'000	RM'000	RM'000
Current:					
Trade					
Trade receivables	(a)	94,022	52,503	-	-
Amount owing from customers for contract work	(b)	765	136	-	-
Accrued billings		18,243	20,489	-	-
		113,030	73,128	-	-
Less : Impairment loss					
Trade receivables	(a)	(1,479)	(1,774)	-	-
		111,551	71,354	-	-
Non-Trade					
Other receivables	(c)	56,764	9,537	121	917
Deposits		2,824	1,587	17	5
Amounts owing from associates	(d)	308	8,714	-	-
Amounts owing from subsidiaries	(e)	-	-	142,592	141,204
		59,896	19,838	142,730	142,126
Less : Impairment loss					
Other receivables		(877)	(1,049)	-	-
		(877)	(1,049)	-	-
		59,019	18,789	142,730	142,126
Total current receivables		170,570	90,143	142,730	142,126
Total trade and other receivables		170,570	90,143	142,730	142,126
Add: Cash and bank balances and short term deposits	16	139,849	159,764	1,309	1,844
Total loan and receivables		310,419	249,907	144,039	143,970

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	
	2016	**2015**
	RM'000	RM'000
Neither past due nor impaired	61,214	21,737
Past due 0 to 3 months	10,542	11,473
Past due 3 to 9 months	18,387	15,442
Past due over 9 months	2,400	2,077
	31,329	28,992
Impaired- Individually	1,437	1,534
Impaired- Collectively	42	240
	94,022	52,503

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.

12. **TRADE AND OTHER RECEIVABLES (Continued)**

(a) **Trade receivables (Continued)**

Receivables that are past due but not impaired

Included in the Group's trade and other receivable balances are receivables with carrying values of RM 31.3 million (2015: RM29.0 million) which are past due but not impaired at the end of the financial year. The Group has not made any allowances for impairment for these receivables since there has not been a significant change in the credit quality of these receivables and the amounts owing are still considered as recoverable.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivables from the date the credit was initially granted up to the reporting date. The Group has policies in place to ensure that credit is extended only to customers with acceptable credit history and/or payment track records. Allowances for impairment are made on specific trade receivables when there is objective evidence that the Group will not be able to collect all amounts due. Included in current year provisions are mainly specific allowances for impairment.

Trade receivables that are past due but not impaired are unsecured in nature.

Receivables that are impaired

The Group'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	
	2016	**2015**
	RM'000	RM'000
At 1 January	1,774	1,601
Charge for the financial year	-	234
Disposal of a subsidiary	(198)	-
Written off	-	(99)
Reversal of impairment loss	(100)	-
Exchange differences	3	38
At 31 December	1,479	1,774

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.

12. TRADE AND OTHER RECEIVABLES (Continued)

(b) Amount owing from/(to) customers for contract work

	Group 2016 RM'000	Group 2015 RM'000
Aggregate costs incurred to date and attributable profits recognised to date	18,970	1,793
Less: Progress billings	(23,618)	(1,801)
	(4,648)	(8)
Analysed as follows:		
Amount owing to customers for contract work	(5,413)	(144)
Amount owing from customers for contract work	765	136
	(4,648)	(8)

The contract work relates to proprietary solution contracts undertaken by the Group for its customers. At the end of the financial year, amounts in trade and other receivables arising from service contracts are due for settlement within 12 months.

(c) Other receivables

Included in the Group's other receivables are an insurance claim compensation amounting to RM32.6 million which is expected to be received from the insurance company in the following financial year.

(d) Amount owing from associates

The amount owing from associates are unsecured, interest-free and are repayable on demand by cash.

(e) Amount owing from subsidiaries

	Company 2016 RM'000	Company 2015 RM'000
Amount owing from subsidiaries	206,591	205,180
Less : Impairment loss	(63,999)	(63,976)
	142,592	141,204

The amount owing from subsidiaries are unsecured, interest-free and are repayable on demand by cash.

13. DEFERRED TAX (ASSETS)/LIABILITIES

(a) Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts of deferred tax assets and liabilities, after appropriate offsetting, are as follows:

		Group		Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
At 1 January		1,994	796	(270)	(389)
Recognised in profit or loss	27	(3,439)	1,177	73	117
Recognised directly in equity:					
- ICULS	19	58	2	58	2
Acquisition of a subsidiary		3,979	-	-	-
Recognised in other comprehensive income:					
- Revaluation of properties		1,747	-	-	-
Foreign exchange translation adjustment		17	19	-	-
At 31 December		4,356	1,994	(139)	(270)
Presented after appropriate offsetting:					
Deferred tax assets, net		(1,850)	(665)	(139)	(270)
Deferred tax liabilities, net		6,206	2,659	-	-
		4,356	1,994	(139)	(270)

The deferred tax assets of the Company are in relation to the ICULS.

(b) The component and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group

	Property, Plant and Equipment	Others	Total
	RM'000	RM'000	RM'000
At 1 January 2016	1,723	936	2,659
Recognised in profit or loss	(2,085)	(94)	(2,179)
Acquisition of a subsidiary	3,979	-	3,979
Recognised in other comprehensive income	1,747	-	1,747
At 31 December 2016	5,364	842	6,206
At 1 January 2015	414	919	1,333
Recognised in profit or loss	1,309	17	1,326
At 31 December 2015	1,723	936	2,659

13. **DEFERRED TAX (ASSETS)/LIABILITIES (Continued)**

(b) The component and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows (Continued):

Deferred tax assets of the Group

	Unutilised tax losses and unabsorbed capital allowances RM'000	Others RM'000	Total RM'000
At 1 January 2016	836	(171)	665
Recognised in profit or loss	1,332	(89)	1,243
Recognised in equity	-	(58)	(58)
At 31 December 2016	2,168	(318)	1,850
At 1 January 2015	644	(107)	537
Recognised in profit or loss	192	(62)	130
Recognised in equity	-	(2)	(2)
At 31 December 2015	836	(171)	665

(c) The amount of temporary differences for which no deferred tax assets have been recognised are as follows:

	Group	
	2016 RM'000	2015 RM'000
Deductible temporary differences	12,484	8,082
Unutilised tax losses	210,871	222,625
Unabsorbed capital allowances	24,673	19,222
	248,028	249,929

The unutilised tax losses and deductible temporary differences do not expire under current tax legislation.

