

ADVANCE SYNERGY BERHAD  
annual report  
2019



*MASK UP*  
*IN THE TIME OF COVID-19 PANDEMIC*



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# STRATEGIC REPORT

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# Five-Year Group Financial Highlights

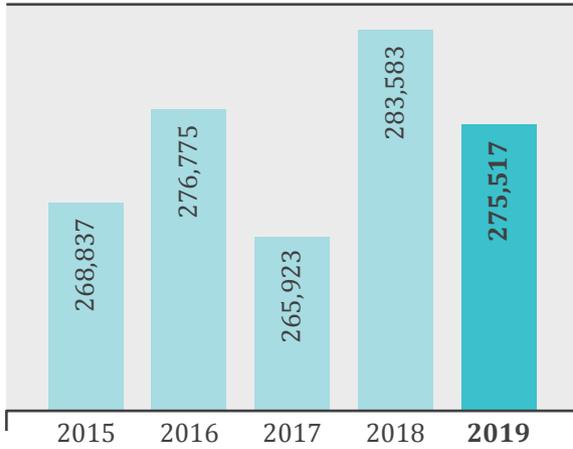
	Year ended 31 December				
	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000
<b>Statements of Comprehensive Income</b>					
Revenue	268,837	276,775	265,923	283,583	275,517
Gross Profit	93,944	97,476	89,832	83,879	86,330
Gross Profit Margin (%)	34.9	35.2	33.8	29.6	31.3
EBITDA	16,688	21,691	21,841	13,640	121,771
Profit/(Loss) before tax	(842)	7,655	8,360	347	95,614
Profit/(Loss) after tax	(7,561)	8,739	3,751	(1,142)	81,329
<b>Statements of Financial Position</b>					
Total assets	630,699	702,274	699,971	725,347	753,036
Total liabilities	151,545	190,784	203,902	238,456	202,268
Shareholders' funds	439,999	447,727	432,856	422,186	481,696
<b>Share Information</b>					
Per Ordinary Share					
Earnings/(Loss) per share, basic (sen)	(1.75)	(0.37)	(0.10)	(0.54)	8.07
Net assets per share (sen) (Note1)	66.26	67.42	63.86	45.44	51.84
<b>Financial Ratios</b>					
Return on equity (%)	(1.58)	1.71	0.76	(0.23)	14.77
Current ratio	3.1 : 1	3.5 : 1	2.6 : 1	2.0 : 1	3.1 : 1
Debt-Equity ratio (Note 2)	0.17 : 1	0.20 : 1	0.20 : 1	0.30 : 1	0.09 : 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 ("ICULS") 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.

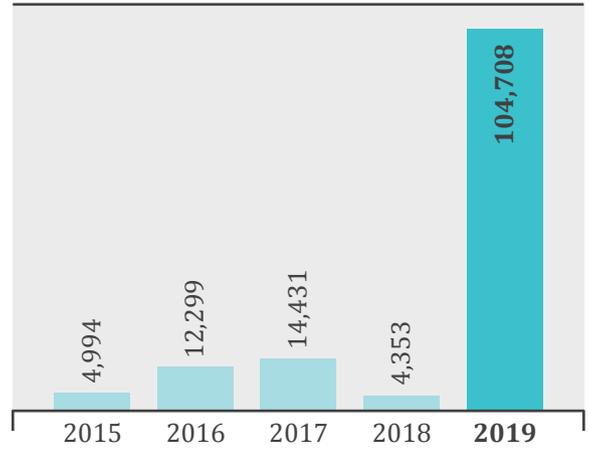
**REVENUE**

(RM'000)



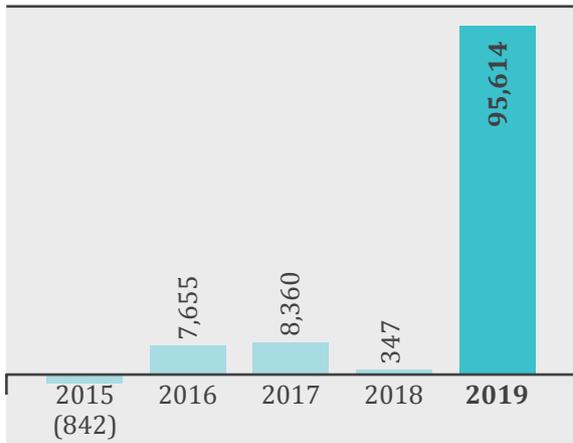
**OPERATING PROFIT/(LOSS)**

(RM'000)



