annual report 2018

ADVANCE SYNERGY BERHAD

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STRATEGIC REPORT

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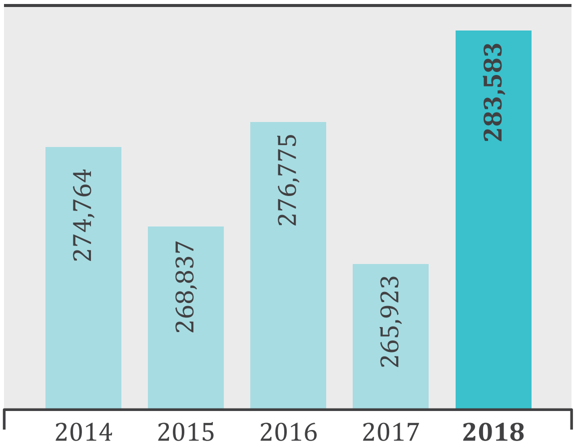
Five-Year Group Financial Highlights

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

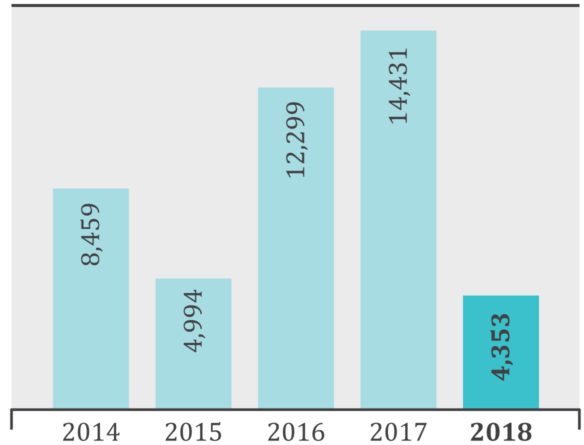
Note 1 : The lower net assets per share for 2018 is mainly due to the increase in the number of ordinary shares of the Company after all outstanding 2% 10- Year Irredeemable Convertible Unsecured Loan Stocks were compulsorily and automatically converted into fully paid new ordinary shares of the Company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

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

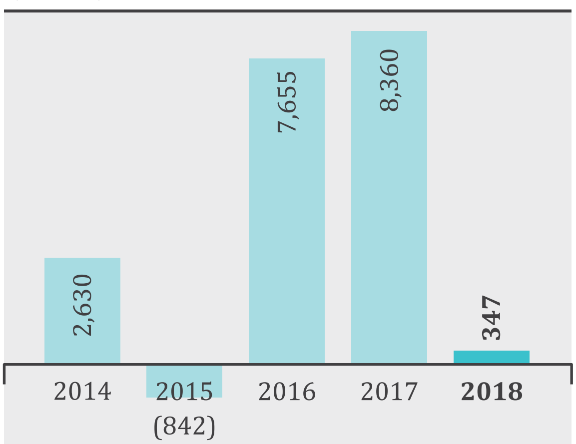
REVENUE
(RM'000)



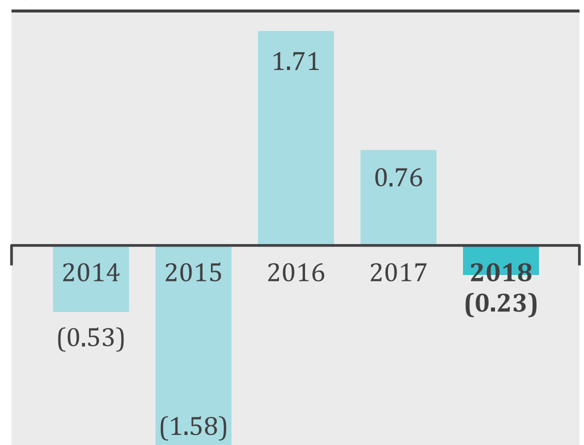
OPERATING PROFIT/(LOSS)
(RM'000)



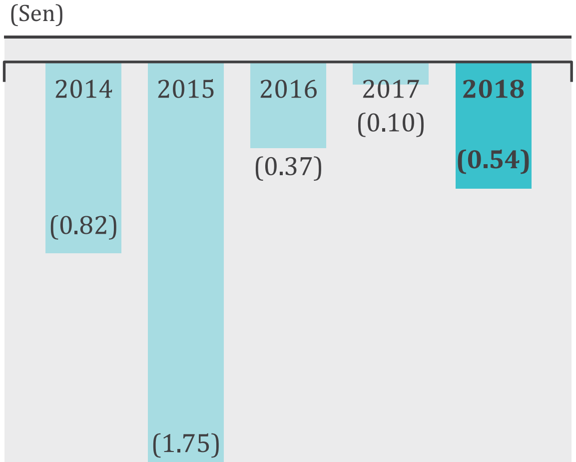
PROFIT/(LOSS) BEFORE TAX
(RM'000)