14. INVENTORIES

	Group 2016 RM'000	Group 2015 RM'000
At cost/net realisable value:		
Raw materials	43	534
Work-in-progress	4,093	6,589
Finished goods	86	5,369
Food and beverages	204	213
Operating supplies	7,918	6,815
Completed properties and properties under development	29,672	39,900
	42,016	59,420

Completed properties and properties under development consist of the following:

	Group 2016 RM'000	Group 2015 RM'000
Current assets		
Leasehold land	10,970	12,124
Development costs	6,927	24,592
	17,897	36,716
Completed properties	11,775	3,184
	29,672	39,900

Included in properties under development are the following charges incurred during the financial year:

	Group 2016 RM'000	Group 2015 RM'000
Interest expenses	41	136

Certain leasehold land held under development with carrying amount of RM5.15 million (2015: 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 NIL (2015: 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 RM30.74 million (2015: RM47.05 million).

15. FINANCIAL ASSETS HELD FOR TRADING

	Group	
	2016	2015
	RM'000	RM'000
Financial assets held for trading at fair value through profit or loss:		
Foreign currencies held for sale	429	411

16. CASH AND BANK BALANCES AND SHORT TERM DEPOSITS

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	56,620	52,777	159	94
Short term deposits	83,229	106,987	1,150	1,750
	139,849	159,764	1,309	1,844

Included in the short term deposits of the Group are:

(a) an amount of RM12.42 million (2015: RM10.21 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 RM0.58 million (2015: RM0.57 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 RM23.85 million (2015: RM23.00 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

	2016		2015	
	Number of Shares '000	RM'000	Number of Shares '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	664,052	199,216	662,257	198,677
Arising from conversion of ICULS (Note 19)	-	-	1,795	539
At 31 December	664,052	199,216	664,052	199,216

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

18. RESERVES

		Group		Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
Non-distributable					
Available-for-sale reserve	(a)	4,051	4,987	-	-
Capital reserve		-	-	69	69
Foreign exchange translation reserve	(b)	13,535	8,699	-	-
Revaluation reserve	(c)	23,510	15,998	-	-
		41,096	29,684	69	69
Share premium		117,317	117,317	117,317	117,317
		158,413	147,001	117,386	117,386
Distributable					
Retained earnings		31,591	28,921	10,570	8,721
		190,004	175,922	127,956	126,107

18. **RESERVES (Continued)**

(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.

(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.

19. ICULS (Continued)

The interest on the ICULS at the rate of 2% per annum on the nominal value of the outstanding ICULS is payable annually in arrears, on the last day of each of the ten (10) successive periods of twelve (12) months calculated from the issue date with the last interest payment date falling on the maturity date of the ICULS.

The ICULS is recognised in the statements of financial position of the Group and of the Company as follows:

		Group and Company		
	Note	Equity Component	Liability Component	Total
2016		RM'000	RM'000	RM'000
Nominal value				
At 1 January 2016		64,861	16,144	81,005
Deferred tax assets	13	(58)	-	(58)
At 31 December 2016		64,803	16,144	80,947
Expense recognised in profit or loss				
At 1 January 2016		-	7,892	7,892
Recognised during the financial year - ICULS interest		-	208	208
At 31 December 2016		-	8,100	8,100
Interest paid/accrued:				
At 1 January 2016		-	(21,060)	(21,060)
Paid/accrued during the financial year		-	(1,591)	(1,591)
At 31 December 2016		-	(22,651)	(22,651)
At 31 December 2016		64,803	1,593	66,396

19. **ICULS (Continued)**

The ICULS is recognised in the statements of financial position of the Group and of the Company as follows (Continued):

		Group and Company		
	Note	Equity Component	Liability Component	Total
2015		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

Interest expense on the ICULS is calculated based on the effective yield by applying the effective interest rate of 7% (2015: 7%) for an equivalent non-convertible loan stock to the liability component of the ICULS.

20. BORROWINGS

		Group	
		2016	**2015**
	Note	RM'000	RM'000
Current liabilities			
Revolving credit	(a)	20,750	9,400
Finance lease payable	(b)	-	23,084
Hire purchase payables	(c)	56	15
Term loans	(d)	2,693	4,704
		23,499	37,203
Non-current liabilities			
Finance lease payable	(b)	23,009	-
Hire purchase payables	(c)	194	-
Term loans	(d)	56,542	42,844
		79,745	42,844
		103,244	80,047
Total liabilities			
Revolving credit	(a)	20,750	9,400
Finance lease payable	(b)	23,009	23,084
Hire purchase payables	(c)	250	15
Term loans	(d)	59,235	47,548
		103,244	80,047

(a) **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 (2015: RM10.28 million) and RM61.94 million (2015: 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.

20. **BORROWINGS (Continued)**

(b) **Finance Lease Payable**

	Group 2016 RM'000	Group 2015 RM'000
Minimum lease payments:		
- not later than one (1) year	1,203	23,679
- later than one (1) year but not later than five (5) years	24,802	-
- later than five (5) years	-	-
	26,005	23,679
Less: Future finance lease interest	(2,996)	(595)
Present value of finance lease liabilities	23,009	23,084
Represented by:		
Current		
- not later than one (1) year	-	23,084
Non-current		
- later than one (1) year but not later than five (5) years	23,009	-
- later than five (5) years	-	-
	23,009	23,084

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 and was extended for a period of three (3) years with an option to further extend for another period of two (2) years in the current financial year.

