20

ADVANCE SYNERGY BERHAD
ANNUAL REPORT

17

Contents

STRATEGIC REPORT

Contents	03	Performance Review	08
Five-Year Group Financial Highlights	04	Sustainability	25
Chairman's Statement	06	Risk Management	32

CORPORATE GOVERNANCE

Contents	41	Governance	60
Our Corporate Information	42	Audit Commitee Report	67
Our Board	43	Nomination Committee Report	71
Our Company Secretary	51	Remuneration Committee Report	76
Our Key Management	52	Directors' Responsibility Statement	80
Our Group Senior Management	53	Additional Compliance Information	81

FINANCIAL STATEMENTS

Contents	83	Statements of Cash Flows	100
Directors' Report	84	Notes to the Financial Statements	104
Statements of Financial Position	93	Statement by Directors	220
Statements of Comprehensive Income	95	Statutory Declaration	221
Statements of Changes in Equity	97	Independent Auditors' Report	222

OTHER INFORMATION

Contents	227	Statistics on Shareholdings	232
List of Properties	228	Notice of Annual General Meeting	234
Statement on Directors' Interests	230	Proxy Form	Enclosed

STRATEGIC REPORT

Contents

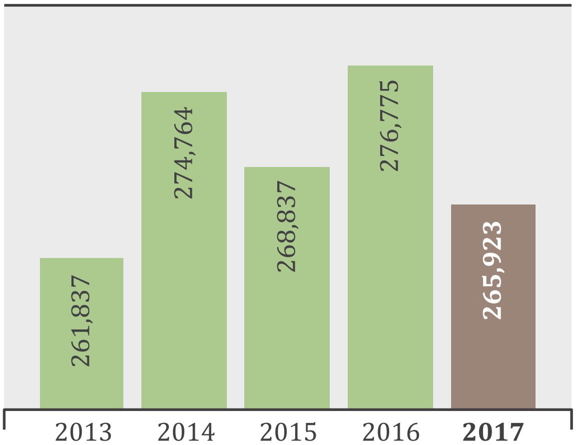
Five-Year Group Financial Highlights	04
Chairman's Statement	06
Performance Review	08
Sustainability	25
Risk Management	32

Five-Year Group Financial Highlights

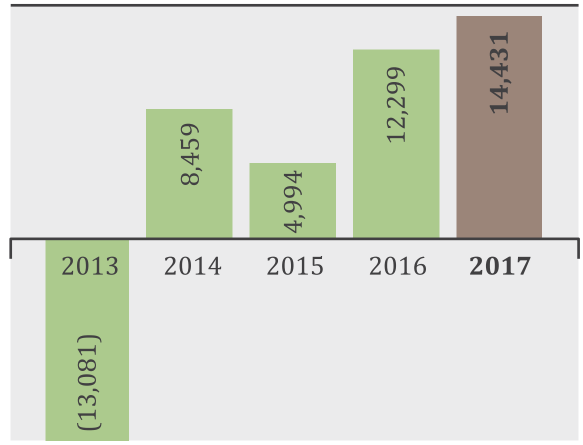
	Year ended 31 December				
	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
				Restated	
Statements of Comprehensive Income					
Revenue	261,837	274,764	268,837	276,775	265,923
Gross Profit	91,914	93,400	93,944	97,476	89,832
Gross Profit Margin (%)	35.1	34.0	34.9	35.2	33.8
EBITDA	3,474	25,995	16,688	21,691	21,841
Profit/(Loss) before tax	(20,947)	2,630	(842)	7,655	8,360
Profit/(Loss) after tax	(26,456)	(2,534)	(7,561)	8,739	3,751
Statements of Financial Position					
Total assets	639,424	632,585	630,699	702,274	699,971
Total liabilities	163,671	152,806	151,545	190,784	203,902
Shareholders' funds	441,128	443,281	439,999	447,727	432,856
Share Information					
Per Ordinary Share					
Earnings/(Loss) per share, basic (sen)	(4.82)	(0.82)	(1.75)	(0.37)	(0.10)
Net assets per share (sen)	85.84	66.93	66.26	67.42	63.86
Financial Ratios					
Return on equity (%)	(5.56)	(0.53)	(1.58)	1.71	0.76
Current ratio	2.9 : 1	2.7 : 1	3.1 : 1	3.5 : 1	2.6 : 1
Debt-Equity ratio (Note 1)	0.17 : 1	0.15 : 1	0.17 : 1	0.20 : 1	0.20 : 1

Note 1 : Debt comprises current and non-current borrowings.

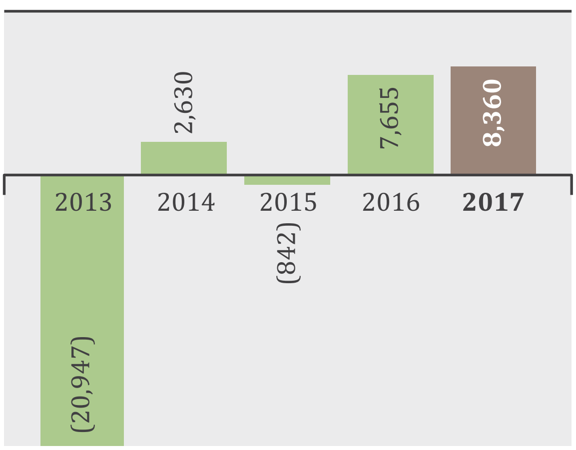
REVENUE
(RM'000)



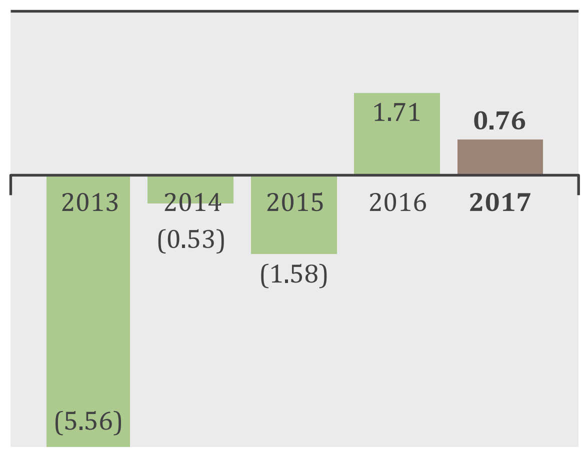
OPERATING PROFIT/(LOSS)
(RM'000)



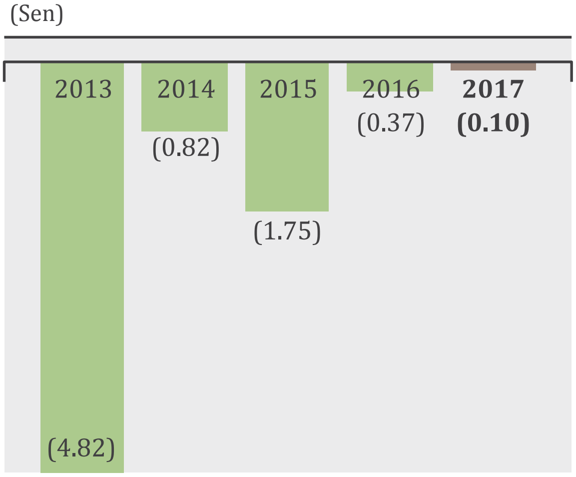
PROFIT/(LOSS) BEFORE TAX
(RM'000)



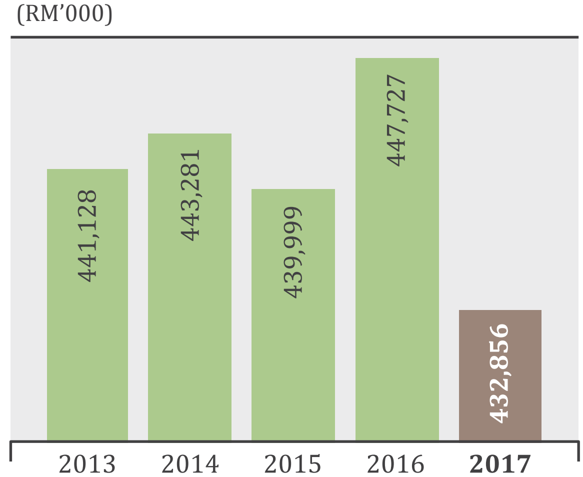
RETURN ON EQUITY
(%)



EARNINGS/(LOSS) PER SHARE
(Sen)



SHAREHOLDERS' FUNDS
(RM'000)



Chairman's Statement

Dear Shareholders

Group results for fiscal 2017 were a mixed bag. Although revenue declined by RM10.9 million or 3.9% compared to fiscal 2016; RM265.9 million vs RM276.8 million, and gross profit was lower by RM7.6 million, our profit before tax was slightly higher, at RM8.4 million than prior year at RM7.7 million.

Travel & tours and ICT divisions were the major contributors; RM112.2 million and RM77.4 million respectively. Compared to prior year, travel & tours was RM10.4 million higher and ICT was better by RM7.4 million.

The hospitality division's total revenue at RM60.5 million was stable, but could have performed much better if Qatar had not been inflicted by a diplomatic crisis with its Gulf neighbours in June 2017. For Holiday Villa Hotel & Residence Doha City Centre ("Holiday Villa Doha"), total fees received had declined by almost 20% as a result.

The coach-building division did not perform as expected because its major Australia customer had failed to complete their planned purchase due to on-going restructuring process. However, the division was able to collect most of its customers ageing debts and regularised their accounts. The division has also completed the last stage of the Australian Design Rules ("ADRs") procedure and is now in full compliance of the ADRs standard.

Quality Bus & Coach (M) Sdn Bhd ("QBC") has also recently completed the Certification audit, for ISO 9001:2015 certification.

Looking ahead, we are cautiously confident that the Group's performance will improve significantly as we continue to focus on overall cost-efficiency and a robust plan to increase market reach through new marketing strategies and innovative technology.

We have also announced on 1 September 2017, the appointment of Anton Syazi Dato' Ahmad Sebi as the Group's new Executive Deputy Chairman after I relinquished my executive role in the Group. This will kickstart the succession plan that will see the Group being driven, gradually and progressively, by experienced younger group of entrepreneurs who will take your Group to the next level. God willing.

DIVIDEND

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

Subject to approval by shareholders at the Annual General Meeting to be held on 7 June 2018, the dividend will be paid on 15 August 2018 to shareholders on the record of depositors on 27 July 2018.

APPRECIATION

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

DATO' AHMAD SEBI BAKAR
Group Chairman

Performance Review

The Group recorded **revenue of RM265.9 million** for fiscal 2017 with profit from operations of RM14.4 million and profit before tax of RM8.4 million. The Group's **total assets was RM700.0 million** as at 31 December 2017 and our **shareholders' funds stood at RM432.9 million**.