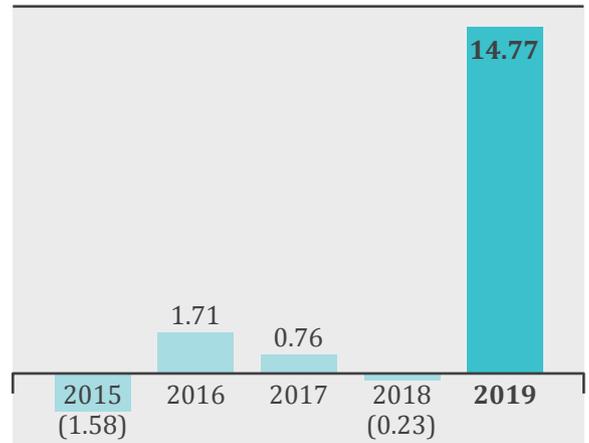
**PROFIT/(LOSS) BEFORE TAX**

(RM'000)



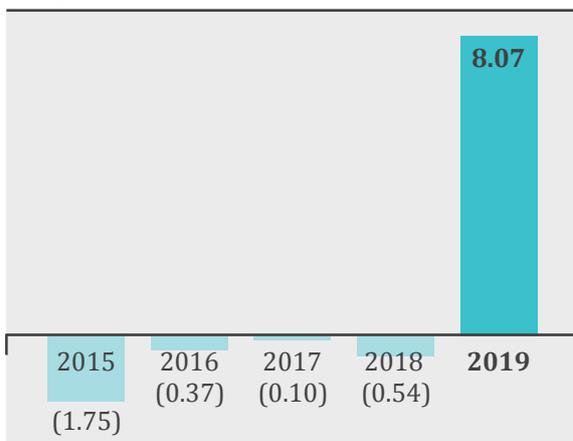
**RETURN ON EQUITY**

(%)



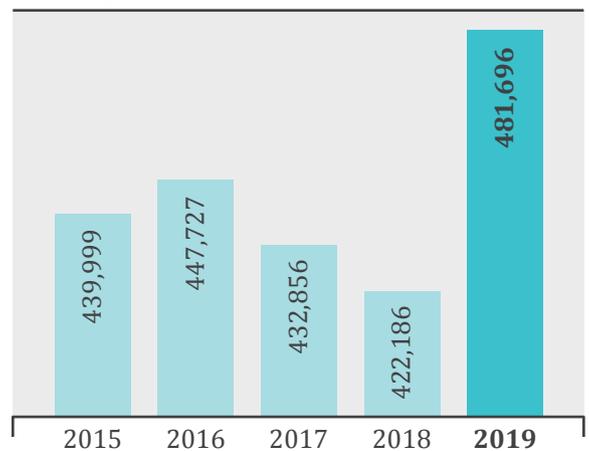
**EARNINGS/(LOSS) PER SHARE**

(Sen)



**SHAREHOLDERS' FUNDS**

(RM'000)



# Chair's Statement

## Dear Shareholders

With the diverse businesses in our Group, our financial results for fiscal 2019 remained mixed. We saw higher gross margin this year on our revenues, contributing to higher gross profit of RM86.3 million. Group revenue declined to RM275.5 million, a 2.8% decrease on the RM283.6 million achieved in fiscal 2018. The gain from the sale of the Wisma Synergy property, however, contributed to the significantly higher profit before tax of RM95.6 million.

The information and communications technology (ICT) as well as travel and tours divisions were once again the major contributors to Group revenue in fiscal 2019; recording turnover of RM72.4 million and RM135.8 million respectively. Compared to the year before, our ICT business saw revenue declining by RM21.9 million. Despite the lower revenue recorded, this division achieved profit before tax (PBT) of RM10.8 million for the year, similar to the PBT recorded last year. This was possible because of the higher profit margin of 52.2% realised at the ICT business. Over at our travel and tours business, higher revenue and the better profit margin results in the current year, compared to last year, helped improve the PBT of this division to RM2.8 million, as compared to the RM2.0 million turned in last year.