The Group has an option to buy back the hotel property at RM23 million at the end of the extended lease term.

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.

20. BORROWINGS (Continued)

(c) **Hire Purchase Payables**

	Group	
	2016	**2015**
	RM'000	RM'000
Minimum hire purchase payments:		
- not later than one (1) year	68	15
- later than one (1) year but not later than five (5) years	206	-
	274	15
Less: Future hire purchase interest	(24)	-
Present value of hire purchase liabilities	250	15
Represented by:		
Current		
- not later than one (1) year	56	15
Non-current		
- later than one (1) year but not later than five (5) years	194	-
	250	15

The weighted average effective interest rate of the hire purchase payable is disclosed in Note 36(c) to the financial statements.

(d) **Term Loans**

	Group	
	2016	**2015**
	RM'000	RM'000
Term loans		
-secured	59,235	44,764
-unsecured	-	2,784
	59,235	47,548
Represented by:		
Current		
- not later than one (1) year	2,693	4,704
Non-current		
- later than one (1) year but not later five (5) years	20,504	8,186
- later than five (5) years	36,038	34,658
	56,542	42,844
	59,235	47,548

20. **BORROWINGS (Continued)**

(d) **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 (2015: RM10.28 million) and RM61.94 million (2015: 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	
	2016	**2015**
	RM'000	RM'000
Present value of unfunded defined benefits obligations	1,609	1,427

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	
	2016	**2015**
	RM'000	RM'000
At 1 January	1,427	1,284
Include in the profit or loss:		
- Current service cost	102	97
- Interest cost	88	76
	190	173
Others:		
Paid during the financial year	(8)	(30)
At 31 December	1,609	1,427

The principal actuarial assumptions used are as follows:

	Group	
	2016	**2015**
	%	%
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	
	Defined benefit obligation	
	Increase	**Decrease**
2016	RM'000	RM'000
Increase/Decrease of 1% discount rate	(231)	279
Increase/Decrease of 1% expected rate of salary increase	312	(260)
Increase/Decrease of 1% future turnover rate	(57)	61
Increase/Decrease of 10% future mortality	(11)	12

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

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Current:					
Trade					
Amount owing to customers for contract work	12(b)	5,413	144	-	-
Trade payables	(a)	26,261	16,106	-	-
Deferred revenue		231	367	-	-
		31,905	16,617	-	-
Current:					
Non-Trade					
Accruals		16,893	23,775	537	533
Accrued interest		1,472	1,472	1,472	1,472
Amount owing to associates	(b)	-	1,312	-	-
Amount owing to subsidiaries	(c)	-	-	224,891	230,267
Deposits received		821	973	-	-
Other payables		24,426	18,565	-	1
Deferred revenue		2,108	1,228	-	-
		45,720	47,325	226,900	232,273
Total current payables		77,625	63,942	226,900	232,273
Total trade and other payables		77,625	63,942	226,900	232,273
Less: Deferred revenue		2,339	1,595	-	-
Add: Borrowings (Note 20)		103,244	80,047	-	-
Total financial liabilities carried at amortised cost		178,530	142,394	226,900	232,273

(a) **Trade payables**

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 30 to 90 days (2015: 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	
	2016	**2015**	**2016**	**2015**
	RM'000	RM'000	RM'000	RM'000
Sales of goods and services	13,483	27,184	-	-
Hotels and resorts services	50,113	48,716	-	-
Coach building	12,363	9,805	-	-
Information, communications technology and related service	70,035	54,736	-	-
Travel and tours	101,431	93,639	-	-
Card and payment services	6,287	5,949	-	-
Interest and financing income	28	64	28	64
Property development	22,154	27,376	-	-
Rental income	881	1,368	-	-
Gross dividend income	-	-	9,932	11,956
	276,775	268,837	9,960	12,020

24. COST OF SALES

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	RM'000	RM'000	RM'000
Sales of goods and services	11,721	22,130	-	-
Hotels and resorts services	12,099	11,652	-	-
Coach building	8,263	8,489	-	-
Information, communications technology and related service	32,752	21,352	-	-
Travel and tours	92,818	84,846	-	-
Card and payment services	4,532	4,526	-	-
Property development	17,114	21,898	-	-
	179,299	174,893	-	-

25. **OPERATING PROFIT**

Operating profit has been arrived at:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	RM'000	RM'000	RM'000
After charging:				
Amortisation of intangible assets	2,003	2,560	-	-
Auditors' remuneration				
- statutory:				
- holding company	100	97	100	97
- subsidiaries	853	908	-	-
- (over)/under accrual in prior years	(15)	(13)	3	-
- non-statutory:				
- holding company	12	12	12	12
Write down of inventories	160	-	-	-
Bad debts written off	-	546	-	15
Depreciation	7,454	9,852	9	11
Directors' remuneration:				
- fees	621	614	315	315
- other emoluments	1,764	1,649	822	755
Impairment loss on:				
- development expenditure	300	-	-	-
- goodwill	107	-	-	-
- available-for-sale investment securities	1	1	-	-
- loan and receivables	8	355	23	-
- property, plant and equipment	93	489	-	-
Fair value change in investment property	810	-	-	-
Loss on disposal of:				
- an associate	-	596	-	-
- a subsidiary	884	-	-	-
Lease rental	11,488	12,347	-	-
Net loss on foreign exchange:				
- realised	132	-	-	-
- unrealised	2,026	-	-	156
Property, plant and equipment written off (included item in Note 38(d))	28,498	16,816	-	1
Provision for retirement benefits plan	190	173	-	-
Realisation of foreign exchange reserve	737	-	-	-
Rental expenses:				
- equipment	232	231	-	-
- premises	1,165	1,690	170	170
- others	309	165	-	-
Staff cost:				
- salaries and wages	41,279	42,570	2,149	2,066
- defined contribution plan	4,943	5,153	322	312
- other employee benefits	3,892	3,657	36	26