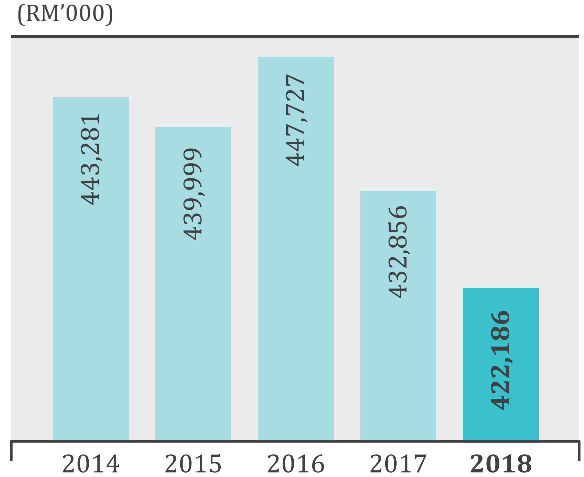
RETURN ON EQUITY
(%)



EARNINGS/(LOSS) PER SHARE
(Sen)



SHAREHOLDERS' FUNDS
(RM'000)



Chairman's Statement

Dear Shareholders

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

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

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

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

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

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

DIVIDEND

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

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

APPRECIATION

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

DATO’ AHMAD SEBI BAKAR
Group Chairman

Performance Review

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

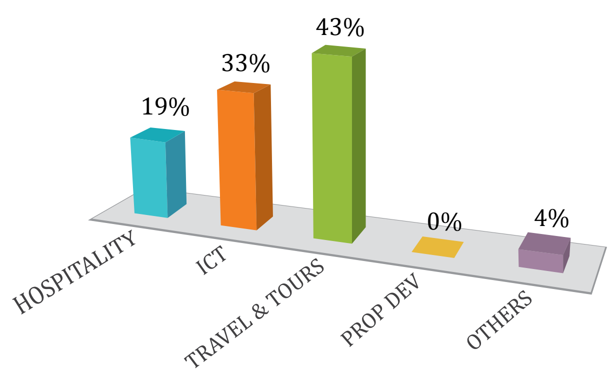
REVENUE

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

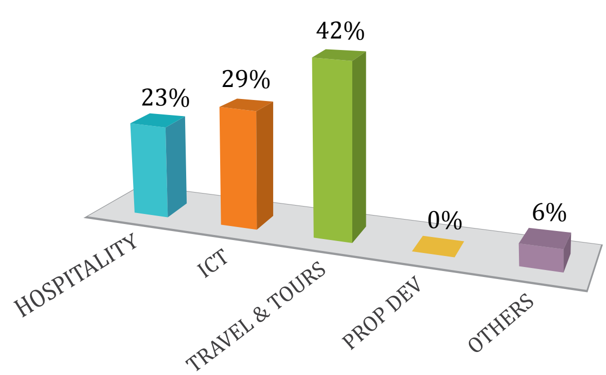
Our hospitality division's revenue was lower at RM54.3 million in fiscal 2018 compared to revenue of RM60.5 million in fiscal 2017. The property development division recorded a revenue of RM38,000 because Phase 2 of the Federal Park project which was anticipated to be launched during the year was delayed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

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

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



2018 REVENUE BY DIVISION



2017 REVENUE BY DIVISION

GROSS PROFIT

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

OTHER OPERATING INCOME AND EXPENSES

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

SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

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

PROFIT BEFORE TAX

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

PROFIT BEFORE TAX (continued)