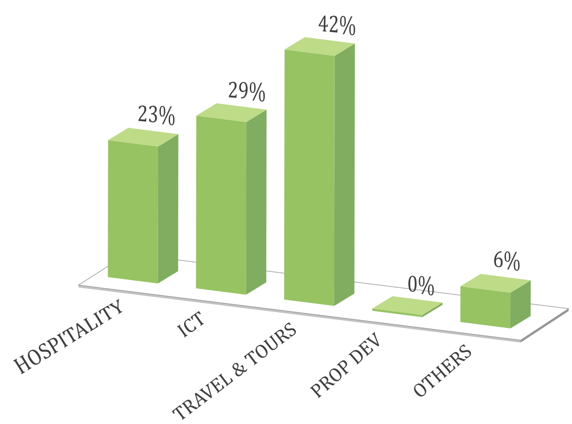
REVENUE

The Group recorded revenue of RM265.9 million for fiscal 2017. The biggest contributor to Group revenue was the travel and tours division with revenue of RM112.2 million followed by the information and communications technology ("ICT") division at RM77.4 million. Both divisions achieved higher revenue of RM10.4 million and RM7.4 million respectively compared to fiscal 2016.

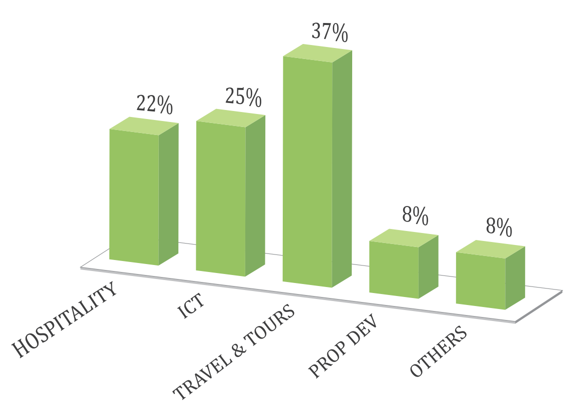
Our hospitality division's revenue remained stable at RM60.5 million in fiscal 2017 compared to revenue of RM61.9 million in fiscal 2016. However the property development division recorded a huge reduction in revenue of RM21.0 million because Phase 2 of the Federal Park project which was anticipated to be launched during the year was delayed due to its failure to gain necessary approvals from the relevant authorities. Revenue of the "Others" division also declined by RM6.0 million compared to fiscal 2016.

As such Group's total revenue was RM10.9 million lower in fiscal 2017 at RM265.9 million from RM276.8 million in fiscal 2016, a 3.9% drop.

The contribution in revenue from each division for fiscal years 2017 and 2016 is illustrated as follows:



2017 REVENUE BY DIVISION



2016 REVENUE BY DIVISION

GROSS PROFIT

Due to the lower revenue and increase in cost-of-sales for fiscal 2017, gross profit for the Group dropped from RM97.4 million in fiscal 2016 to RM89.8 million in fiscal 2017, a reduction of RM7.6 million and Group gross profit margin declined in tandem to 33.8% from 35.2% in fiscal 2016. The Group's lower gross profit of RM89.8 million was mainly due to the flow-down-effect of lower sales as well as lower gross profit margin at the ICT and travel and tours divisions. The bulk of the increase in revenue for ICT division for fiscal 2017 compared to prior year was from system sale contracts which generally deliver lower gross profit margin as a result of its typically higher third party costs while the travel and tours division's increase in revenue was accompanied by lower gross margin.

OTHER OPERATING INCOME AND EXPENSES

For the past two fiscal years, 2016 and 2017, the results of the Group included fair value movements on the Group's investment in unquoted securities and purchase price allocation for the Group's investment in Posthotel Arosa AG ("Posthotel Arosa") after the Group increased its equity in the property from 48.7% to 62.49%. But the subsequent write-off of assets that was gutted by the fire incident in December 2016 and the consequential fire insurance claims became the main contributor to the reduction in the Group's other operating income from RM63.4 million in fiscal 2016 to RM20.8 million in fiscal 2017, a decline of RM42.6 million. All this also caused a reduction in other operating expenses by RM46.2 million to RM27.7 million in fiscal 2017 from RM73.9 million in fiscal 2016. Our Group's operating expenses namely distribution and administration costs was also lower by RM6.2 million from RM74.7 million in fiscal 2016 to RM68.5 million in fiscal 2017. All divisions recorded lower operating expenses in fiscal 2017 compared to prior year except for ICT and travel and tours divisions which saw a slight increase in expenses totalling RM0.7 million.

SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

The Group's share of loss in associates in fiscal 2017 was RM0.8 million, higher compared to a share of loss in associates in fiscal 2016 of RM65,000, mainly due to the share of a loss of RM0.7 million from the Group's 40% equity investment in Helenium Holdings Limited ("HHL") which owns a mixed-use building in Kilburn, London NW6 5UA. From April to July 2017, HHL commenced refurbishment and repairs on the building hence revenue was lower for the year resulting in a loss of RM0.7 million in fiscal 2017 compared to a small profit of RM38,000 in fiscal 2016.

PROFIT BEFORE TAX

The Group made a profit before tax of RM8.4 million in fiscal 2017 compared to a profit of RM7.7 million in the prior year. Our 4 major divisions, hospitality, ICT, property development and travel and tours, recorded a total profit of RM26.6 million, slightly lower than the profit of RM27.0 million in fiscal 2016. The "Others" division continued to show losses although the losses had narrowed from RM11.0 million in fiscal 2016 to RM8.6 million in fiscal 2017. The fluctuations in the profits of the major divisions in fiscal years 2016 and 2017 were mainly due to the significant movements in other operating income and other operating expenses as explained above and the poor performance from the property development division in 2017 as Phase 2 of the Federal Park project was not launched as expected during the year.

After providing for the profit attributable to non-controlling interests, there was a smaller loss of RM0.7 million in fiscal 2017 compared to a loss of RM2.4 million in fiscal 2016 resulting in the Group's gross loss per share of 0.10 sen in fiscal 2017 and 0.37 sen in fiscal 2016.

INCOME TAX

The bulk of the Group's income tax expense for fiscal 2017 was attributable to the tax expense recorded by the hospitality and ICT divisions. However, in fiscal 2016, the income tax expense was offset by the crystallisation of the deferred tax liabilities in relation to the fair value gain of the assets in Posthotel Arosa giving rise to a negative income tax expense.

ASSETS

Total assets of the Group decreased by 0.33% to RM700.0 million as at 31 December 2017 (2016: RM702.3 million). Trade and other receivables decreased from RM170.6 million as at 31 December 2016 to RM139.1 million as at 31 December 2017 mainly due to the receipt of the insurance claim proceeds in the hospitality division in fiscal 2017 and the reduction in the progress billings mainly due to the lower sales achieved by the property development division. The insurance proceeds received in fiscal 2017 partly boosted the Group's cash and bank balances. The increase in the investment securities from RM33.9 million in fiscal 2016 to RM42.6 million in fiscal 2017 was mainly from the ICT division which made further investments in unquoted shares during the year.

LIABILITIES

Total liabilities of the Group increased from RM190.8 million in fiscal 2016 to RM203.9 million in fiscal 2017. The increase was mainly due to the increase in trade and other payables of the ICT and hospitality divisions.

EQUITY

With the lower financial performance of the Group, total Group equity decreased by 3.0% to RM496.1 million as at 31 December 2017 (2016: RM511.5 million) and the return on equity declined to 0.76% compared to 1.71% in the previous year.

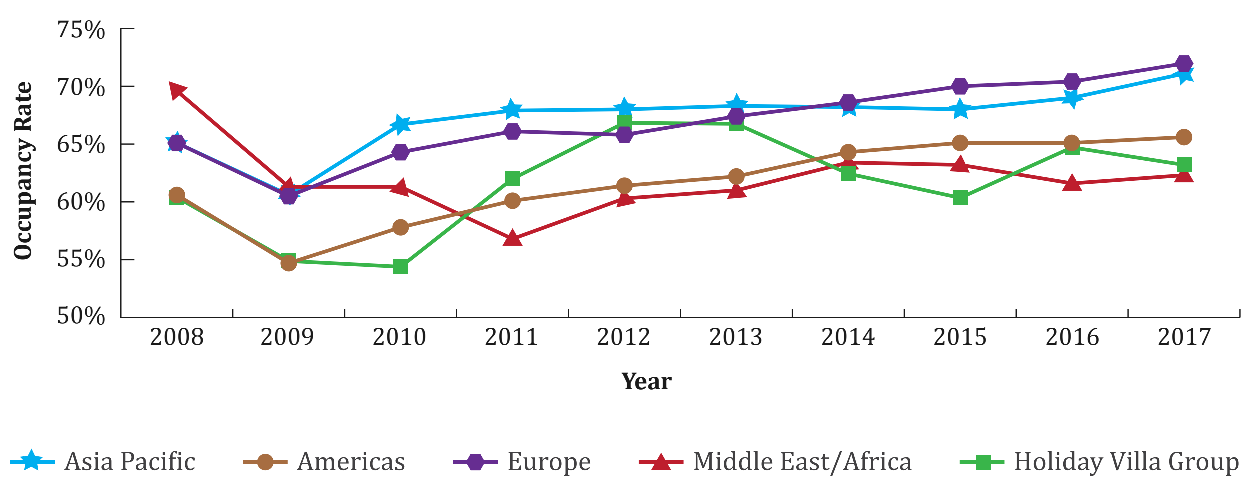
HOSPITALITY DIVISION

The hospitality division achieved mixed results with better revenues from Holiday Villa Beach Resort & Spa Langkawi ("Holiday Villa Langkawi") and Holiday Villa Hotel & Suites London ("Holiday Villa London") which were offset by the lower revenue from other local hotels namely, Holiday Villa Beach Resort & Spa Cherating ("Holiday Villa Cherating") and Holiday Villa City Centre Alor Setar ("Holiday Villa Alor Setar"), and the lower management fees from Holiday Villa Doha. Despite the target of 31 million tourist arrivals set by the Tourism & Culture Ministry for 2017, the actual arrivals statistics for ten months to October 2017 stood at only 21.5 million as compared to 26.8 million in 2016. The implementation of a tourism tax on 1 September 2017 could have had a negative impact on the hotel industry. Qatar's diplomatic crisis began in June 2017 where several gulf countries severed relations and imposed trade and travel restrictions on the State. This had an immediate adverse effect on Holiday Villa Doha and the total fees received from this hotel dropped by almost 20%.

Our room average occupancy rate for fiscal 2017 was similar at 56.0% compared to 55.6% in fiscal 2016. However, the division's revenue was lower by RM1.4 million, a drop of 2.3% from 2016's revenue of RM61.9 million.