25. **OPERATING PROFIT (Continued)**

Operating profit has been arrived at (Continued):

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	RM'000	RM'000	RM'000
And crediting:				
Insurance claim compensation (Note 38(d))	32,646	-	-	-
Gain on disposal of:				
- property, plant and equipment	72	12,350	-	-
- an associate	389	-	-	-
- lease rights	-	4,986	-	-
- partial interest in a subsidiary	38	-	-	-
Fair value change in:				
- financial assets held for trading	17	15	-	-
- held for trading investments	28	15	-	-
- investment in associates	3,341	-	-	-
- fair value through profit or loss investment securities	5,428	-	-	-
Net gain on foreign exchange:				
- realised	-	943	1	1
- unrealised	-	655	54	-
Interest income:				
- Short term deposits	2,722	3,123	28	64
- Loan and receivables	227	258	-	-
Rental income	1,621	1,587	-	-
Write back of impairment loss on:				
- available-for-sale investment securities	99	-	99	-
- loan and receivables	272	683	-	-
Write back of inventories	-	25	-	-
Write back of payables	-	397	-	-

26. **FINANCE COSTS**

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	RM'000	RM'000	RM'000
Interest expenses				
- bank overdrafts	1	41	-	-
- finance lease	1,316	1,684	-	-
- hire purchases	13	3	-	-
- ICULS	208	288	208	288
- term loans	3,039	2,663	1,215	2,052
- others	2	439	-	437
	4,579	5,118	1,423	2,777

27. INCOME TAX EXPENSE

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Income tax				
Current year				
- In Malaysia	7,082	6,118	8	10
- Outside Malaysia	(3)	7	-	-
Prior years	(1,224)	(1,126)	1	(59)
Real property gain tax				
Current year	-	543	-	-
Deferred tax (Note 13)				
Current year	(2,362)	(47)	-	-
Prior years	(1,077)	1,224	73	117
	2,416	6,719	82	68

The income tax is calculated at the statutory rate of 24% (2015: 25%) of the estimated assessable profit for the year.

Two indirect subsidiaries of the Company, GlobeOSS Sdn. Bhd. and Unified Communications (VAS) Sdn. Bhd., have been granted pioneer status as Multimedia Super Corridor ("MSC") companies under the Malaysia Promotion of Investment Act, 1986. The benefits to a company having MSC status include a five year pioneer status tax exemption on profits generated from the MSC qualifying activities during the same period. The MSC status of GlobeOSS Sdn. Bhd. expired on 14 January 2017. The MSC status of Unified Communications (VAS) Sdn. Bhd. commenced from 21 December 2015 and will expire on 20 December 2020.

In addition, another subsidiary of the Company, Unified Communications (OHQ) Sdn. Bhd. received the Malaysian Industrial Development Authority's approval in October 2009 of its Operational Headquarters ("OHQ") status to provide certain approved OHQ services to the Group entities. The OHQ status is granted for ten (10) years with certain tax incentives.

27. **INCOME TAX EXPENSE (Continued)**

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	%	%	%	%
Applicable tax rate	24	25	24	25
Tax effects arising from				
- Non allowable expenses	41	(1,008)	43	33
- Non taxable income	(44)	977	(67)	(58)
- Utilisation of previously unrecognised tax losses and capital allowances	(1)	73	-	-
- Deferred tax assets not recognised in the year	23	(596)	-	-
- Different tax rate in foreign jurisdiction	-	(176)	-	-
- Crystalisation of deferred tax liabilities	(15)	-	-	-
- Real property gain tax	-	(64)	-	-
- Share of tax of associates included in share of profit of associates	-	(21)	-	-
- Utilisation of group relief	(1)	5	-	-
	27	(785)	-	-
- (over)/under accrual in prior years	(13)	(12)	2	1
Average effective tax rate	14	(797)	2	1

The tax savings of the Group and of the Company are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	RM'000	RM'000	RM'000
Arising from utilisation of previously unutilised tax losses	183	619	-	-

28. EARNINGS/(LOSS) PER ORDINARY SHARE

(a) Basic earnings/(loss) per ordinary share

	Group	
	2016	**2015**
	RM'000	RM'000
Consolidated profit/(loss) attributable to owners of the parent	3,858	(11,591)

	2016	**2015**
	'000	'000
Weighted average number of ordinary shares in issue	664,052	663,549

	2016	**2015**
	Sen	Sen
Basic earnings/(loss) per share	0.58	(1.75)

(b) Diluted earnings/(loss) per ordinary share

Diluted earnings/(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	
	2016	**2015**
	RM'000	RM'000
Consolidated profit/(loss) attributable to owners of the parent	3,858	(11,591)
Interest expenses on ICULS (net of tax)	281	406
Profit/(Loss) after mandatory conversion of ICULS	4,139	(11,185)

	2016	**2015**
	'000	'000
Weighted average number of ordinary shares in issue	664,052	663,549
Adjustment for ordinary shares deemed converted from ICULS	265,143	265,646
Weighted average number of ordinary shares in issue after deemed conversion of ICULS	929,195	929,195

28. EARNINGS/(LOSS) PER ORDINARY SHARE (Continued)

(b) Diluted earnings/(loss) per ordinary share (Continued)

	Group	
	2016	**2015**
	Sen	Sen
Diluted earnings/(loss) per share	0.45	(1.75)

The diluted loss per share for the previous 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
2016			
Final 2015 ordinary share (single tier)	0.250	1,660	23 August 2016
2015			
Final 2014 ordinary share (single tier)	0.250	1,660	18 September 2015

30. CONTINGENT LIABILITIES

	Group	
	2016	**2015**
	RM'000	RM'000
Litigation	6,541	6,335

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.