The hospitality division's total revenue for the year was higher at RM55.8 million, mainly due to a full year's revenue contribution from the newly opened Holiday Villa Hotel & Residence Shanghai Jiading, coupled with an increase in the average occupancy rate particularly from Holiday Villa Beach Resort Cherating. This increase in revenue, disappointingly, did not translate to higher operating profit for our hospitality business. This division faced rising operating costs and suffered the economic impact of the continued diplomatic crisis in Qatar which significantly impacted the performance of Holiday Villa Hotel & Residence Doha City Centre. In Malaysia, we saw increased competition with the opening of new hotels located near to our Holiday Villa Beach Resort & Spa Langkawi. However, with the insurance claim process on the Arosa property in Switzerland destroyed by fire two years ago achieving completion this year, final proceeds from the insurance settlement, coupled with the write-back of earlier insurance-related provisions, culminated in our hospitality division recording a PBT of RM5.8 million, an improvement on last year's PBT of RM3.4 million.

The businesses grouped together under our “Others” division did not perform as well as expected. Revenue for this division decreased slightly from RM10.7 million last year to RM9.9 million this year. The businesses we have in this division collectively continued to make a loss in fiscal 2019, as operational costs increased in the year, attributable mainly to our card and payment services business. This business recruited more staff for the implementation of its new business plan and to support its new product development roadmap. The losses in this business were however, mitigated by the lower loss in the bus-body fabrication unit which revamped its production process to improve cost efficiency and operational productivity. The education business within this division also incurred losses as it gears up operations to recruit more students after having completed a comprehensive review of its courses, teachers and student recruitment programmes. Although the restructuring of this group of smaller businesses of ours has been slow to yield positive results in terms of profitability, I am still hopeful, as are management of our Group, that this division will show better performance over the next two years.

Despite a challenging year in fiscal 2019, the disposal of Wisma Synergy has resulted in our Group achieving a PBT of RM95.6 million. A gain of RM90.3 million was realised from the disposal, the proceeds from which were reinvested and earmarked for the refurbishment and renovation of Holiday Villa Cherating, Yap Ah Shak House located at Jalan Yap Ah Shak, Kuala Lumpur and Temasya House located at Temasya Glenmarie, Shah Alam, and to meet the funding required to support the growth and development of the Money Services Business and card and payment services of our Group.

Fiscal 2020 has started with much uncertainty in the local and global economies due to ensuing economic disruption and social turmoil caused by the COVID-19 pandemic, the year ahead may be more challenging than we have ever experienced. However, I am cautiously positive of our Group's prospects to weather the impending turbulence, in large part because of the strong and diverse leadership team we have, to lead and navigate our businesses towards calmer conditions.

### **COVID-19 PANDEMIC**

Building on the momentum achieved in 2019, the Group experienced a positive start to 2020. However, the unprecedented and horrific health issues related to COVID-19 have caused significant disruptions to humanity and the global economy.

It is difficult to forecast either the duration of this disruption or the impact on the Group's financial results for 2020. The Board and management will provide further updates on our Group's performance as and when appropriate.

Meanwhile, the primary focus for the Group is on the safety, health and well-being of all employees, customers and the general public. In line with the current guidance on COVID-19 from the Government, the Group's board and staff are continuing to perform their daily duties from home.

### **COVID-19 PANDEMIC (continued)**

As part of the leadership's response, during this extremely challenging period, the Group Chair will take 50% reduction to his annual board fees and Executive Directors, Non-Executive Directors and Senior Management Staff will take a 20% reduction to their annual board fees or salaries respectively for three months beginning in May 2020.

### **DIVIDEND**

The Board recommends for shareholders' approval, a single-tier dividend of 0.35 sen per ordinary share, a slight improvement from the prior year, after 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 23 July 2020, the dividend will be paid on 18 August 2020 to shareholders on the record of depositors as of 28 July 2020.

### **APPRECIATION**

The Board and I would like to express our appreciation to our shareholders, customers and associates for your unwavering confidence, trust and support. To the regulatory authorities, we say thank you for your continued guidance. 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. We look forward to working closely with all of you in the year ahead.

**DATO' AHMAD SEBI BAKAR**

Group Chair  
30 April 2020

# Performance Review

The Group recorded revenue of RM275.5 million for fiscal 2019 with profits from operations of RM104.7 million and profit before tax (PBT) of RM95.6 million. The Group's total assets were RM753.0 million as at 31 December 2019 and our shareholders' funds stood at RM481.7 million.