The occupancy rate and average daily rate of the hotel industry worldwide for years 2008-2017 extracted from an online statistics portal compiled from certain participating hotels, majority of which are in the 5-star category, for indicative purpose only is illustrated below:

OCCUPANCY RATE OF THE HOTEL INDUSTRY WORLDWIDE
for years 2008 - 2017

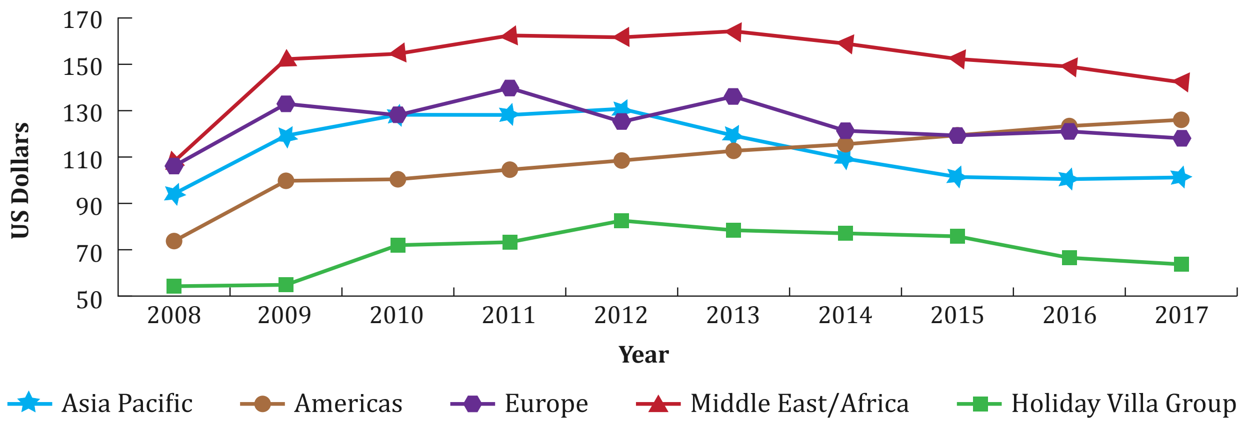


Asia Pacific: Central & South Asia, Northeastern Asia, Southeastern Asia and Australia & Oceania
Americas: North America, Caribbean, Central America and South America
Europe: Eastern Europe, Northern Europe, Southern Europe and Western Europe
Middle East/Africa: Middle East, Northern Africa and Southern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

HOSPITALITY DIVISION (continued)

AVERAGE DAILY RATE OF THE HOTEL INDUSTRY WORLDWIDE

for years 2008 - 2017



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

On a brighter note, our Holiday Villa brand opened a new hotel in Johor Bahru in 2017 increasing our room portfolio by a further 343 rooms to 5,047 rooms. Since the hotel commenced operations in March 2016, its performance has improved and the growth was reflected in the revenue of the hospitality division for fiscal 2017.

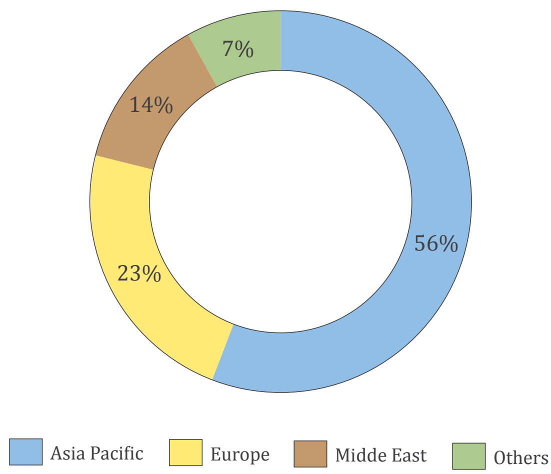
Our top 3 market segments last year were long-term guests 24.2%, guests from e-booking 23.8% and by contract wholesale 11%. In the long-term segment Holiday Villa Doha, Holiday Villa Johor Bahru and Holiday Villa London respectively took the top spot. The e-booking segment had stayed at 23% for Holiday Villa Langkawi with 23,000 room nights, Holiday Villa Johor Bahru at 31,000 room nights and Holiday Villa London at 22,000 room nights. Even though the wholesale segment has decreased from 20% in fiscal 2016 to 11%, it still played a significant role for the beach resorts. Holiday Villa Langkawi registered 23,000 room nights and Wina Holiday Villa Kuta had 30,000 room nights FIT travellers from the travel agents bookings.

In terms of tourist arrivals by country of residence to our hotels, Asia Pacific is our main market (56%) followed by Europe (23%) and Middle East (14%). For our local hotels, the Malaysian guests make up the highest contributor to room nights and remain a strong market for Holiday Villa Johor Bahru, Holiday Villa Subang and Holiday Villa Langkawi. Another strong growth market for these 3 hotels is China. The United Kingdom ("UK") market is an important market not only for Holiday Villa London but also for Holiday Villa Doha. Other countries in Europe like Netherlands and Germany contribute significantly to Holiday Villa Doha, Holiday Villa Langkawi and Wina Holiday Villa Kuta.

HOSPITALITY DIVISION (continued)

The breakdown of the hotels and resorts division's business by country of residence in fiscal 2017 is as illustrated below:

2017 HOTELS AND RESORTS' BUSINESS
by Country of Residence (%)



Our current operating inventory stood at 5,047 rooms with another 150 rooms due to open by end 2018 at the Holiday Villa Jiading, Shanghai. Holiday Villa is ranked No. 233 in the world by Hotels 325* in 2016 based on an inventory of 5,232 rooms.

The division's gross operating profits ("GOP") was RM24.3 million or an operating margin of 40.2%. In fiscal 2016, the division's GOP was RM23.9 million or an operating margin of 38.7%. The GOP of RM24.3 million was higher by 1.7% than the previous year.

The higher GOP for the year resulted from a robust cost-management plan to mitigate the ever increasing manpower and other operating costs such as utilities, food & beverage and maintenance costs mostly during our property refurbishment exercise. Manpower cost also continued to rise due to the introduction of the national minimum wage policy.

During the year and for fiscal 2016, the division's result was clouded by various accounting adjustments such as the purchase price allocation for our additional investment in Posthotel Arosa which increased from 48.7% to 62.49%, the fire incident which completely gutted our hotel in Arosa, Switzerland and the insurance claims arising from the fire. As a result of these events, the other operating income for the division had decreased from RM49.1 million (2016) to RM18.2 million. However, other operating expenses was also lower by RM48.8 million, from RM61.0 million (2016) to RM12.2 million in fiscal 2017.

As a result, the division made a profit before tax of RM15.6 million in fiscal 2017 compared to a loss of RM4.0 million in prior year. Holiday Villa Doha, Holiday Villa Johor Bahru and Holiday Villa Langkawi, were the star performers.

ICT DIVISION

2017 was another good year for the Captii Limited Group which comprises three main segments: Unifiedcomms, GlobeOSS and Captii Ventures. Revenue for fiscal 2017 was higher at RM77.4 million, an increase of 10.6% from the previous year (2016: RM70.0 million). However, not all the business segments in the ICT division showed revenue growth. While the division's GlobeOSS business recorded an increase in revenue of 24.6% due to higher system sale and managed service contract revenues, the Unifiedcomms business saw a decline in sales of 0.2% due to a decrease in its system sale contract revenue.

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

ICT DIVISION (continued)

GlobeOSS continued to grow from strength to strength as a leading systems integration and solution provider in the telecoms big data and analytics field. The division saw GlobeOSS delivering an improvement in both system sale and managed service contract revenues in fiscal 2017. System sales had increased significantly by 25.0% from RM26.0 million in fiscal 2016 to RM32.5 million in fiscal 2017 while managed service revenue increased by 21.7% from RM6.9 million in fiscal 2016 to RM8.4 million in 2017. The lower revenue at Unifiedcomms was caused by revenue from system sale contracts declining sharply to RM3.7 million in fiscal 2017 from RM7.5 million in fiscal 2016 although this was offset to some extent by the improved managed-service revenue which had increased from RM29.0 million to RM32.8 million.

Despite higher revenue in fiscal 2017, gross profit had decreased by 5.1% to RM35.4 million (2016: RM37.3 million). The growth in gross profit was lower than the growth in revenue, due to the sales-mix achieved in 2017 where the bulk of revenue growth came from GlobeOSS sales which typically yields lower gross profit margin. The overall gross profit margin earned on the consolidated revenue was lower at 45.7%, compared to 53.2% achieved in prior year.

Overall, our ICT division achieved another profitable year with profit before tax of RM8.8 million. However, the profit is 60.2% lower than in fiscal 2016 which was RM22.1 million. The substantial decline in profit reflected the absence of any fair value gain on investment that the division enjoyed in 2016 on the revaluation of the Captii Ventures' investment portfolio and the flow-down-effect of lower gross profit margin realised. In fiscal 2016, the fair value gain was RM8.8 million. In fiscal 2017, there was an absence of any fair value gain. In the last quarter of 2017, the division evaluated each of its venture investments and in the process, several were fair-valued with a different valuation model that was assessed as being more appropriate under the circumstances than what was employed in the previous periods. This resulted in a fair value loss for fiscal 2017. The fair value loss, which is unrealised, is a result of adopting the most appropriate valuation techniques as explained above for each investment and may not be reflective of the actual return upon disposal of these investment in the medium to long term.

PROPERTY DEVELOPMENT DIVISION

It was a disappointing year for the property development division as their anticipated Phase 2, Federal Park Project, was not launched as expected as the approval for the amended development plans to build townhouses is still pending. Phase 2, Federal Park Project, was slated to commence in the third quarter of 2017. On that note, the division recorded a significantly lower revenue of RM1.1 million in fiscal 2017 compared to a revenue of RM22.2 million in fiscal 2016. Consequently, the profit before tax from the division is at a nominal sum of RM0.13 million for the year. In fiscal 2016, the division made a profit before tax of RM4.2 million.

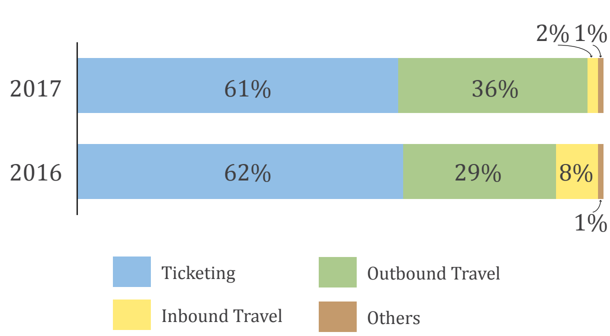
TRAVEL AND TOURS DIVISION

2017 was also another good year for the travel and tours division. Revenue increased by RM10.4 million or 10.2% to RM112.2 million from revenue of RM101.8 million in fiscal 2016. The division has successfully positioned itself as one of the key players in the travel industry in providing corporate ticketing services to corporate clients in the Klang Valley since 2013.

Despite the improved revenue, the division's profit before tax was lower at RM2.1 million compared to RM4.6 million in fiscal 2016 because the gross profit margin was lower at our ticketing and the outbound travel units and the flow-down-effect of lower sales at our inbound travel unit resulting in a loss for the inbound travel. The ticketing unit generated the bulk of the ticketing sales from wholesale segment and "umrah" packages during the year which generally yielded lower gross profit margins and also lower other operating income such as incentives from airlines.