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

INCOME TAX

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

ASSETS

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

LIABILITIES

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

EQUITY

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

HOSPITALITY DIVISION

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

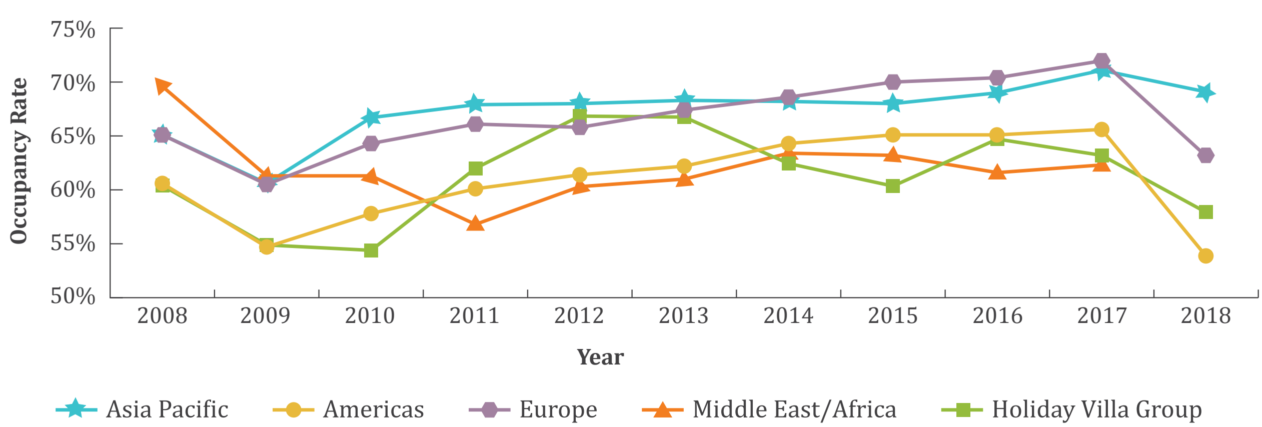
Villa Hotel & Residence Shanghai Jiading which was offset by the lower revenue from other local hotels namely, Holiday Villa City Centre Alor Setar which ceased operations in April 2018 and the lower management fees from Holiday Villa Hotel & Residence Doha City Centre ("Holiday Villa Doha"). The diplomatic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

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

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

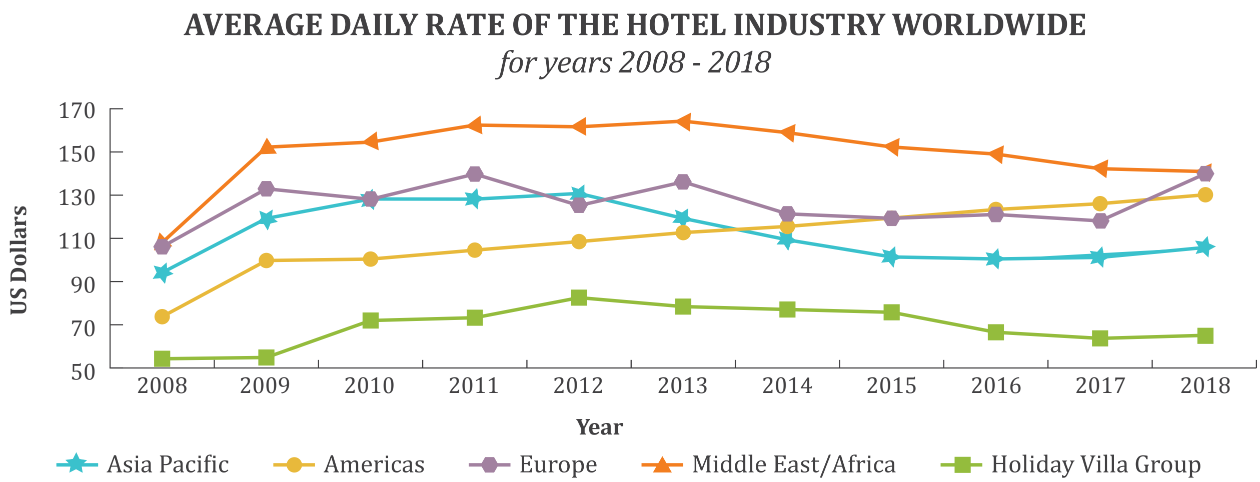
OCCUPANCY RATE OF THE HOTEL INDUSTRY WORLDWIDE

for years 2008 - 2018



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

HOSPITALITY DIVISION (continued)