30. CONTINGENT LIABILITIES (Continued)

Telco had via a letter issued in July 2013 alleged that UTPL is liable for a sum of INR 10.7 crore (approximately SGD2.1 million or RM6.3 million) for damages and expenditure incurred in connection with the said contract during its currency.

Legal advice has been sought from reputable law firms in both India and Singapore with good credentials in handling contract litigation and dispute resolution, to review and advice on the merit of this claim by the Telco on UTPL. Based on the legal opinions obtained from the law firms concerned, management of Captii is of the view that UTPL has full rights and title to the assets and should be entitled to demand their return, and that the Telco's claim against UTPL has no legal merit. Accordingly, external legal counsels in Singapore and India have been appointed to advise and represent UCPL and UTPL to pursue legal recourse.

The hearing on the petition filed by UTPL which was originally scheduled to be heard on 23 April 2014, having been adjourned on several occasions, was dismissed by the High Court, as the Telco had initiated the arbitration proceedings before a tribunal. The High Court was of the view that the matter should be resolved through arbitration proceedings since the tribunal had already been constituted.

In the last financial 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 to cross examine the affidavits of the admissions and denial documents relating to the aforesaid claim and counterclaims, with additional affidavit filed by the Telco. The Arbitrator has attempted to arrange for a number of hearings but these were adjourned a few times with the latest hearing date fixed in April 2017.

In the opinion of management of Captii and solicitor, no material losses are expected to arise pertaining to the aforesaid contingent liability.

31. MATERIAL LITIGATION

The Company had announced that a legal proceeding was instituted against PT Diwangkara, an indirect subsidiary of the Company, arising from a claim dated 14 April 2015 made by PT. Diwangkara Jaya Makmur ("Plaintiff" or "Jaya Makmur") against PT. Diwangkara ("Defendant I" or "PT Diwangkara Holiday Villa Bali") and CV. Telabah Nasional Traiding Company ("Defendant II") which was read on 28 July 2015 at the Denpasar District Court, Indonesia. Defendant I has a lease agreement for the land and building which happened to be the building of Diwangkara Holiday Villa Beach Resort & Spa Bali ("Hotel") including its licences and in the agreement, the owner also gives the right to operate and manage the Hotel to Defendant I.

31. **MATERIAL LITIGATION (Continued)**

The Plaintiff's claims principally included among others to invalidate the lease agreement between the Defendant I and Defendant II for Defendant I to lease the Hotel for a period of 22 years, and for Defendant I to pay actual and general losses suffered by the Plaintiff amounting to Rp114,600,000,000 (equivalent of approximately RM36.4 million) and default penalty in the amount of Rp10,000,000 (equivalent of approximately RM3,180) for each day commencing from the pronounce of the judgement and court fees.

Mediation proceedings had ended and the trial continued with Response of the Parties for the claim and Defendant I had responded by filing its claims to Denpasar District Court, Indonesia which principally included among others to declare the lease agreement legitimate and binding under the law, order for Plaintiff to pay actual and general losses and compensation for the loss of public trust, image and reputation of the Hotel that have been suffered by Defendant I amounting to Rp24,304,854,643 and USD1,313,860.13 (equivalent of approximately RM13.6 million), default penalty in the amount of Rp10,000,000 (equivalent of approximately RM3,180) for each day commencing from the date the judgement is enforceable and all costs incurred in this case.

On 5 May 2016, the Company announced the Court's judgement which principally states that Jaya Makmur has conducted an unlawful act by taking over the Hotel and office building and the management of the Hotel from PT. Diwangkara Holiday Villa Bali prior to the expiry of the lease under Deed No. 38 and No. 39 and therefore Jaya Makmur shall return the operations of the Hotel to PT. Diwangkara Holiday Villa, and pay material and immaterial losses of PT. Diwangkara Holiday Villa in the amount of Rp5,384,507,763 (equivalent of approximately RM1.7 million) plus costs incurred in this case in the amount of Rp1,706,000 (equivalent of approximately RM530).

With regard to the Court's Judgement, both parties have submitted an appeal to the High Court of Denpasar, Indonesia.

32. **COMMITMENTS**

(a) The Group has lease commitments under non-cancellable operating leases, which are payable as follows:

	Group	
	2016	**2015**
	RM'000	RM'000
Not later than one (1) year	13,820	9,527
Later than one (1) year but not later than five (5) years	29,778	18,067
Later than five (5) years	61,511	46,979
	105,109	74,573

The Group leases a number of hotels and office premises under operating leases. The hotel leases typically run for the period of two to eighty years and the office premises leases run for average period of three years.

32. **COMMITMENTS (Continued)**

(b) The Group has total future minimum lease receivables committed under non-cancellable operating leases are as follows:

	Group	
	2016	**2015**
	RM'000	RM'000
Not later than one (1) year	-	612
Later than one (1) year but not later than five (5) years	-	-
	-	612

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	
	2016	**2015**	**2016**	**2015**
	RM'000	RM'000	RM'000	RM'000
Income				
(i) Dividends receivable from subsidiaries				
- Alangka-Suka Hotels & Resorts Sdn. Bhd.	-	-	4,778	7,167
- Worldwide Matrix Sdn. Bhd.	-	-	1,360	1,385
- Diversified Gain Sdn. Bhd.	-	-	1,980	1,590
- Advance Synergy Realty Sdn. Bhd.	-	-	1,814	1,814
(ii) Rental receivable from a company of which a director has deemed interest:				
- SJ Securities Sdn. Bhd.	552	558	-	-