The breakdown of the revenue by business units for fiscal years 2016 and 2017 is illustrated below:

TRAVEL AND TOURS REVENUE
by Business Units (%)



OTHERS DIVISION

This division comprises manufacturing, card and payment services, coach-building, wellness ("TCM") and the education businesses. Total revenue for the division in fiscal 2017 was lower by RM6.0 million from RM20.6 million in fiscal 2016 as the division underwent major restructuring such as the divestment of the loss-making manufacturing subsidiary in early 2016, the winding down and eventual cessation of the TCM business in December 2017 and the revamping of the operations for the coach-building unit. Consequently, the coach-building and TCM units recorded lower revenue in 2017. This reduction was mitigated by the higher revenue from the education unit which registered a 38.4% growth in revenue to RM2.3 million and the card and payment services business which recorded a 5.4% increased revenue to RM6.6 million.

Our coach-building unit completed and exported 7 buses to Australia compared to 40 units exported in fiscal 2016. During the year, the business unit completed fabrication and delivery of 69 Mass Rapid Transit KL ("MRT") buses for SCANIA. The success for 2017 rides on the success of this division in completing the refurbishment of 100 Volvo buses owned by Rapid KL in 2014 and 2015.

OTHERS DIVISION (continued)

The Group acquired the language education business, The Language House ("TLH"), in early 2015. From 2015, the focus has been on improving and upgrading the infrastructure to form a strong base for future business with limited focus on marketing. Despite that, our education unit showed an increase in its revenue from RM1.6 million in 2016 to RM2.3 million in fiscal 2017.

Our card and payment services business registered revenue of RM6.6 million in fiscal 2017 compared to RM6.3 million in prior year, mainly due to a higher volume of transactions generated from the signing of new merchants.

Revenue for the TCM business in fiscal 2017 was relatively lower at RM301,000 as compared to fiscal 2016 of RM343,000 mainly due to the winding down of the business and the cessation of this business by year-end 2017. Excluding the loss on disposal of the manufacturing unit in Australia of RM1.6 million in fiscal 2016, the "Others" division recorded a lower loss before tax of RM8.6 million for fiscal 2017 as compared to a loss before tax of RM9.4 million in fiscal 2016.

The Year Ahead...

We expect 2018 to be a busy year for the Group, a year of potential economic growth and opportunities amidst uncertainty and challenges for certain market segments. Our proven initiatives to improve on operational efficiencies, productivity and cost reduction which yielded good results in 2017 will continue. The strategies to nurture and grow our established core businesses and explore attractive opportunities to expand operations will also be our focus for the coming year.

HOSPITALITY

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

Holiday Villa Doha

HOSPITALITY (continued)

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

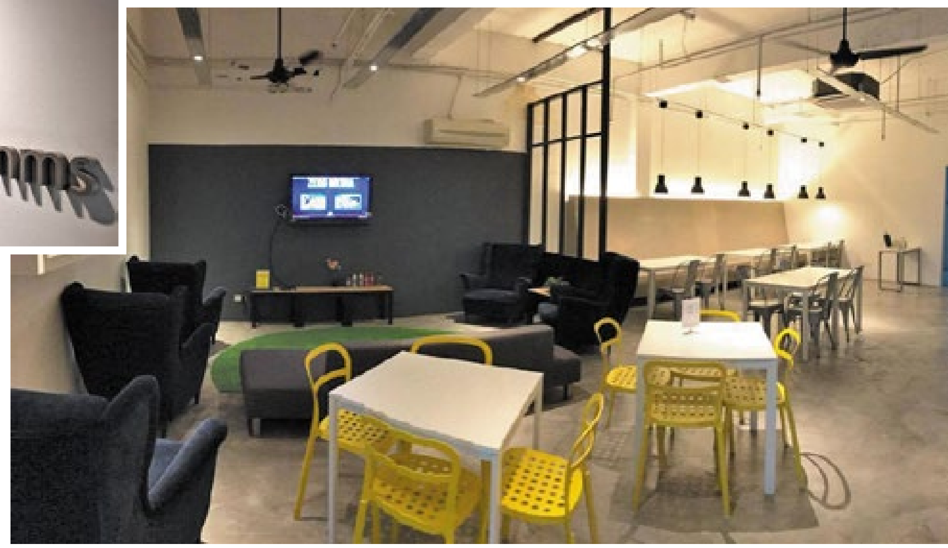
Our very own “Manja” programme, provides gracious personal attention to create a home atmosphere and comfort for our guests throughout their stay. Besides, we continuously review and upgrade our facilities and conducts regular inspection with particular attention to aspects of personal safety for our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

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

Holiday Villa Hotel & Residence Jiading Shanghai

The new D-Villa brand which complements our established Holiday Villa brand is a long-stay option for guests with family who prefer apartment-style facilities. Our first D-Villa brand apartments are the D-Villa Residence, Doha, Qatar and the D-Villa Hotels & Residence, Johor Bahru.

Holiday Villa Pantai Indah Bintan Island



HOSPITALITY
(continued)

We will have to expand our market segments in long-term stay and e-booking to continue the good results in 2017. Long-term stay (24.2%), e-booking (23.8%) followed by contract/wholesale (11%) were the top 3 revenue generators for the Holiday Villa Group. The contract/ wholesale market is still an important segment especially for the beach resort hotels, so we will enhance relationship with industry leaders from wholesalers, tour operators, B2B operators to online travel operators. Our very own online booking site is also providing digital marketing services for our hotels.

Some of our key activities for 2018 are:

a) To source for a new hotel in London as the current lease on the property will expire in June 2019. UK is an important destination for our guests. It is also among the top-3 revenue generators.

b) As Singapore tops the list of tourist arrivals to Malaysia, we have established a sales office there at the end of 2017.

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

d) We have also established a boutique-style LaVilla brand to better serve our guests who demand more privacy, peace and security. Federal Villa Langkawi and Eastern Pavilion Cherating will be rebranded as LaVilla Boutique Hotels from 2018. We have also signed up a LaVilla property in Penang scheduled to open in 2019.

ICT

In line with our venture investment portfolio, we have also built our own fintech start-up, PostPay (formerly known as Mobilization) which has shown promising growth in terms of revenue and technology. PostPay is now focused mainly on providing advanced solutions for prepaid credit on a managed-service model. Fintech enterprise applications, as well as other internet and handset-app delivered digital media, will guide the ICT division's venture investment activities. In the year ahead, the division's venture investment activities will complement the organic growth strategy in place for our Unifiedcomms and GlobeOSS businesses.

ICT (continued)

The division expects GlobeOSS to continue to grow from strength to strength despite global economic uncertainty and hence lumpiness is still to be expected in the contribution of system sale contracts to the division's future results. We expect the bulk of the system sale revenues in 2018 to be driven by new solution implementation for new and existing customers, as well as solution enhancement, system upgrade and system capacity expansion activities of existing customers. The division's managed-service contract portfolio continues to have emphasis in the ICT division's 2018 business plan.

The division will continue to work on means to better manage execution risk in respect of strategies and tactics to grow. This includes maintaining if not growing the more mature managed-service contracts in the portfolio and to more quickly translate secured contracts into substantial sources of recurrent revenue for the division.

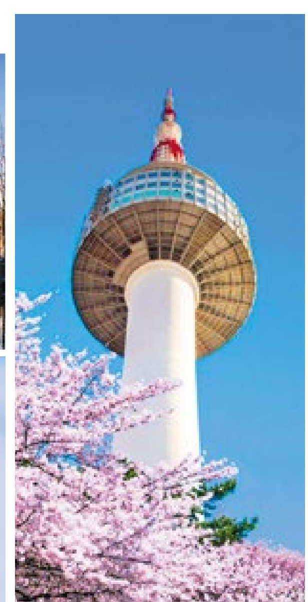
TRAVEL AND TOURS

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

We expect a rise in healthy corporate travel which will augur well for the travel and tours division as we are positioned strongly in the corporate ticketing services.

Our ticketing and outbound units target to capture small and medium-sized organisations and individual travellers via the customisation of our travel products. We will also focus on wholesale ticketing and custom travel packages.





Federal Park Phase 1 – Double Storey Terrace Houses

TRAVEL AND TOURS (continued)

In 2018, our inbound travel unit will emphasise on further developing its professional team to ensure that we have the right people to target growth in different market segments. Besides our primary market in Europe, the division is developing products for market segments in the vibrant Asia Pacific region.

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

PROPERTY DEVELOPMENT

The property development division's main growth for the coming year will be from the development of Phase 2, Federal Park comprising mainly townhouses which is now planned for commencement in mid-2018. This property development project will put the division back on track on its earnings.

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

BUS-BODY FABRICATION

Apart from bus-body fabricating, QBC has also built its own buses using its own MITI-certified chassis under the brand "AUTOBUS". AUTOBUS is designed and built to ADRs specifications. The ADRs certification is a major achievement acknowledging QBC's technical know-how and competency. With ADRs certification, AUTOBUS can be exported to global markets.

The business unit achieved good success in streamlining and restructuring its management and operations and the unit saw overall improvement in production efficiency and discipline. QBC has also successfully completed the Certification audit for ISO 9001:2015 certification. All this will augur well in 2018 as the unit is well-placed to build on its technical and technological achievements.

Electric vehicles or EV, including electric buses with zero emission and therefore eco-friendly are being tried in many pilot projects in China, Europe and the USA. With various major world cities adopting plans to minimise or eliminate air pollution, electric-powered buses are seen as the preferred mode of public transportation of the future. QBC is tracking this new technology in earnest and is in active discussion with a leading electric bus manufacturer to assemble electric buses in Malaysia. To assemble and build electric buses will be another advancement of technology for QBC. There are also many factors which could propel the growth of electric buses in Malaysia such as lower operating and maintenance costs and no emission.

Meanwhile, QBC's effort to export to more countries like Middle East besides Australia is on-going. The first foray into Doha, Qatar unfortunately did not progress further and efforts have been muted by the political events in that region although the response to our IVECO TRAKKER in Doha, Qatar was very positive when we launched the IVECO TRAKKER to provide safe and comfortable Desert Sand Dunes tours.

EDUCATION

Our education unit, TLH, achieved good results in fiscal 2017 with growth in revenue and a maiden profit. To build on its early success, this year, TLH will focus on ensuring that our English language courses especially are suitable to achieve the objective of each student. As such, we will continue to review and refresh all language courses, student intake procedures, evaluating and monitoring of teaching staff to ensure we have appropriate professionals. Having high quality facilities, teaching staff and curricula, will differentiate TLH from the common pack. TLH believes education is a growth industry and TLH will thrive if it could build a strong academic reputation for itself.

We monitor the quality of academic programmes, regularly update teaching and learning materials, use effective pedagogy and continually upgrade the professional skills of our teaching and support staff.