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

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

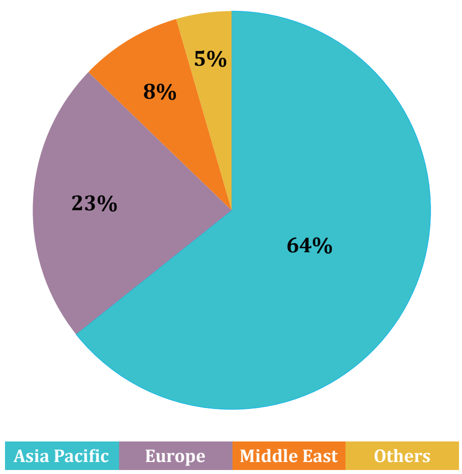
Our top market segments last year were guests from e-booking at 26.4%, an improvement from last year, long-term guests at 20.8%, contract wholesale at 11.6%, Corporate at 10.5% and by Series at 8.8%. Hotels which contributed to the increase in e-Booking through Online Travel Agents (OTA) were Holiday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

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

HOSPITALITY DIVISION (continued)

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

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



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

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

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

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

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

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

ICT DIVISION

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

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

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

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

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

ICT DIVISION (continued)

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

PROPERTY DEVELOPMENT DIVISION

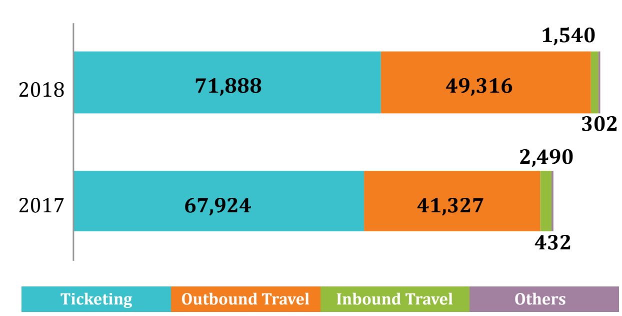
It was a disappointing year for the property development division as their anticipated Phase 2, Federal Park Project, was not launched as expected as the approval for the amended development plans to build townhouses is still pending. Phase 2, Federal Park Project, was revised to be slated to commence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

TRAVEL AND TOURS DIVISION

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

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

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



OTHERS DIVISION

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

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

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

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

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

The Year Ahead...

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

HOSPITALITY

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

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

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

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

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

HOSPITALITY (continued)

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

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

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

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

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

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

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

HOSPITALITY (continued)

Some of our key activities for 2019 are:

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

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

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

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

ICT

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

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

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

ICT (continued)

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

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

TRAVEL AND TOURS

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

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

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

TRAVEL AND TOURS (continued)

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

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

PROPERTY DEVELOPMENT

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

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

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

PROPERTY DEVELOPMENT (continued)

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

BUS-BODY FABRICATION

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

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

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

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

BUS-BODY FABRICATION (continued)

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

EDUCATION

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

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

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

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

EDUCATION (continued)

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

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

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

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

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

CARD AND PAYMENT SERVICES

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

CARD AND PAYMENT SERVICES
(continued)

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

Statement on Sustainability

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

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

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

STRATEGIC APPROACH FOR SUSTAINABILITY

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

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

STRATEGIC APPROACH FOR SUSTAINABILITY (continued)

Exhibit 1 - ASB Group's Sustainability Performance Management Framework

Three (3) pillars of our sustainability performance

Our Materiality Assessment Process

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

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

REPORTING PRACTICE AND BOUNDARY

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

Exhibit 2 - Our Key Business Divisions

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

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

UNDERSTANDING WHAT MATTERS TO US

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

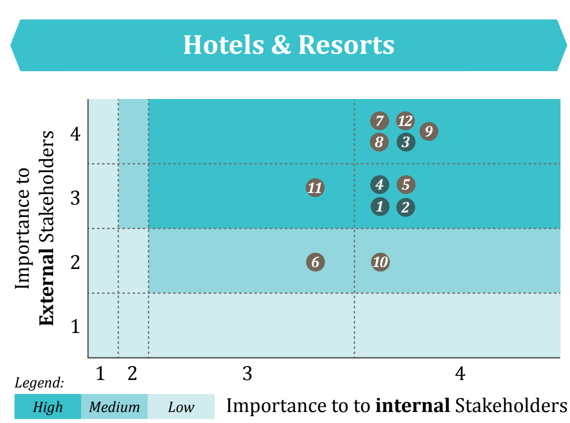
In 2018, a robust process was undertaken to identify and prioritise the Group's material ESG issues. The process was supported by an independent consultant and involved stakeholder consultations, workshops for senior management, an assessment of long-term global trends and an internal review of our businesses.