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	
	2016	**2015**	**2016**	**2015**
	RM'000	RM'000	RM'000	RM'000
Expenses				
(i) Rental payable to a subsidiary				
- AESBI Power Systems Sdn. Bhd.	-	-	170	170
(ii) Purchase of goods and services from a subsidiary				
- Orient Escape Travel Sdn. Bhd.	-	-	27	71
(iii) Lease rental payable to a company of which a director has deemed interest:				
- Leeds Property Limited	4,822	5,065	-	-
(iv) Directors' emoluments:				
- fees	621	614	315	315
- salaries and bonuses	1,764	1,649	822	755
- benefit-in-kind	95	23	88	23

(c) **Compensation of key management personnel**

The remuneration of Directors and other key management personnel during the financial year are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	RM'000	RM'000	RM'000
Fees	674	674	315	315
Emoluments and benefits	4,830	4,715	1,166	1,060
Contributions to defined contribution plan	513	515	140	127
	6,017	5,904	1,621	1,502

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 RM102,100 (2015: RM29,900) for the Company and RM94,900 (2015: RM29,900) for the Group.

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration amounting to RM1,764,106 (2015: RM1,649,462) and RM822,080 (2015: RM754,880) 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.

Segment liabilities

The total segment liability is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Group Managing Director.

The Group's operating segments are as follows:

Investment holding	:	Investment holding and providing full corporate and financial support to the Group.
Property development	:	Development of residential and commercial properties.
Hotels and resorts	:	Operate and manage hotels and resorts and other related services.
Information and communications technology	:	Design and development of telecommunications software applications and systems and the provision of solutions and services for the telecommunications industry.

34. **SEGMENT INFORMATION (Continued)**

The Group's operating segments are as follows (Continued):

Travel and tours : Travel and tour agent, money services business and provision of travel related services.

Others : Businesses involving 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.

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by operating segment:

2016	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
Revenue									
External	642	22,164	61,871	70,035	101,431	20,632	-		276,775
Inter-segment	11,762	-	-	-	381	-	(12,143)	(a)	-
	12,404	22,164	61,871	70,035	101,812	20,632	(12,143)		276,775
Results									
Segment results	621	4,240	6,517	22,126	4,295	(10,983)	(9,300)	(b)	17,516
Share of results of associates	299	-	(692)	(12)	340	-	-		(65)
Consolidated profit/(loss) before tax	920	4,240	5,825	22,114	4,635	(10,983)	(9,300)		17,451
Income tax expense	(92)	(968)	1,921	(2,834)	(443)	-	-		(2,416)
Net profit for the financial year									15,035
Attributable to:									
Non-controlling interests									11,177
Owners of the parent									3,858

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):

2016	Invest-ment holding RM'000	Property develop-ment RM'000	Hotels and resorts RM'000	Information and commu-nications technology RM'000	Travel and tours RM'000	Others RM'000	Elimi-nation RM'000	Notes	Total RM'000
Other information									
Segments assets	55,682	66,935	253,054	201,092	25,306	51,825	-		653,894
Investment in associates and joint venture	33,927	-	6,578	5,668	764	-	-		46,937
Unallocated corporate assets									4,309
Total assets									705,140
Segment liabilities	32,476	5,557	88,710	33,407	5,112	18,809	-		184,071
Unallocated corporate liabilities									6,993
Total liabilities									191,064
Additions to non-current assets (other than financial instruments and deferred tax assets)									
- Property, plant and equipment	169	2	1,585	1,090	16	941	-		3,803
- Software development expenditure	-	-	-	1,537	-	-	-		1,537
- Licenses	-	-	-	-	-	182	-		182
Income:									
Interest income	94	55	1,937	773	90	-	-		2,949
Fair value change in:									
-held for trading investments	-	-	28	-	-	-	-		28
-foreign currency held for trading	-	-	-	-	17	-	-		17
-investment in associates	-	-	(15)	3,356	-	-	-		3,341
-fair value through profit or loss investments	-	-	-	5,428	-	-	-		5,428
Write back/(off) of impairment loss on:									
-available-for-sale investments	99	-	-	-	(1)	-	-		98
-loan and receivables	172	-	100	-	-	-	-		272

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):

2016	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
<u>Other information (Continued)</u>									
Income (Continued):									
Gain/(Loss) on disposal of:									
-partial interest in a subsidiary	-	-	38	-	-	-	-		38
-an associate	-	-	-	-	389	-	-		389
-property, plant and equipment	-	16	95	(2)	-	(37)	-		72
Insurance claim compensation	-	-	32,646	-	-	-	-		32,646
Expense:									
Amortisation of intangible assets	-	-	-	1,898	-	105	-		2,003
Depreciation	578	20	3,599	1,495	126	1,636	-		7,454
Finance cost	2,850	-	1,484	-	1	244	-		4,579
Impairment loss on:									
-property, plant and equipment	-	-	-	93	-	-	-		93
-investment property	-	-	-	810	-	-	-		810
-development expenditure	-	-	-	300	-	-	-		300
-loan and receivables	8	-	-	-	-	-	-		8
-goodwill	-	-	107	-	-	-	-		107
Write down on									-
inventories	-	-	-	60	-	100	-		160
Loss on disposal a subsidiary	-	-	-	-	-	884	-		884
Property, plant and equipment written off	63	11	28,410	-	-	14	-		28,498
Lease rental	-	-	11,488	-	-	-	-		11,488
Staff costs:									
- salaries and wages	4,366	731	13,225	15,116	3,798	4,043	-		41,279
- defined contribution plan	569	84	1,334	1,899	487	570	-		4,943
- other employee benefits	245	33	907	1,753	647	307	-		3,892

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):

2015	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
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 loss for the financial year									(7,561)
Attributable to:									
Non-controlling interests									4,030
Owners of the parent									(11,591)

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):

2015	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									
Segments assets	59,053	69,741	196,175	167,867	21,186	59,017	-		573,039
Investment in 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
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

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):

2015	Invest-ment holding RM'000	Property develop-ment RM'000	Hotels and resorts RM'000	Information and commu-nications technology RM'000	Travel and tours RM'000	Others RM'000	Elimi-nation RM'000	Notes	Total RM'000
Other information (Continued)									
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
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)**

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.
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.