## LOWER REVENUE

The Group recorded total revenue of RM275.5 million for fiscal 2019 lower by RM8.1 million compared to the preceding financial year's revenue of RM283.6 million. The year saw improvements in revenue from our travel and tours, hospitality and property development divisions but lower revenue from information and communications technology (ICT) and "Others" divisions compared to last year.

The biggest contributor to the Group revenue was the travel and tours division with RM135.8 million, higher by RM12.8 million compared to 2018 with ticketing, outbound and inbound businesses all showing improvements. This was followed by the ICT division which recorded revenue of RM72.4 million. However, the ICT's revenue was lower compared to the total of RM94.2 million in 2018 mainly due to the lower GlobeOSS system sale contracts and Unifiedcomms revenue share contracts.

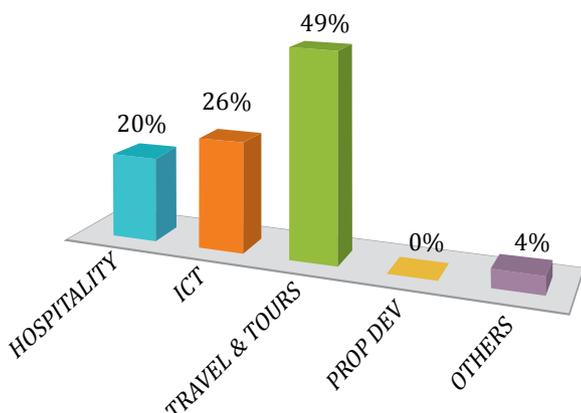
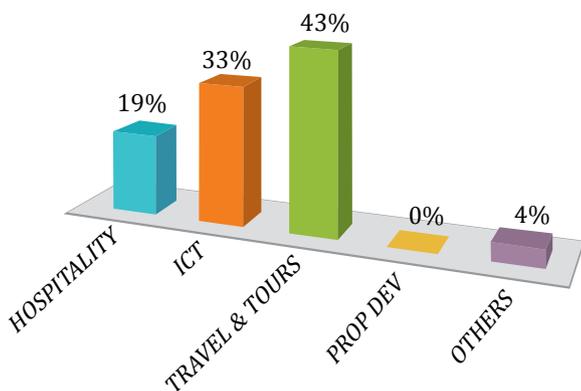
Our hospitality division's revenue was slightly higher at RM55.8 million compared to the total revenue of RM54.3 million in 2018. Whilst the division's average occupancy rate was better compared to the previous year, the average room rate for the year was lower than the previous year.

The property development division's revenue was still low at RM699,000 as there were no new project launches in the year. Phase 2 of the Federal Park project is still awaiting all the necessary approvals from the relevant authorities. Although Taman Sri Matang project was completed in late 2019 but due to the weak property market, the sales for this project were slow.

Revenue of the "Others" division also declined by RM0.8 million compared to 2018 with all business units recording a lower total revenue of RM9.9 million compared to RM10.7 million achieved in the previous year.

**LOWER REVENUE** (continued)

The contribution from each division for 2019 and 2018 is illustrated as follows:

**2019 REVENUE BY DIVISION****2018 REVENUE BY DIVISION****HIGHER GROSS PROFIT MARGIN**

For 2019, the Group recorded an improvement in its gross profit from RM83.9 million in 2018 to RM86.3 million, mainly due to the Group's higher gross profit margin of 31.3% compared to 29.6% in 2018. The contribution to the higher gross profit margin was mainly from the ICT and travel and tours divisions. Despite lower revenue in ICT division compared to 2018, the division improved its gross profit margin as there was a higher contribution from the Unifiedcomms system sale contracts but

lower contribution from GlobeOSS system sale contracts. Unifiedcomms system sale contracts generally deliver higher gross profit margin compared to the generally lower gross profit margin of GlobeOSS system sale contracts. Travel and tours division achieved a higher profit margin in 2019 compared to last year as its outbound and inbound travel businesses recorded improved profit margins.

**GAIN ON DISPOSAL OF PROPERTY, STABLE OPERATING COSTS**

For the fiscal 2019, the result of the Group included gain on the disposal of Wisma Synergy of RM90.3 million and insurance claims of RM17.6 million, resulting in an increase in the Group's other operating income of RM101.8 million from RM19.7 million to RM121.5 million in 2019. Our Group's operating expenses, mainly distribution and administration costs, were relatively stable at RM66.7 million. For other operating expenses, there was an increase from RM32.5 million last year to RM36.4 million mainly due to impairment loss and writing off of property, plant and equipment (PPE) of about RM3.8 million in the hospitality and ICT divisions and impairment loss in unquoted securities of RM1.2 million in the travel and tours division.