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

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

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

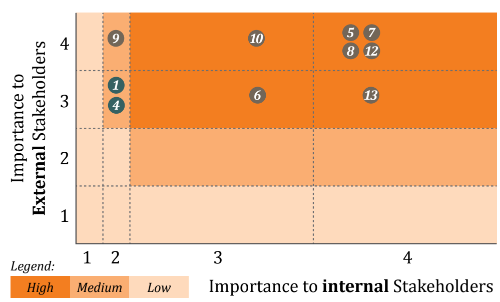
Exhibit 3 - ASB's Materiality Matrix



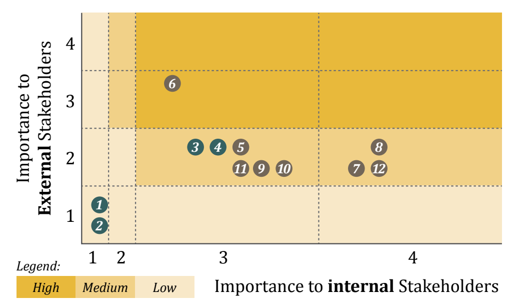
UNDERSTANDING WHAT MATTERS TO US (continued)

Exhibit 3 - ASB's Materiality Matrix (continued)

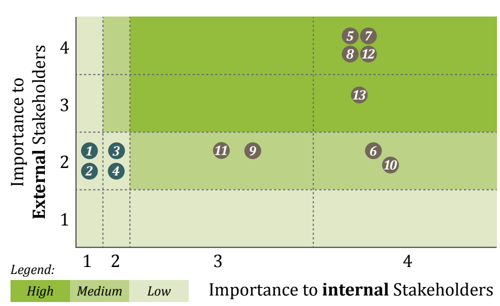
ICT



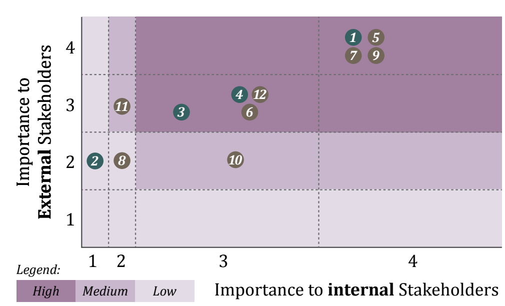
Property Development



Travel & Tours



Other Division - Bus-Body Fabrication



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

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

SUSTAINING GROWTH

ENVIRONMENTAL MANAGEMENT

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

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

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

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

Commitments & Targets

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

- Continue to explore solutions that minimise environmental impact.

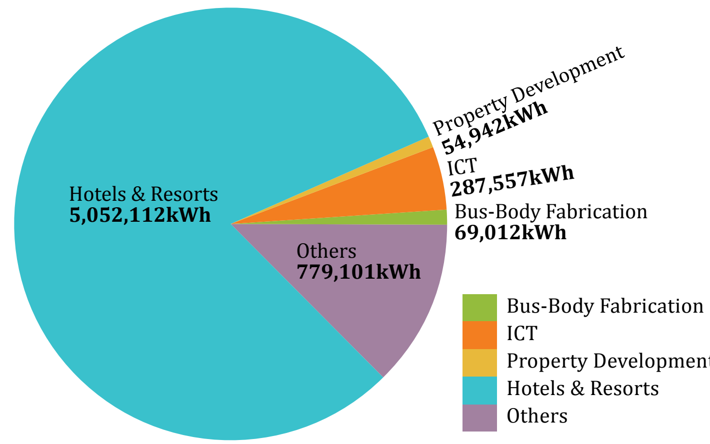
- Install or maintain energy-efficient equipment and devices at our facilities whenever possible, including LED lights and more energy-efficient cooling solutions.

ENVIRONMENTAL MANAGEMENT (continued)

Energy Efficiency

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

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



Water Consumption

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

Environmental Compliance

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

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

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

Table 1. Environmental Compliance Requirements in Malaysia

Environmental Compliance (continued)

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

PRODUCT EXCELLENCE

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

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

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

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

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

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

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

Commitments & Targets

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

SUPPLY CHAIN MANAGEMENT

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

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

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

REGULATORY COMPLIANCE

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

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

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

Commitments & Targets

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

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

REGULATORY COMPLIANCE (continued)