34. **SEGMENT INFORMATION (Continued)**

Geographical segments

The following table provides an analysis of the Group's revenue, segment assets and additions to non-current assets (other than financial instruments and deferred tax assets) by geographical segment:

	Revenue		**Segment assets**		**Additions to non-current assets (other than financial instruments and deferred tax assets)**	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	237,143	211,056	503,220	471,976	4,973	4,321
Singapore	2,276	1,901	25,421	11,349	6	3
Africa & Middle East	9,340	11,991	7,143	10,362	326	57
Europe	13,152	14,331	60,468	9,932	29	140
Australia	-	14,113	4	17,194	-	7
Others	14,864	15,445	57,638	52,226	188	757
	276,775	268,837	653,894	573,039	5,522	5,285

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 reliably estimate fair value.

35. **FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

(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 approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amount of the current portion of borrowings is reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amount of long term floating rate loans approximate their fair value as the loans to be repaid to market interest rate on or near report date.

The fair value of the liability component and the equity component were determined at the issuance of ICULS.

(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					
		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											
2016											
Financial Assets											
Investment securities:	11										
- Available-for-sale financial assets		11,820	-	-	11,820	-	-	-	-	11,820	11,820
- Held for trading investments		460	-	-	460	-	-	-	-	460	460
Foreign currency held for trading	15	429	-	-	429	-	-	-	-	429	429
Financial Liabilities											
Borrowings:	20										
- Revolving credit		-	-	-	-	-	-	20,750	20,750	20,750	20,750
- Finance lease payable		-	-	-	-	-	-	23,009	23,009	23,009	23,009
- Hire purchase payable		-	-	-	-	-	-	250	250	250	250
- Term loans		-	-	-	-	-	-	59,235	59,235	59,235	59,235
ICULS	19	-	-	-	-	-	-	66,396	66,396	66,396	66,396
Company											
2016											
Financial Liabilities											
ICULS	19	-	-	-	-	-	-	66,396	66,396	66,396	66,396

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											
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	47,538
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)

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

The fair value of the revolving credit, hire purchase payable, term loans and finance lease payable are determined using the discounted cash flows method based on discount rates that reflects the issuer's borrowing rate as at the end of the reporting period.

Transfer between levels of fair values hierarchy

There is no transfer between levels of fair values hierarchy during the financial year.

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 RM9.14 million (2015: RM9.58 million). The Group does not anticipate the carrying amounts as at the end of financial year to be significantly different from the values that would eventually be received.

The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the statement of financial position.

Credit risk concentration profile

The Group determines concentrations of credit risk by industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables at the reporting date are as follows:

	Group			
	2016		2015	
	RM'000	% of total	RM'000	% of total
By industry sectors:				
Investment holding	32	0.0%	38	0.1%
Property development	5,554	6.0%	4,179	9.2%
Hotels and resorts	9,140	9.9%	9,765	21.4%
Information and communications technology	50,143	54.2%	18,332	40.1%
Travel and tours	8,465	9.1%	8,369	18.3%
Others	19,209	20.8%	10,046	10.9%
	92,543	100.0%	50,729	100.0%

36. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**

(a) **Credit Risk (Continued)**

Credit risk concentration profile (Continued)

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.

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 RM64.23 million (2015: RM55.97 million) representing the outstanding banking facilities of the subsidiaries 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.

36. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**

(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.

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 →			
2016	**Carrying Amount** RM'000	**Contractual interest rate** %	**Within 1 Year** RM'000	**1 - 5 Years** RM'000	**More than 5 Years** RM'000	**Total** RM'000
Group						
Financial Liabilities						
Trade and other payables	75,286	-	75,286	-	-	75,286
Revolving credit	20,750	5.50	20,750	-	-	20,750
Finance lease payable	23,009	5.50	1,203	24,802	-	26,005
Hire purchase payables	250	2.70	68	206	-	274
Term loans	59,235	1.54-7.60	4,953	28,734	46,441	80,128
ICULS	66,396	2.00	81,134	-	-	81,134
Company						
Other payables	226,900	-	226,900	-	-	226,900
ICULS	66,396	2.00	81,134	-	-	81,134

36. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**

(b) **Liquidity Risk (Continued)**

Maturity analysis (Continued)

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations (Continued):

			← Contractual cash flows →			
2015	**Carrying Amount** RM'000	**Contractual interest rate** %	**Within 1 Year** RM'000	**1 - 5 Years** RM'000	**More than 5 Years** RM'000	**Total** RM'000
Group						
Financial Liabilities						
Trade and other payables	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

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:

		2016		**2015**	
	Note	**Weighted Average Effective Interest Rate** %	**Carrying Amount** RM'000	**Weighted Average Effective Interest Rate** %	**Carrying Amount** RM'000
Fixed Rate					
Group					
Financial Liabilities					
Finance lease payable	20(b)	5.50	23,009	7.32	23,084
Hire purchase payables	20(c)	5.10	250	5.10	15
Term loans	20(d)	1.71	17,140	7.20	2,784
			40,399		25,883
ICULS	19	7.00	66,396	7.00	67,837
			106,795		93,720
Company					
ICULS	19	7.00	66,396	7.00	67,837

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):

		2016		**2015**	
		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	3.10	83,229	3.27	106,987
Financial Liabilities					
Revolving credit	20(a)	5.50	20,750	5.58	9,400
Term loans	20(d)	5.17	42,095	5.36	44,764
			62,845		54,164
Company					
Financial Assets					
Short term deposits	16	2.70	1,150	3.18	1,750