Our teaching professionals use an interactive communicative approach to engage learners, maximise learning opportunities and promote student autonomy. The syllabus emphasises accurate grammar and vocabulary growth.

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

EDUCATION (continued)

Our corporate training programmes this year will concentrate on English, Mandarin and Bahasa Malaysia. Such training programmes achieved good response and will continue to be the focus for 2018. This year, TLH will also focus on the needs of the local student market offering IELTS (International English Language Testing System) preparation courses, and English courses in general to assist local students achieve proficiency in the subject.

CARD AND PAYMENT SERVICES

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

For the coming year however, we shall remain focused on improving not just the signing of more merchants but rather by acquiring more active merchants and merchants with higher ticket transactions. The process of appointing more master merchants is on-going and we expect the number to be increasing. We also have plans to upgrade our processing systems to expand our electronic payment services (besides MasterCard and Visa) to include debit payment under the Malaysia Electronic Clearing Corporation (MyClear) and other payment service operators such as China Union Pay to provide a more comprehensive payment solution to our merchants.

Sustainability

We recognise that to be successful in achieving our strategy of sustainable profitable growth it is essential that **we act responsibly in all our businesses and towards all people** who are our stakeholders.

As a diversified Group in a multi-industry business, we are committed to managing the business in a socially responsible way, recognising that the proper management of such matters makes good business sense and can result in strategic, commercial and reputational benefits.

We recognise that to be successful in achieving our strategy of sustainable profitable growth it is essential that we act responsibly in all our businesses and towards all people who are our stakeholders. This includes our shareholders, employees, customers, suppliers and communities in which we operate. We aim to consistently improve the social, environmental and economic issues with our control or influence throughout the business and our supply network.

The Group is committed to implementing the correct policies and procedures relating to the sustainability of the environment and to the successful delivery of an effective health and safety system, as well as ensuring that the people connected with the Group behave in the right way, complying with all local legal and regulatory requirements.

In recognising the importance of sustainability issues, we seek to encourage and facilitate positive management behaviour in alignment with the Group's business strategy. This includes the morale and welfare of our employees, the satisfaction of our customers and suppliers, and our impact on the environment.

RELATIONSHIP WITH SHAREHOLDERS

Through the individual businesses and at a Company level, we consider social and environmental factors, managing relationships with shareholders and communicating with them through a variety of channels. These include the annual general meeting ("AGM"), annual and interim reporting and announcements through a regulatory news service for matters relating to trading and the development of the business, all of which are available on our website at *www.asb.com.my*.

SUSTAINABLE MANPOWER PLANNING

Our recruitment, training and development processes are designed to ensure that we have suitably skilled and qualified employees to meet the operational needs of the business. We recognise that successful businesses need to deliver a good service and product which can only be done by developing, supporting and maintaining the right staff to provide this. We are committed to developing the potential of our people, offering opportunities for employees to develop and grow and periodically reviewing succession planning processes. We also participate in work experience placement schemes. Employee turnover remains relatively low resulting in a stable employee base.

It is our policy that all employees should have access to employment opportunities, irrespective of age, gender ethnic origin, religion or disability. As the Group has businesses in many countries, these are appropriate for the local areas of operation.

HUMAN RIGHTS AND HUMAN TRAFFICKING

We are committed to treating our employees fairly and equitably, recognising individuals' basic human rights and an ethical approach to employees, suppliers and customers. The Company respects the human rights of those working for or with us, and of the people in the communities where we operate. We will not knowingly do business with companies, organisations or individuals that we believe are not working to at least basic human rights standards. Our businesses comply with applicable pay and working-time laws and other laws or regulations affecting the employment relationship and workplace.

We oppose the exploitation of workers and we will not tolerate forced labour, or labour which involves physical, verbal or psychological harassment or intimidation of any kind and we will not employ child labour in any of our operations. Nor will we permit the exploitation of, or discrimination against, any vulnerable group. We support fair and reasonable rewards for workers, with pay reflecting local norms and meeting or exceeding any legal minimum wage levels.

The Board is committed to taking the necessary steps to ensure that slavery and human trafficking are not taking place in our businesses and seeks to gain transparency within our supply chain.

SAFE AND HEALTHY CULTURE

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

We 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.

ANTI-CORRUPTION

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. All our divisions 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.

HUMAN CAPITAL AND TRAINING

To achieve a sustainable manpower planning, we believe that local hiring, training and retaining is important as it will not only benefit the Group but will also contribute to the country's economic development. This policy is extended to all the countries where the Group operates. So naturally, the Group offers graduate placement programmes, industrial training and internship in our hotels and resorts, coach-building as well as the ICT divisions.

Our ICT division has been investing in the recruitment, development and preservation of human capital. In the countries in which it operates, it has been 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 in raw engineering talent as not only a key to its future growth and survival, but also a positive contribution to enhancing the human capital base of the host country.

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 hotels and resorts 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 counselling sessions to the school students especially on the opportunities available in the hotels and resorts industry and collaborated with the Polytechnics Education Division and Ministry of Higher Education in developing or assessing its community programmes.

Language Learning

Our coach-building staff has been given lessons in beginner's English to enable them to enhance their communication skills with our English speaking partners and customers.

Since there is a potential project collaboration with a China counterpart in the coming year, we are also teaching beginner's Mandarin to our coach-building staff.

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 2017, the Group spent close to RM277,000 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.

LOCAL SUPPLY CHAIN AND PARTNERS

The Group has been supporting local businesses by purchasing supplies and contracting services locally. We believe that a strong local supply chain through productive partnership is vital to the growth of our business. By such support, we believe that we can positively contribute to the local economy.

We select partners who share our work ethics and values and who are willing to provide quality products and services in a responsible manner. In cases where local suppliers are not suitable, we will source internationally. Where outsourcing is practised, we will ensure that the products conform to our sustainable policies and are labelled with "good manufacturing practices".

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

The following are some commitments made by our hotels and resorts and ICT divisions. In their quest to deliver superior quality products and services to their customers and comply with applicable legal requirements, the hotels and resorts division has in place its very own MANJA Programme, a quality management system focusing on the service standards, work processes, job instructions and the standard operating procedure for all aspects of the hotels' operations. Its MANJA Promise Programme, Phase 1, demonstrated the commitment by our hotel staff to deliver the superior quality products and services to their customers and comply with applicable legal requirements. Our ICT division embraces the UN Global Compact and at present adopts a best-effort approach in observing the spirit and intent of the ten principles. Although its efforts to uphold the ten principles are not presently embedded in its operational policy and procedure documentation, the work culture of this division's businesses is consistent with the principles.

ECO-FRIENDLY

We recognise the importance of good environmental management or 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.

Our Group is mindful of environmental 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 on the eco-system and could directly or indirectly impact the Group. With such concerns, 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.

ECO-FRIENDLY (continued)

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

Our coach-building division also has a built-in monitoring system on waste production and disposal waste materials are deposited at designated environmentally safe areas and disposed off periodically by our authorised waste disposal agents.

However, given that the business operation of most of our divisions are concentrated in normal office spaces, the impact on the environment is relatively limited and confined largely to efficient use of resources such as water and electricity. In this respect, we are committed to ensure that the designs of our offices are as energy efficient as possible. We also have been phasing out, gradually, the use of incandescent bulbs with LED bulbs. We also encourage our staff to reduce paper usage through recycling and e-procurement.

COMMUNITY AND SOCIAL

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

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

In our yearly programmes, our hotels and resorts division also 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 2017.

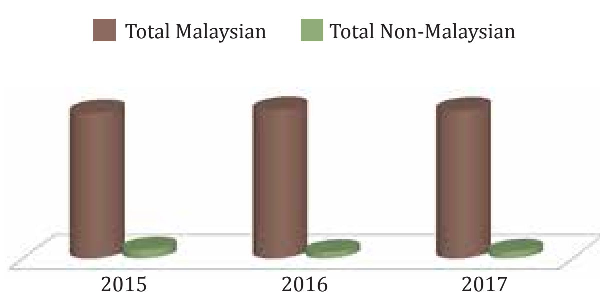
GOOD LABOUR PRACTICES

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. The Group believes that employees are the key determinant/resources that drive long-term and sustainable organisational success.

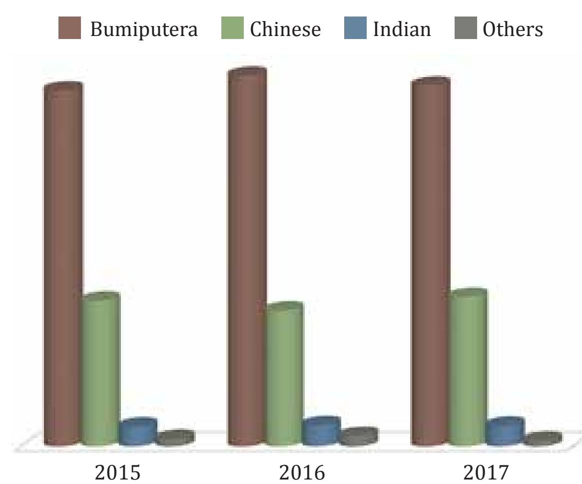
To enhance their knowledge and skills, we continuously promote human capital development by encouraging and sponsoring staff participation in internal and external training programmes and seminars that are relevant to their job functions.

As at 31 December 2017, our Group staff strength stands at 790 and the workforce statistics in terms of nationality, ethnicity, gender and age are illustrated below:

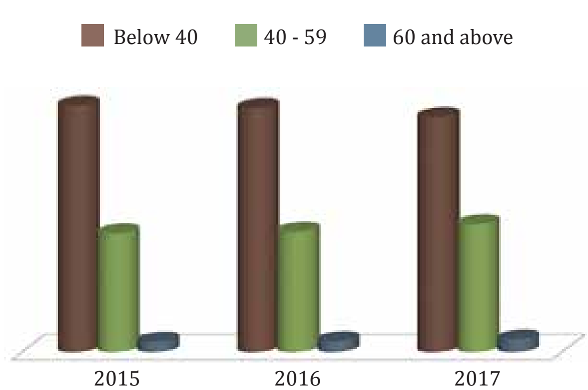
WORKFORCE BY NATIONALITY



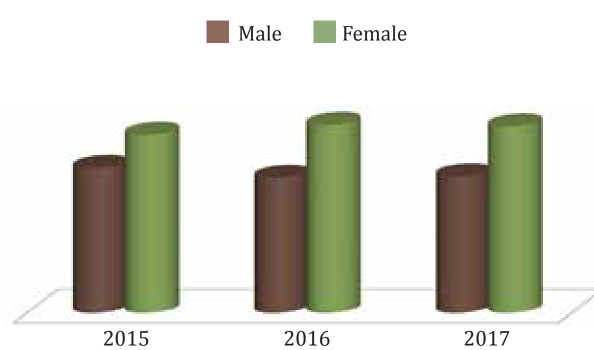
WORKFORCE BY ETHNICITY



WORKFORCE BY AGE



WORKFORCE BY GENDER



SAFE AND HEALTHY ENVIROMENT

The Group also strives to forge a safe working environment and promotes healthy work practices for all staff. Various training courses and awareness programmes are carried out to promote collective responsibility and 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 a productive workforce, we continuously stress upon our employees the importance of leading a healthy lifestyle. 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. Since its implementation, at least 75% of workers of hotels and resorts division have undergone the safety and health training during the year.