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

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

EMPOWERING LIVES

LABOUR PRACTICES & HUMAN RIGHTS

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

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

Commitments & Targets

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

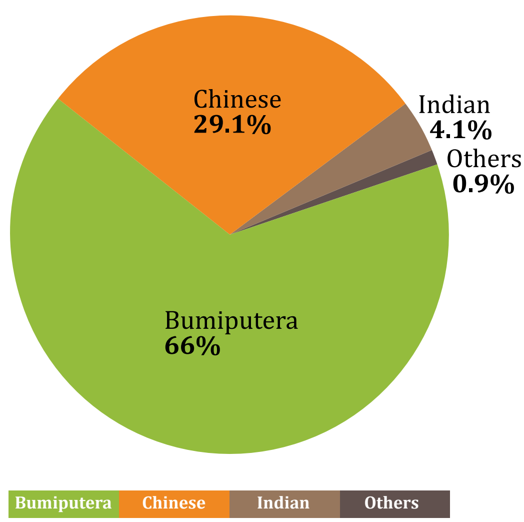
Learning & Development

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

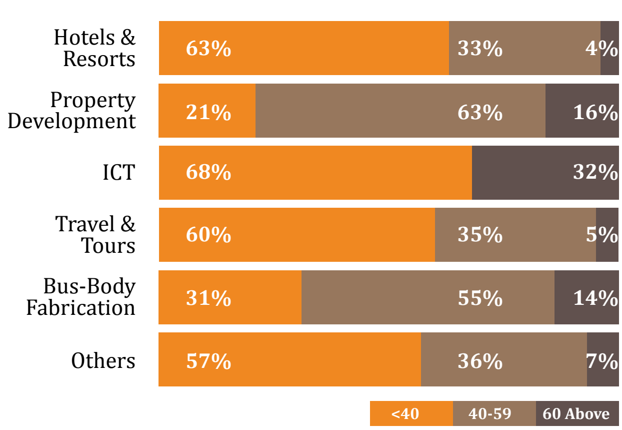
Workforce Diversity & Inclusion

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

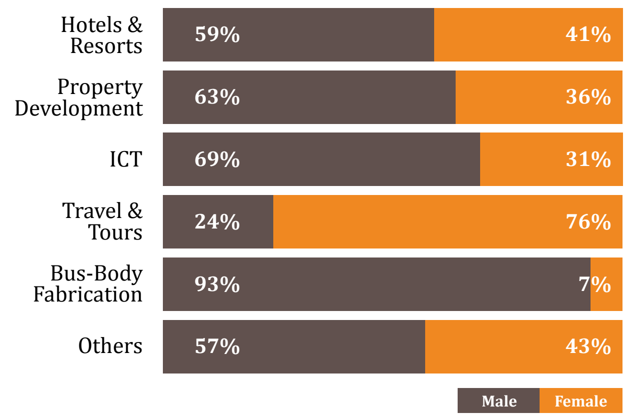
Embracing Diversity In Workforce



Distribution by Divison & Age (%)



Distribution by Divison & Gender (%)



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

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

Workforce Diversity & Inclusion (continued)

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

Code of Business Conduct and Ethics

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

Compliance with Applicable Employment Laws & Regulations

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

Compliance
Employment Act 1955
Industrial Relations Act 1967

Table 2. Employment Compliance Requirements in Malaysia

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

HEALTH & SAFETY MANAGEMENT

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

HEALTH & SAFETY MANAGEMENT (continued)

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

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

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

Commitments & Targets

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

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

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

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

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

NURTURING COMMUNITIES

CORPORATE SOCIAL RESPONSIBILITY

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

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

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

Remaining eco-friendly in our daily operations

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

Risk Management

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

IDENTIFYING AND MANAGING RISK

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

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

IDENTIFYING AND MANAGING RISK (continued)

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

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

Our Risk Strategy

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

Our Risk Management Framework

Under the RMC, we have a structured risk management framework throughout the Group.

This includes a standard set of risk categories, generic risk descriptions and scoring methodology, together with a process to analyse and manage risk. All our subsidiaries use this framework to identify and document their specific risks.

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

Our Key Risks

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

- **Strategic** risks that could prevent us from achieving our strategic objectives.
- **Operational** risks which, if not successfully managed, would threaten our viability. These relate to our ability to operate a sustainable and safe business.