**PROFITS FROM ASSOCIATES, JOINT VENTURES TUMBLE**

The Group's share of profits in associates was RM404,000, a sharp drop compared to RM2.2 million recorded in 2018 as there was no contribution from the Group's 40% equity investment in Helenium Holdings Limited which was disposed during the year.

## HIGHER PBT FOR MAJOR DIVISIONS

The Group made a record profit before tax (PBT) of RM95.6 million compared to a profit of RM347,000 in the previous year. The gain from the disposal of Wisma Synergy recorded under our investment holding division contributed to the bulk of the profits.

With the exception of the property development division which recorded a loss of RM0.9 million in 2019 and a loss of RM2.2 million in 2018, our other 3 major divisions – hospitality, ICT and travel and tours – all recorded profits in the 2 fiscal years. The 4 major divisions in total recorded a profit of RM18.5 million, higher than the profit of RM13.9 million in 2018. The strong profit performance from our 4 major divisions was unfortunately diluted by the “Others” division which continued to stay negative at RM10.1 million compared to a loss of RM9.5 million in 2018.

The higher loss recorded by the “Others” division compared to 2018 was mainly due to a higher operating expenses recorded by the card and payment services unit as staff cost increased during the year with the recruitment of manpower to gear up its operations.

## HIGHER INCOME TAX DUE TO RPGT

The income tax expense was higher as compared to prior year mainly due to real property gain tax (RPGT) of RM8.2 million resulting from the disposal of Wisma Synergy.

The bulk of the Group’s remaining income tax expense in fiscal 2019 was attributable to the income tax expenses of the hospitality and ICT divisions of RM3.5 million and RM2.1 million respectively.

## INCREASE IN TOTAL ASSETS

As at 31 December 2019, total assets of the Group increased by 3.8% to RM753.0 million (2018: RM725.3 million). The increase was mainly attributable to the addition in non-current assets but that was partially offset by the reduction in current assets.

Non-current assets increased by RM51.3 million from RM398.1 million to RM449.4 million. Current assets saw a reduction of RM23.6 million to RM303.7 million, from RM327.3 million in 2018.

The major movements in the assets of the Group compared to 2018 can be summarised as follows:

- 1) The increase in non-current assets of the Group for fiscal 2019 was due to the increase in PPE of RM20.2 million, mainly attributed to the purchase of Beaver Hotel in London at RM56.2 million, but was partially offset by the disposal of Wisma Synergy with the carrying amount of RM31.1 million and impairment loss and writing off on PPE of RM3.8 million.
- 2) In fiscal 2019, the Group recorded the right-of-use assets for the rented/leased premises of RM47.3 million mainly by the hospitality division upon adoption of MFRS 16 *Leases*.

**INCREASE IN TOTAL ASSETS** (continued)

- 3) The decrease in investment in associates of RM30.8 million resulted mainly from the disposal of the Group's 40% equity investment in Helenium Holdings Limited of RM23.3 million, and fair value loss in our venture capital investments of RM7.8 million.
- 4) The trade and other receivables and other assets decreased to RM119.2 million (2018: RM135.0 million) mainly due to the reduction in the trade receivables and other assets in ICT division of RM11.9 million.

**STRONG CASH FLOW, LOWER LIABILITIES**

Total liabilities of the Group decreased from RM238.5 million to RM202.3 million, a reduction of RM36.2 million.

During the year, the Group maintained its strong cash flow position partly resulting from the disposal of the Group assets. With the disposal proceeds, the Group could invest in expansion at a faster pace and the Group was also able to utilise part of the disposal proceeds to substantially reduce its liabilities. There was a reduction in bank borrowings of RM72.0 million from part of the Wisma Synergy disposal proceeds.

The reduction in the total liabilities of the Group compared to 2018 was also due to the decrease in finance lease liability of Holiday Villa Cherating (CHV) of RM23.0 million. After the Group completed the buyback exercise of CHV, the reduction in finance lease liability was partly offset by the amount owing for the remaining balance purchase consideration to be paid over 10 years.