As part of the Group's endeavour to create cohesiveness and foster a closer relationship among 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-up or report grievances directly to their superior, head of department, human resource department, chief executive officer and/or independent directors of the Company. This is to reinforce our commitment to our employees to provide them with a workplace that is healthy, safe and secure.

Risk Management

The Board is **responsible for creating the framework** for the Group's Risk Management Committee ("RMC") to operate effectively. This risk management framework includes risk assessment, response, communication and governance.

IDENTIFYING AND MANAGING RISK

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

Whilst encouraging an entrepreneurial and commercial culture that is focused on generating value for our clients, the Board actively seeks to ensure all relevant risk exposures are managed and mitigated. Note 36 to the Financial Statements describes how the Group manages the financial risks faced in the normal course of business. The Board receives input from other key committees along with the framework employed by the Group to manage the risks. The risk management framework covers 6 broad processes as illustrated in the chart with corporate risk reporting tool, oversight & accountability and compliance assurance.

IDENTIFYING AND MANAGING RISK (continued)

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

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

Our Risk Strategy

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

Our Risk Management Framework

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

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

Our Key Risks

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

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

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

Our Key Risks (continued)

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

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

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

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

Our Key Risks (continued)

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

Operational risk	**Strategy for risk management**
The failure of the Group to procure key raw materials may lead to production interruptions, and volatility in the prices of such raw materials and energy prices may adversely affect the profitability of the Group and its working capital position.	Sourcing strategies are in place Group-wide to access multiple sources for key raw materials and the Group works closely with key suppliers to ensure availability. The Group looks to identify alternative raw materials where possible. The Group actively manages margins and recovers input cost increases from customers. The Group implements measures for proactive cost management, streamlining of production process and high impact cost and efficiency awareness for all its employees.

Our Key Risks (continued)

Operational risk (continued)	**Strategy for risk management** (continued)
The failure or loss of a key production asset, process, information or communication system, whether temporarily or permanently could occur, directly or otherwise, through natural disasters, epidemic, industrial action, sabotage or the like, and would have an adverse impact on operations.	Crisis management procedures are in place for all subsidiaries. These are reviewed and updated regularly. The Group invests in its infrastructure to ensure appropriate levels of resilience in the event of temporary failures in IT systems. Backups and disaster recovery plans are in place for critical systems and processes.

Compliance risk	**Strategy for risk management**
The Group may be liable for damages based on product liability claims brought against its customers in end-use markets.	Technically qualified personnel and control systems are in place around the Group to ensure products meet certification standards.
Compliance with extensive environmental, health and safety laws and regulations could require material expenditure, changes in the operations of the Group or site remediation.	Detailed safety, health and environmental processes are documented in operating guidance which is updated and communicated to staff on a regular basis.
The Group could suffer substantial penalties, damage to reputation and other sanctions for any failure to control anti-competitive behaviour, such as bribery and corruption, or ineffective compliance with local and national legislation.	All our key employees affirm their understanding of the code of business conduct covering corrupt and anti-competitive business practices. Malpractice reporting are similarly covered in the Group policy on protecting our reputation. Training is provided regularly. Our Group constantly monitors new laws and regulations and assess the impact to our Group businesses. To manage and track compliance issues, the Group appoints compliance officers and conducts internal audits.

Our Key Risks (continued)

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

Below are some key areas reviewed by the Group in 2017:

1. **Business Strategy Gap**
2. **Increased Costs and Inefficiencies**
3. **Revenue Gap**
4. **Non-Compliance**

In maintaining its competitiveness and resilience in the diversified industry that it operates in, the Group pays close attention to the performance of its subsidiaries and investments by close monitoring and evaluation, allocation of resources and funding to meet its strategic goals. In the review, the Group examined and monitored the controls which are in place to ensure that they are robust to mitigate the risk. Increasing cost in 2017 is one major factor which may affect the Group's business and operation and the Group regularly reviews its operations to address any inefficiency that may exist in pockets of the operations. The Group also reviewed factors which may affect the risk of revenue gap such as competition, economic slowdown and dependence on a few key customers and ensured that the controls put in place within the Group are effective. Non-compliance is another key area reviewed as the Group operates in many countries and in regulated industries.

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

During the financial year, the Internal Auditors executed the approved audit plan and performed the following:

- Reviewed majority of the Group's operating units for the functions of Finance-GST accounting, Cost Management, Credit and Cash Management as well as other operating processes such as Procurement and Production.

INTERNAL AUDIT FUNCTION (continued)

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

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

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

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

- Attended Audit Committee meetings to table and discuss the internal audit findings and issues.

In 2017, the Internal Auditors also 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. 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 effectiveness of the recommended mitigation efforts.

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

REVIEW OF ADEQUACY AND EFFECTIVENESS

The RMC has reviewed and reported to the Board the adequacy and effectiveness of the Group's risk management system, including the Group's risk tolerance and the enterprise-wide risk governance framework. The Audit Committee has reviewed and reported to the Board the adequacy and effectiveness of the system of internal controls operated by the Group for the year 2017 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.

REVIEW OF ADEQUACY AND EFFECTIVENESS (continued)

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors had reviewed this statement on risk management and internal control for inclusion in the Annual Report for the financial year ended 31 December 2017 and reported to the Board that nothing has come to their attention that caused them to believe that this Statement is not prepared in all materials aspects in accordance with the disclosures required under paragraphs 41 and 42 of the Statement on Risk Management and Internal Control (Guidelines for Directors of Listed Issuers) to be set out nor is factually inaccurate.

Recommended Practice Guide 5 (Revised 2015), Guidance for Auditors on the Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants does not require the external auditors to consider whether the Directors' statement on risk management and internal controls covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control procedures including the assessment and opinion by the Board and management thereon. They are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will in fact remedy the problems.

CORPORATE GOVERNANCE

Contents

Our Corporate Information	42
Our Board	43
Our Company Secretary	51
Our Key Management	52
Our Group Senior Management	53
Governance	60
Audit Commitee Report	67
Nomination Committee Report	71
Remuneration Committee Report	76
Directors’ Responsibility Statement	80
Additional Compliance Information	81

Our Corporate Information

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

AUDIT COMMITTEE		
Yong Teck Ming *Chairman*	**Dato' Ahmad Ghiti bin Mohd Daud** *Member*	**Rali bin Mohd Nor** *Member*

RISK MANAGEMENT COMMITTEE		
Yong Teck Ming *Chairman*	**Dato' Ahmad Ghiti bin Mohd Daud** *Member*	**Aryati Sasya Dato' Ahmad Sebi** *Member*

NOMINATION COMMITTEE		
Dato' Ahmad Ghiti bin Mohd Daud *Chairman*	**Puan Sri Datin Masri Khaw binti Abdullah** *Member*	**Rali bin Mohd Nor** *Member*

REMUNERATION COMMITTEE		
Dato' Ahmad Ghiti bin Mohd Daud *Chairman*	**Puan Sri Datin Masri Khaw binti Abdullah** *Member*	**Rali bin Mohd Nor** *Member*

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

REGISTERED OFFICE	SHARE REGISTRAR	AUDITORS
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	**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	**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

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

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

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

Our Board

Dato' Ahmad Sebi Bakar

Group Chairman (age 70)

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

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

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

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

Dato' Ahmad Sebi Bakar (continued)

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

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

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

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

Anton Syazi Dato' Ahmad Sebi

Group Executive Deputy Chairman (age 40)

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

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

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

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

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

Anton Syazi Dato' Ahmad Sebi (continued)

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

Lee Su Nie

Group Managing Director (age 57)

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

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

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

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

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

Puan Sri Datin Masri Khaw binti Abdullah

Non-Independent Non-Executive Director (age 65)

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

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

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

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

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

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

Yong Teck Ming

Independent Non-Executive Director (age 64)

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

Yong Teck Ming (continued)

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

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

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

Dato’ Ahmad Ghiti bin Mohd Daud

Independent Non-Executive Director (age 68)

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

Dato’ Ahmad Ghiti 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 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 Executive Chairman and Managing Director of Advancetc Group Sdn Bhd, a smart phone producer under the MAGIC brand.

Dato’ Ahmad Ghiti 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.

Dato' Ahmad Ghiti bin Mohd Daud
(continued)

Through the years, Dato' Ahmad Ghiti 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 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 (age 64)

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

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

Rali bin Mohd Nor (continued)

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

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

Rali is a member of the Audit Committee, Nomination Committee and Remuneration Committee of Advance Synergy Berhad.

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

Aryati Sasya Dato' Ahmad Sebi

Non-Independent Non-Executive Director (age 43)

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

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

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

Aryati Sasya Dato' Ahmad Sebi (continued)

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.

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

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

Our Company Secretary

Ho Tsae Feng

Company Secretary and Group Secretarial Manager (age 48)

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

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

Tsae Feng does not hold any directorship in public company.

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

Our Key Management

CORPORATE OFFICE

Dato' Ahmad Sebi Bakar
Group Chairman

Anton Syazi Dato' Ahmad Sebi
Group Executive Deputy Chairman

Lee Su Nie
Group Managing Director

Sng Ngiap Koon
Chief Operating Officer – Asset Development

Wong Joon Hian
Chief Operating Officer – Financial Services

Yap Chee Kong
General Manager – Corporate Services

Daniel Tan Wooi Hoo
Senior Finance Manager

Ho Tsae Feng
Group Secretarial Manager

HEADS OF GROUP DIVISIONS

HOTELS AND RESORTS

ALANGKA-SUKA HOTELS & RESORTS SDN BHD

Tan Sri Dato' Azman Shah Haron
Chairman

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

INFORMATION & COMMUNICATIONS TECHNOLOGY

CAPTII LIMITED

Wong Tze Leng
Group Executive Chairman

Anton Syazi Dato' Ahmad Sebi
Group Executive Director

INVESTMENT HOLDING

ADVANCE SYNERGY CAPITAL SDN BHD

Wong Joon Hian
Managing Director

EDUCATION

THE LANGUAGE HOUSE

Patricia Mary Jayasuriya @ Cecilia
Principal

Cheah Ping Huey
Registrar

CARD & PAYMENT SERVICES

SYNERGY CARDS SDN BHD

Wong Joon Hian
Managing Director & Chief Executive Officer

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

Our Group
Senior Management

Tan Sri Dato' Azman Shah Haron *(age 68)*

• Chairman of Alangka-Suka Hotels & Resorts Sdn Bhd

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

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

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

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

Tan Sri Dato' Azman is currently the President of Malaysian Employers Federation (MEF), and Chairman of the Consultative Panel for the Hospitality Industry at the Malaysia Productivity Corporation (MPC), Confederation of Asia Pacific Employers (CAPE), 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 Cooperation (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 of 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, Tan Sri Dato' Azman received awards of Ahli Mahkota Selangor (AMS) Award by His Highness, The Sultan of Selangor, Datuk Paduka Tuanku Jaafar (DPTJ) Award by His Highness, The Yang Di Pertuan Negeri Sembilan and Darjah Kebesaran Panglima Setia Mahkota (PSM) Award by His Majesty, The Yang Di Pertuan Agong XIV Tuanku Al-Haj Abdul Halim Mu'adzam Shah.