Our Key Risks (continued)

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

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

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

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

Our Key Risks (continued)

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

Our Key Risks (continued)

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

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

Our Key Risks (continued)

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

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

Our Key Risks (continued)

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

1. **Business Strategy Gap**

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

2. **Increased Costs and Inefficiencies**

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

3. **Revenue Gap**

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

4. **Non-Compliance**

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

5. **Human Capital Gap**

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

INTERNAL CONTROL SYSTEM

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

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

INTERNAL CONTROL SYSTEM
(continued)

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

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

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

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

INTERNAL AUDIT FUNCTION

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

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

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

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

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

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

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

INTERNAL AUDIT FUNCTION (continued)

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

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

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

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

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

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

REVIEW OF ADEQUACY AND EFFECTIVENESS

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

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

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

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

CORPORATE GOVERNANCE

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Our Corporate Information

BOARD OF DIRECTORS

Dato' Ahmad Sebi Bakar
Group Chairman

Anton Syazi Dato' Ahmad Sebi
Group Executive Deputy Chairman

Lee Su Nie
Group Managing Director

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

Yong Teck Ming
Independent Non-Executive Director

Rali Mohd Nor
Independent Non-Executive Director

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

Kam Kin Foong
Independent Non-Executive Director

AUDIT COMMITTEE

Yong Teck Ming *Chairman*	**Rali Mohd Nor** *Member*	**Kam Kin Foong** *Member*

RISK MANAGEMENT COMMITTEE

Yong Teck Ming *Chairman*	**Aryati Sasya Dato' Ahmad Sebi** *Member*	**Kam Kin Foong** *Member*

NOMINATION COMMITTEE

Rali Mohd Nor *Chairman*	**Puan Sri Datin Masri Khaw Abdullah** *Member*	**Kam Kin Foong** *Member*

REMUNERATION COMMITTEE

Rali Mohd Nor *Chairman*	**Puan Sri Datin Masri Khaw Abdullah** *Member*	**Kam Kin Foong** *Member*

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

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Fax : 03-2282 9980

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

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

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

Our Board

Dato’ Ahmad Sebi Bakar

Group Chairman (age 71)

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

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

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

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

Dato' Ahmad Sebi Bakar (continued)

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

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

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

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

Anton Syazi Dato' Ahmad Sebi

Group Executive Deputy Chairman (age 41)

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

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

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

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

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

Anton Syazi Dato' Ahmad Sebi (continued)

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

Lee Su Nie

Group Managing Director (age 58)

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

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

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

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

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

Puan Sri Datin Masri Khaw Abdullah

Non-Independent Non-Executive Director (age 66)

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

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

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

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

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

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

Yong Teck Ming

Independent Non-Executive Director (age 65)

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

Yong Teck Ming (continued)

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

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

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

Rali Mohd Nor

Independent Non-Executive Director (age 65)

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

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

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

Rali Mohd Nor (continued)

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

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

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

Aryati Sasya Dato' Ahmad Sebi

Non-Independent Non-Executive Director (age 44)

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

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

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

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

Aryati Sasya Dato' Ahmad Sebi (continued)

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

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

Kam Kin Foong

Independent Non-Executive Director (age 52)

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

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

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

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

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

Our Company Secretary

Ho Tsae Feng

Company Secretary and Group Secretarial Manager (age 49)

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

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

Tsae Feng does not hold any directorship in public company.

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

Our Key Management

CORPORATE OFFICE

Dato' Ahmad Sebi Bakar
Group Chairman

Anton Syazi Dato' Ahmad Sebi
Group Executive Deputy Chairman

Lee Su Nie
Group Managing Director

Sng Ngiap Koon
Chief Operating Officer – Asset Development

Yap Chee Kong
General Manager – Corporate Services

Daniel Tan Wooi Hoo
Senior Finance Manager

Ho Tsae Feng
Group Secretarial Manager

HEADS OF GROUP DIVISIONS

HOTELS AND RESORTS

ALANGKA-SUKA HOTELS & RESORTS SDN BHD

Tan Sri Dato' Azman Shah Haron
Chairman

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

PROPERTY DEVELOPMENT

ADVANCE SYNERGY REALTY SDN BHD

Sng Ngiap Koon
Executive Director/Chief Operating Officer

INVESTMENT HOLDING

ADVANCE SYNERGY CAPITAL SDN BHD

Yap Chee Kong
Financial Controller

TRAVEL & TOURS

ORIENT ESCAPE TRAVEL SDN BHD

Cheah Ping Huey
Executive Director

SYNERGY TOURS SDN BHD

Cheah Ping Huey
Chief Executive Officer

INFORMATION & COMMUNICATIONS TECHNOLOGY

CAPTII LIMITED

Wong Tze Leng
Group Executive Chairman

Anton Syazi Dato' Ahmad Sebi
Group Executive Director

CARD & PAYMENT SERVICES

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

Low Kok Keng
Chief Executive Officer

BUS-BODY FABRICATION

QUALITY BUS & COACH (M) SDN BHD

Yap Chee Kong
Managing Director

EDUCATION

THE LANGUAGE HOUSE

Patricia Mary Jayasuriya @ Cecilia
Principal

Our Group
Senior Management

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

• Chairman of Alangka-Suka Hotels & Resorts Sdn Bhd

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

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

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

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

Tan Sri Dato' Azman Shah Haron
(continued)