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 RM0.16 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**
2016	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						
US Dollar	5,136	-	-	1,738	-	6,874
Others	3,286	-	-	9	-	3,295
	8,422	-	-	1,747	-	10,169
Other receivables						
Australia Dollar	333	-	-	-	-	333
US Dollar	9	-	-	6	31	46
Others	6	-	-	-	-	6
	348	-	-	6	31	385

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**
2016	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets and liabilities not held in functional currency						
Financial assets held for trading						
Australia Dollar	31	-	-	-	-	31
Euro	18	-	-	-	-	18
Hong Kong Dollar	32	-	-	-	-	32
Pound Sterling	23	-	-	-	-	23
Renminbi	89	-	-	-	-	89
Singapore Dollar	20	-	-	-	-	20
US Dollar	111	-	-	-	-	111
Others	105	-	-	-	-	105
	429	-	-	-	-	429
Cash and bank balances						
Australia Dollar	3	-	-	-	-	3
Euro	136	-	6	-	-	142
Pound Sterling	3	-	-	-	-	3
Renminbi	1	-	4,913	-	-	4,914
Singapore Dollar	26	-	256	-	-	282
US Dollar	3,027	-	-	4,046	11	7,084
Others	6	-	-	-	-	6
	3,202	-	5,175	4,046	11	12,434
Trade payables						
US Dollar	12,309	-	-	1,040	-	13,349
Euro	542	-	-	-	-	542
Others	694	-	-	614	-	1,308
	13,545	-	-	1,654	-	15,199
Other payables						
US Dollar	-	-	-	-	83	83

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						
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						
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
Borrowings						
Singapore Dollar	-	-	578	-	-	578
Australia Dollar	-	-	859	-	-	859
	-	-	1,437	-	-	1,437

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 and Renminbi ("RMB") exchange rate against the respective functional currencies of the Group entities, with all other variables held constant.

		Group **2016** RM'000 Profit/loss for the year
RMB/USD	- strengthened 10%	661
	- weakened 10%	(661)
USD/SGD	- strengthened 10%	478
	- weakened 10%	(478)
USD/RM	- strengthened 10%	(403)
	- weakened 10%	403

(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 RM1.18 million and post tax profit or loss by RM0.05 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 2015 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	
	2016	**2015**
	RM'000	RM'000
Total borrowings	103,244	80,047
Less : Cash and cash equivalents	(102,998)	(125,989)
Subtotal	246	(45,942)
Total equity	514,076	479,154
Debt-to-equity ratio	-	*

* Not applicable

There were no changes in the Group's approach to capital management during the year.

Certain subsidiaries are required to comply with the necessary capital requirements as prescribed in the rules & regulations of Bank Negara Malaysia and the Mainboard listing 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 11 March 2016, Cherating Holiday Villa Bhd., a wholly-owned subsidiary of Alangka-Suka Hotels & Resorts Sdn. Bhd. ("ASHR"), had renewed the existing lease for Holiday Villa Beach Resort & Spa Cherating with Amanah Raya Bhd. which was expired on 22 June 2016. The renewed lease is for an extension of three (3) years and with an option to further extend for another two (2) years.

38. **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (Continued)**

The significant events during the financial year are as follows (Continued):

(b) On 16 December 2016, Alor Setar Holiday Villa Sdn. Bhd., a wholly-owned subsidiary of ASHR, had renewed the existing lease for Holiday Villa Alor Setar City Centre with Amanah Raya Bhd. which has expired on 22 June 2016. The renewed lease is for an extension of two (2) years.

(c) On 16 December 2016, Langkawi Holiday Villa Sdn. Bhd., a wholly-owned subsidiary of ASHR, had renewed the existing lease for Holiday Villa Beach Resort & Spa Langkawi with Amanah Raya Bhd. which has expired on 12 July 2016. The renewed lease is for an extension of ten (10) years.

(d) On 3 January 2017, the Company announced that a fire outbreak occurred on 30 December 2016 at Holiday Villa Arosa located at Oberseepromenade, CH 7050 Arosa, Switzerland, a hotel owned by Posthotel Arosa AG, an indirect 62.49%-owned subsidiary of ASB. The write off of hotel building amounting to RM28,403,370 and recognition of insurance claim amounting to RM32,646,075 is disclosed in Note 25 to the financial statements.

(e) 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) On 23 January 2017, HVA, an indirect wholly-owned subsidiary of the Company (held via ASHR, a wholly-owned subsidiary of the Company), completed its acquisition of the 226 shares in Arosa from Jacques Rüdisser and Verena Maria Rüdisser for a cash consideration of CHF1,095,715 (equivalent to RM4,644,737) and thus increased its equity interest from 62.49% to 65%. Consequently, Arosa became a 65%-owned subsidiary of HVA.

(b) The Minister of Domestic Trade, Co-operatives and Consumerism appointed 31 January 2017 as the date on which Companies Act 2016 comes into operation except for Section 241 and Division 8 of Part III.

Accordingly, the Group and the Company shall prepare the financial statements for the financial year ending 31 December 2017 in accordance with the requirements of Companies Act 2016 which will be applied prospectively.

Amongst the key changes introduced in the Companies Act 2016 which will affect the financial statements of the Group and of the Company are, where applicable:

- the removal of the authorised share capital;
- shares issued will have no par or nominal value; and
- share premium will become part of share capital.

In addition, the financial statements disclosure requirements under the Companies Act 2016 are different from those requirements set out in the Companies Act 1965. Consequently, items to be disclosed in the Group's and the Company's financial statements for the financial year ending 31 December 2017 may be different from those disclosed in the financial statements for the current financial year.