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

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

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

Sng Ngiap Koon *(age 70)*

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

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

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

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

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

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

Wong Joon Hian *(age 68)*

- *Chief Operating Officer – Financial Services of Advance Synergy Berhad*
- *Managing Director of Advance Synergy Capital Sdn Bhd*
- *Managing Director & Chief Executive Officer of Synergy Cards Sdn Bhd*

Mr Wong Joon Hian was appointed the Chief Operating Officer – Financial Services of Advance Synergy Berhad on 28 September 2012. 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.

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.

Wong Joon Hian (continued)

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, CIMB – Principal Asset Management Berhad and CIMB Islamic Asset Management Sdn Bhd. 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 *(age 53)*

• Group Executive Chairman of Captii Limited

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

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

Wong Tze Leng (continued)

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

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

Tze Leng also sits on the Board of various private limited companies including subsidiaries and associated 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 *(age 50)*

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

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

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

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

Yap Chee Kong (continued)

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 *(age 64)*

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

Mr Frank Michael Turrisi was appointed as the Chief Executive Officer of Quality Bus & Coach (M) Sdn Bhd on 1 June 2003 and subsequently redesignated as the Production & Technical Director on 27 March 2017.

Frank 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, and moved on to start his own company in the bus industry in Australia in 1995. In 2002, he set-up Quality Bus & Coach (M) Sdn Bhd, a local production facility. Quality Bus & Coach (M) Sdn Bhd became a subsidiary of ASCAP in 2003.

Frank also sits on the Board of 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 *(age 46)*

- *Executive Director of Orient Escape Travel Sdn Bhd*
- *Chief Executive Officer of Synergy Tours Sdn Bhd*
- *Registrar of The Language House*

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

Cheah Ping Huey (continued)

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

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

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

Ping Huey does not hold any directorship in public companies.

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

Notes:

The profiles of the following Key Senior Management who are also Directors of Advance Synergy Berhad are set out in the Directors' Profile on pages 44, 45 and 46 of this Annual Report:

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

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

Governance

The Board has included **gender balance** as one of the main criteria for appointment of new directors to promote the representation of women in the composition of the Board. Currently, we have three (3) women directors representing more than 30% of the Board of eight (8) members.

COMMITTED TO THE HIGHEST STANDARDS

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

BOARD COMPOSITION AND SUCCESSION

As at the date of this report, the Board was made up of eight (8) members, comprising the Group Chairman, the Group Executive Deputy Chairman, the Group Managing Director, two (2) Non-Independent Non-Executive Directors and three (3) Independent Non-Executive Directors. The age of our Board members ranges from 40 to 70 years. The current Directors bring a wide range of business and financial experience, skills and knowledge necessary for the effective stewardship of the Group. Profiles of the Directors are set out on pages 43 to 50 of this Annual Report.

HOW WE GOVERN THE COMPANY

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

The Board is assisted by four (4) principal committees (Audit, Nomination, Remuneration and Risk Management), each of which is responsible for reviewing and dealing with matters within its own terms of reference. At scheduled Board meetings, the minutes of all committee meetings are circulated. All the non-executive directors are members of all principal committees. Individual reports from each principal committee can be found on pages 67 to 79.

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

BOARD COMPOSITION AND SUCCESSION (continued)

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

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

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

Diversity and gender balance

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

The Board has included gender balance as one of the main criteria for appointment of new directors to promote the representation of women in the composition of the Board. Currently, we have three (3) women directors representing more than 30% of the Board of eight (8) members.

The remuneration for all Directors including Executive Directors is determined at levels so as to ensure that the Company attracts and retains the right calibre of Directors needed for the successful performance of the Group. The Remuneration Committee Report is set out on pages 76 to 79.

LEADERSHIP AND RESPONSIBILITIES

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

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

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

LEADERSHIP AND RESPONSIBILITIES (continued)

The Board acknowledges its overall responsibility for maintaining a 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 these systems regularly. The effectiveness of the Group's risk management and internal controls framework is reviewed periodically by the RMC and Audit Committee. The Risk Management and Audit Committee reports can be found on pages 32 to 40 and pages 67 to 70 respectively.

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 the Independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by the executive management are fully deliberated upon, and take into account the long term interests of the shareholders, employees, customers, suppliers and the many communities in which the Group conducts its business. Together, their representations on the Board fairly reflect the investment of the minority shareholders of the Company and in addition carry sufficient weight for decision making.

INDEPENDENCE OF DIRECTORS

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

During the financial year ended 31 December 2017, the Board, through the Nomination Committee, has conducted such assessment on all the Independent Directors and each Independent Director has confirmed his independence to the Nomination Committee. Based on the said assessment, the Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company during deliberation at meetings of the Board and Committees.

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

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

The shareholders of the Company had at the 93rd AGM which was held on 24 May 2017 approved that Mr Yong Teck Ming who has served on the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years on 9 July 2017 to continue to act as an Independent Non-Executive Director of the Company.

INDEPENDENCE OF DIRECTORS (continued)

On 28 February 2018, the Nomination Committee met and concluded that during Mr Yong Teck Ming's long service to the Company, his performance as an Independent Non-Executive Director was excellent and there is no reason to believe that he will not continue to act independently and to contribute to the Company taking into consideration the following:

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

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

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

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

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

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

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

In view of the above, the Nomination Committee recommended to the Board that a resolution for the retention of Mr Yong Teck Ming as an Independent Non-Executive Director of the Company, be tabled for shareholders' approval at the forthcoming 94th AGM of the Company. The Board is unanimous in supporting this recommendation.

SUFFICIENT PROVISIONS

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

SUFFICIENT PROVISIONS (continued)

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

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

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities and this is demonstrated by the attendance record of the Directors at the meetings of the Board and Board Committees for the financial year ended 31 December 2017 as set out below:

Name of Directors	Board	Audit Committee	Nomination Committee	Remuneration Committee	Risk Management Committee
Dato' Ahmad Sebi Bakar	6 / 6	-	-	-	-
Anton Syazi Dato' Ahmad Sebi *(appointed on 27 February 2017)*	5 / 5	-	-	-	-
Lee Su Nie	6 / 6	-	-	-	-
Puan Sri Datin Masri Khaw binti Abdullah	6 / 6	-	3 / 3	3 / 3	-
Yong Teck Ming	6 / 6	5 / 5	-	-	4 / 4
Dato' Ahmad Ghiti bin Mohd Daud	6 / 6	5 / 5	3 / 3	3 / 3	4 / 4
Rali bin Mohd Nor	6 / 6	5 / 5	3 / 3	3 / 3	*4 / 4
Aryati Sasya Dato' Ahmad Sebi	6 / 6	*5 / 5	-	-	4 / 4

** Attended the meetings by invitation.*

CONTINUAL TRAINING FOR DIRECTORS

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

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

CONTINUAL TRAINING FOR DIRECTORS (continued)

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

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

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

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

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

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

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

During the financial year ended 31 December 2017, six (6) Board meetings were held where the Board deliberated upon and considered a variety of matters including the Group's corporate developments, financial results, investments and reports on risk management and internal audits of the Group. The Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. All proceedings from the Board meetings are minuted and signed by the Chairman of the meeting.

The Board, through the Nomination Committee, also conducted assessments on all the independent directors, reviewed the training programmes attended by the Directors to keep abreast with the current developments in laws, regulations and business practices to aid them in discharging their duties, and assessed the appointment of Mr Anton Syazi Dato' Ahmad Sebi as Non-Independent Non-Executive Director and re-designation to Executive Deputy Chairman respectively.

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

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

During the financial year ended 31 December 2017, the Audit Committee met with the external auditors three (3) times without the presence of the Executive Directors to discuss the audit plan, audit findings and the Company's audited financial statements.

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

For the coming year, there will be continuous on-going assessment by the Board of the business risks and the effectiveness of the risk management frameworks and internal control systems to manage risks. More emphasis will also be placed on sustainability reporting as the Board acknowledges the importance of employing principles and adopting practices that support corporate sustainability.

The Board also intends to revisit the implementation of a whistleblowing policy. Although the Board believes that the current internal controls, work culture and the "open-door" concept adopted by the Group support a clear and open communication, breed healthy work cultures and encourage open flow of communication, the Board believes that a whistleblowing policy would strangthen the element of Internal Control System and Corporate Governance of the Group.

This report is to be read together with the Corporate Governance Report 2017 of the Company which is available on the Company's website. The Corporate Governance Report 2017 provides the details on how the Company has applied each practice as set out in the Code during the financial year 2017.

Audit Committee Report

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

COMPOSITION

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

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

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

OBJECTIVES

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

OBJECTIVES (continued)

The Audit Committee is responsible for the development, implementation and monitoring of the Company's policy on external audit. The Audit Committee reserves oversight responsibility for monitoring the auditor's independence, objectivity and compliance with ethical, professional and regulatory requirements. The Audit Committee is also responsible for the re-tendering selection process and recommends the appointment, reappointment and removal of the Company's external auditor, and considers the risks associated with the change of the external auditors in its risk evaluation and planning.

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

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

MEETINGS AND ATTENDANCE

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

Name of Directors	Attended
Yong Teck Ming *Chairman*	5 / 5
Dato' Ahmad Ghiti bin Mohd Daud *Member*	5 / 5
Rali bin Mohd Nor *Member*	5 / 5

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2017, the principal activities of the Audit Committee comprised:

Financial Reporting

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

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

(iii) Reviewed the annual audited financial statements for the financial year ended 31 December 2016 prior to submission to the Board for approval.

SUMMARY OF ACTIVITIES (continued)

Financial Reporting (continued)

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

Internal Audit

(i) Reviewed the objectives, adequacy and coverage of the internal audit activities of the proposed 2017 internal audit plan. A total of twenty one (21) internal audit assignments was approved for the 2017 internal audit plan.

(ii) Reviewed a total of seventeen (17) internal audit ("IA") reports (comprising one (1) from 2015 IA plan, two (2) from 2016 IA plan and fourteen (14) from 2017 IA plan) on the adequacy and effectiveness of internal control systems and risk management including audit recommendations and the management's responses thereto.

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

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

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

External Audit

(i) Convened meetings with the external auditors on 27 February 2017, 10 April 2017 and 22 November 2017 without the presence of the management to review and deliberate on various matters including the audit planning memorandum and audit review memorandum prepared by the external auditors. These memorandum includes significant audit findings, auditing and accounting issues, adequacy of management's response and other key matters arising from the statutory audit for the financial years ended 31 December 2016 and 2017, as well as the changes in regulatory environment following the enforcement of the new Act which came into effect on 31 January 2017.