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

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

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

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

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

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

Wong Tze Leng *(age 54)*

• *Group Executive Chairman of Captii Limited*

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

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

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

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

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

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

Sng Ngiap Koon *(age 71)*

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

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

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

Sng Ngiap Koon (continued)

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

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

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

Low Kok Keng *(age 60)*

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

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

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

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

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

Low Kok Keng (continued)

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

Kok Keng does not hold any directorship in public companies.

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

Yap Chee Kong *(age 51)*

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

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

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

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

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

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

Cheah Ping Huey *(age 47)*

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

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

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

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

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

Ping Huey does not hold any directorship in public companies.

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

Patricia Mary Jayasuriya @ Cecilia *(age 62)*

• *Principal The Language House*

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

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

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

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

Patricia does not hold any directorship in public companies.

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

Notes:

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

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

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

Governance

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

COMMITTED TO THE HIGHEST STANDARDS

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

BOARD COMPOSITION AND SUCCESSION

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

HOW WE GOVERN THE COMPANY

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

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

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

BOARD COMPOSITION AND SUCCESSION (continued)

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

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

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

Diversity and gender balance

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

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

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

LEADERSHIP AND RESPONSIBILITIES

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

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

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

LEADERSHIP AND RESPONSIBILITIES (continued)

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

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

INDEPENDENCE OF DIRECTORS

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

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

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

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

The shareholders of the Company had at the 94th Annual General Meeting ("AGM") which was held on 7 June 2018 approved that Mr Yong Teck Ming who has served on the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years on 9 July 2017 to continue to act as an Independent Non-Executive Director of the Company.

INDEPENDENCE OF DIRECTORS
(continued)

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

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

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

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

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

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

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

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

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

SUFFICIENT PROVISIONS

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

SUFFICIENT PROVISIONS (continued)

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

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

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

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

** Attended the meetings by invitation.*

CONTINUAL TRAINING FOR DIRECTORS

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

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

CONTINUAL TRAINING FOR DIRECTORS (continued)

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

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Audit Committee Report

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

COMPOSITION

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

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

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

OBJECTIVES

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

OBJECTIVES (continued)

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

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

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

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

MEETINGS AND ATTENDANCE

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

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

SUMMARY OF ACTIVITIES

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

Financial Reporting

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

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

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

SUMMARY OF ACTIVITIES (continued)

Financial Reporting (continued)

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

Internal Audit

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

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

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

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

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

External Audit

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

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

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

Related Party Transactions and Recurrent Related Party Transactions

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

SUMMARY OF ACTIVITIES (continued)

Audit Committee Report

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

TOR of Audit Committee

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

INTERNAL AUDIT FUNCTION

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

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

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

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

Nomination Committee Report

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

COMPOSITION

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

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

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

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

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

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

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

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

COMPOSITION (continued)

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

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

DUTIES AND FUNCTIONS

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

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

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

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

PRINCIPAL ACTIVITIES

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

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

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

PRINCIPAL ACTIVITIES (continued)

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

PRINCIPAL ACTIVITIES (continued)

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

DIVERSITY

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

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

LOOKING AHEAD

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

Remuneration Committee Report

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

COMPOSITION

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

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

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

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

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

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

REMUNERATION POLICY FOR EXECUTIVES

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

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

REMUNERATION POLICY FOR EXECUTIVES (continued)

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

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

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

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

REMUNERATION FOR THE YEAR

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

(a) Remuneration of Directors received from the Company:

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

REMUNERATION FOR THE YEAR (continued)

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

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

(b) Remuneration of Directors received from the Group:

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

REMUNERATION FOR THE YEAR (continued)

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

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

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

Directors' responsibility statement
in respect of the audited financial statements

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

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

In preparing the financial statements, the Directors have:

- Selected suitable accounting policies and applied them consistently;
- Made judgments and estimates that are reasonable and prudent;
- Ensured that all applicable financial reporting standards have been followed; and
- Prepared financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

Additional Compliance Information

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

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

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

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

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

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

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

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

3. OTHER INFORMATION

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

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

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

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