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

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

Related Party Transactions and Recurrent Related Party Transactions

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

SUMMARY OF ACTIVITIES (continued)

Audit Committee Report

Reviewed the Audit Committee Report and recommended to the Board for inclusion in the Annual Report for the financial year ended 31 December 2016.

TOR of Audit Committee

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

INTERNAL AUDIT FUNCTION

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

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

During the financial year ended 31 December 2017, 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 seventeen (17) – IA reports was presented to the Audit Committee during the financial year ended 31 December 2017. The Internal Auditors also reviewed the related party transactions entered into by the Company and its subsidiaries to ensure that the transactions were carried out on an arm's length basis.

The costs incurred for the internal audit function of the Group in respect of the financial year ended 31 December 2017 was RM149,000.

Nomination Committee Report

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

COMPOSITION

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

Dato' Ahmad Ghiti bin Mohd Daud
Chairman, Independent Non-Executive Director

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

Rali bin Mohd Nor
Member, Independent Non-Executive Director

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

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

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

COMPOSITION (continued)

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

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

DUTIES AND FUNCTIONS

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

The Nomination Committee will assess annually, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director including Independent Non-Executive Directors, as well as Executive Directors. The Board, through the Nomination Committee, reviews annually its required mix of skills and experience and other qualities, including core competencies, which Non-Executive Directors should bring to the Board.

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

PRINCIPAL ACTIVITIES

The Committee's focus during the year was overseeing the process for the appointment of a new executive director and to assist the Board to assess the independence of independent director including a director who has served on the Board for a cumulative term of nine (9) years and to recommend to the Board for approval to retain the said director.

During the financial year ended 31 December 2017, 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, corparate governance and business practices to aid them in discharging their duties:

PRINCIPAL ACTIVITIES (continued)

Directors	Date	Programmes/courses/seminars/ conferences attended	Organiser
Dato' Ahmad Sebi Bakar	13.12.2017	Goods & Services Tax (GST) in Malaysia	Crowe Horwath Mr Chris Yee
Anton Syazi Dato' Ahmad Sebi	20.01.2017	Crisis Management & Anti-Money Laundry Act (AMLA) Part 2	SJ Securities Sdn Bhd
	07 & 10.04.2017	Mandatory Accreditation Programme (MAP)	The Iclif Leadership and Governance Centre ("ICLIF")
	12 & 13.04.2017	Echelon Malaysia 2017 – From Second City to Startup City	E27 and TE4P
	04.05.2017	ASEAN Conference 2017	Jointly organised by the Singapore Business Federation (SBF) and founding partners United Overseas Bank (UOB)
	11.07.2017	Building Fintech Bridges between Europe and Malaysia	Khazanah Europe and MDEC
	08 & 09.11.2017	Leadership Energy Summit Asia 2017	ICLIF
Lee Su Nie	18.07.2017	Capital Market Conference 2017:	Malaysia Institute of Accountants ("MIA")
	13.09.2017	Global Capital Markets: Entering New Era	Bursa Malaysia & PwC Malaysia Consulting
	03.10.2017	Advocacy Session on Corporate Disclosure for Directors and Principal Officers of listed Issuers	Bursa Malaysia
	23.10.2017	Directors Risk Management Programme: "I am Ready to Manage Risks"	Bursa Malaysia
Puan Sri Datin Masri Khaw binti Abdullah	27.09.2017	Advocacy Session on Corporate Disclosure for Directors and Principal Officers of listed Issuers	Bursa Malaysia
	13.12.2017	Goods & Services Tax (GST) in Malaysia	Crowe Horwath Mr Chris Yee
Yong Teck Ming	02.03.2017	Global Business Insight Series: Embracing Paradox by Professor Salvatore Cantale	Securities Industry Development Corporation ("SIDC")
	10.01.2017	Sustainability Forum for Directors/ CEOs: "The Velocity of Global Change & Sustainability-The New Business Model	Bursa Malaysia/MINDA

PRINCIPAL ACTIVITIES (continued)

Directors	Date	Programmes/courses/seminars/ conferences attended	Organiser
Yong Teck Ming (continued)	02.03.2017	Global Business Insight Series: Embracing Paradox by Professor Salvatore Cantale	Securities Industry Development Corporation ("SIDC")
	10.04.2017	Global Business Insights Series: High Performance Leadership In Times of Change and Uncertainty	SIDC
	03.05.2017	Sustaining Business Growth with Sound Governance, Risk Management, Internal Control and Compliance	Bursa Malaysia
	17.07.2017	Board Excellence: How to Engage and Enthuse Beyond Compliance with Sustainability	Bursa Malaysia
	30.08.2017	Advocacy Session on Corporate Disclosure for Directors and Principal Officers of listed Issuers	Bursa Malaysia
	13.09.2017	Directors Risk Management Programme: "I am Ready to Manage Risks"	Bursa Malaysia & PwC Malaysia Consulting *(attended session 1 and 2 only).*
	13.10.2017	CG Breakfast Series for Directors: Leading in a volatile, uncertain, complex, ambiguous (VUCA) world	ICLIF
	16.10.2017	Case study workshop for independent directors "Rethinking-Independent Directors: A New frontier"	SIDC *(attended morning session only).*
Dato' Ahmad Ghiti bin Mohd Daud	03.05.2017	Sustaining Business Growth with Sound Governance, Risk Management, Internal Control and Compliance	Bursa Malaysia
	18.07.2017	Capital Market Conference 2017: Global Capital Markets: Entering New Era	MIA
	13.10.2017	CG Breakfast Series for Directors: Leading in a volatile, uncertain, complex, ambiguous (VUCA) world	ICLIF
	09.11.2017	Case study workshop for independent directors "Rethinking-Independent Directors: A New frontier"	SIDC
	05.12.2017	CG Breakfast Series for Directors: Leading Change @ The Brain "Rethinking-Independent Directors: A New frontier"	ICLIF

PRINCIPAL ACTIVITIES (continued)

Directors	Date	Programmes/courses/seminars/ conferences attended	Organiser
Rali bin Mohd Nor	27.09.2017	Advocacy Session on Corporate Disclosure for Directors and Principal Officers of listed Issuers	Bursa Malaysia
	13.10.2017	CG Breakfast Series for Directors: Leading in a volatile, uncertain, complex, ambiguous (VUCA) world	ICLIF
	09.11.2017	Case study workshop for independent directors "Rethinking-Independent Directors: A New frontier"	SIDC
Aryati Sasya Dato' Ahmad Sebi	10.01.2017	Sustainability Forum for Directors/CEOs: "The Velocity of Global Change & Sustainability-The New Business Model"	Bursa Malaysia/ MINDA
	13.10.2017	CG Breakfast Series for Directors: Leading in a volatile, uncertain, complex, ambiguous (VUCA) world	ICLIF

DIVERSITY

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

Further information regarding Board diversity can be found on page 61 and gender diversity in the Group as a whole on page 61.

LOOKING AHEAD

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

Remuneration Committee Report

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

COMPOSITION

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

Dato' Ahmad Ghiti bin Mohd Daud
Chairman, Independent Non-Executive Director

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

Rali bin Mohd Nor
Member, Independent Non-Executive Director

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

REMUNERATION POLICY FOR EXECUTIVES

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

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

REMUNERATION POLICY FOR EXECUTIVES (continued)

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

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

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

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

REMUNERATION FOR THE YEAR

The remuneration breakdown of individual Directors which includes fees, salary, bonus, benefits-in-kind and other emoluments for the financial year ended 31 December 2017 are as follows:

(a) Remuneration of Directors received from the Company:

Name of Director	Fees RM	Salaries, Bonuses, Allowances and other emoluments RM	Benefits-in-kind RM	Total RM
Executive				
Anton Syazi Dato' Ahmad Sebi	-	206,080	-	206,080
Lee Su Nie	-	898,240	41,155	939,395
Non-Executive				
Dato' Ahmad Sebi Bakar	150,000	-	65,500	215,500
Puan Sri Datin Masri Khaw binti Abdullah	-	-	-	-
Yong Teck Ming	47,000	-	-	47,000

REMUNERATION FOR THE YEAR (continued)

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

Name of Director	Fees RM	Salaries, Bonuses, Allowances and other emoluments RM	Benefits-in-kind RM	Total RM
Non-Executive (continued)				
Dato' Ahmad Ghiti bin Mohd Daud	48,000	-	-	48,000
Rali bin Mohd Nor	40,000	-	-	40,000
Aryati Sasya Dato' Ahmad Sebi	30,000	-	-	30,000

(b) Remuneration of Directors received from the Group:

Name of Director	Fees RM	Salaries, Bonuses, Allowances and other emoluments RM	Benefits-in-kind RM	Total RM
Executive				
Anton Syazi Dato' Ahmad Sebi	11,229	551,011	-	562,240
Lee Su Nie	-	898,240	41,155	939,395
Non-Executive				
Dato' Ahmad Sebi Bakar	150,000	297,500	72,700	520,200
Puan Sri Datin Masri Khaw binti Abdullah	271,875	517,500	-	789,375
Yong Teck Ming	47,000	-	-	47,000
Dato' Ahmad Ghiti bin Mohd Daud	48,000	-	-	48,000
Rali bin Mohd Nor	40,000	-	-	40,000
Aryati Sasya Dato' Ahmad Sebi	30,000	50,960	-	80,960

REMUNERATION FOR THE YEAR (continued)

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

In view of the competitive nature of the human resource market, the remuneration of the top five (5) senior management which includes salary, bonus, benefits in-kind and other emoluments for the financial year ended 31 December 2017 is disclosed in bands of RM50,000:

Remuneration Range	Number of Senior Management staff
Between RM350,001 – RM400,000	1
Between RM500,001 – RM550,000	2
Between RM550,001 – RM600,000	1
Between RM900,001 – RM950,000	1

Directors' responsibility statement
in respect of the audited financial statements

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

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

In preparing the financial statements, the Directors have:

- Selected suitable accounting policies and applied them consistently;
- Made judgments and estimates that are reasonable and prudent;
- Ensured that all applicable financial reporting standards have been followed; and
- Prepared financial statements on 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.

Additional Compliance Information

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

For the financial year ended 31 December 2017, 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	RM423,000
Non-Audit Fees paid or payable to BTMH, or a firm or corporation affiliate to BTMH (Note 1)	RM15,000	RM15,000

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

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

Save as disclosed below, there were no material contracts entered into by the Group which involved the interest of the directors, chief executive who is not a director or major shareholders either still subsisting at the end of the financial year ended 31 December 2017 or entered into since the end of the previous financial year:

(a) 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 & 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 and was subsequently redesignated as Executive Deputy Chairman on 1 September 2017, is also a Director of Leeds Property.

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

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 2019.

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

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

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

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