As for other liabilities, there was a reduction from RM13.2 million in fiscal 2018 to RM6.7 million, a reduction of RM6.5 million mainly from the ICT and travel and tours divisions.

However, the decrease in liabilities of the Group was partly offset by the recognition of lease liabilities of RM56.9 million as at 31 December 2019 upon adoption of MFRS 16 *Leases*, arising mainly from leases of the hospitality division.

**INCREASE IN GROUP EQUITY AND EPS**

With the better performance of the Group, after providing for tax and profit attributable to non-controlling interests, the Group recorded a profit after tax and minority interest of RM74.9 million compared to a loss of RM4.9 million in fiscal 2018.

The strong profit performance of the Group strengthened its financials, thereby increasing its equity by 13.1% to RM550.8 million as at 31 December 2019 (2018: RM486.9 million). As a result, the Group's earnings per share (EPS) also jumped to 8.07 sen against the loss per share of 0.54 sen in fiscal 2018.

**HOSPITALITY DIVISION : HIGHER PBT**

The overall economic performance of Malaysia in 2019 was sluggish with the lowest gross domestic product (GDP) growth of 4.3% in 10 years. Although the Government said there was an increase of 3.7% in tourist arrivals in the first nine months of 2019, the Malaysian Association of Hotels revealed that hotels in the country were experiencing lower occupancy.

**HOSPITALITY DIVISION (continued)**

The division's revenue improved to RM55.8 million, an increase of 2.8% over the previous year. The highest contributors were Holiday Villa Beach Resort & Spa, Langkawi, followed by Holiday Villa Hotel & Suites London, United Kingdom. And CHV performed better this year with higher revenue compared to the year before. Although the opening of Holiday Villa Hotel & Residence Shanghai Jiading contributed to the division's revenues, the hotel recorded its first full year loss.

This division recorded a higher PBT of RM5.8 million, as compared to RM3.4 million in 2018.

Our top market segments were from e-booking at 26.2%, followed by long-term guests at 20.4%, wholesale contracts at 10.3% and government and diplomatic markets which gained 9.3%.

Geographically, Asia/Pacific led market share by 49%, while the Middle East and Europe contributed 24% and 22% respectively. Malaysia remained the top contributor commanding 17%, followed by China with 7.6% and Singapore with 5.7%.

In terms of guest profile, there was an increase among millennials aged 31-40 years from 20.9% in 2018 to 37.9% in 2019. Next was in the 21-30 years taking up about 24.8%, followed by 41-50 years (18.9%) and 51-60 years (8.5%). Children and teenagers (0-20 years) were fairly high at 5.0%.

The positive effect of higher revenue in fiscal 2019 however, was dragged down by higher operating expenses partly due to higher transaction fees incurred in the acquisition of Beaver Hotel at Earls Court, London. The other operating income was also higher compared to 2018 mainly due to the insurance claim from the Arosa fire incident.

**ICT DIVISION : ELEVENTH YEAR OF PROFITABILITY**

Fiscal 2019 marks the division's eleventh consecutive year of being in the black although net profit after tax for the year, at RM8.7 million, was 12.1% lower than the RM9.9 million achieved in 2018. This decrease in our ICT division's bottom line reflected the lower fair value gain on investment that the division enjoyed on the revaluation of Captii Ventures investment portfolio. In addition, the division recorded a lower deferred tax asset in 2019.

The ICT division achieved a revenue of RM72.4 million, a decrease of 23.1% compared to the RM94.2 million in the previous year.

The division saw a significant decline in GlobeOSS system sale contract revenues in 2019 which showed the lumpiness that is to be expected in the contribution of system sale contracts to the ICT division results. Meanwhile, growth in the managed service contract portfolio was below expectation as Unifiedcomms recorded a lower managed service contract revenue, due to underperformance of certain managed service contract, as well as unfavourable foreign exchange translation on contract revenues.

**ICT DIVISION (continued)**

However, the sales mix of our ICT division exceeded the target of having greater than fifty percent of the division's revenue from managed service contracts. This year, managed service contract revenues accounted for 60.8% of the division's revenue, up from 45.7% in 2018.

Even though the division's revenue was lower, the gross profit achieved for the year was higher compared to 2018. The division's gross profit was RM37.7 million, up by RM1.8 million or 5.1% against 2018. The gross profit margin of 52.2% was higher compared to 38.1% recorded the year before.

System sale contract's average gross profit margins improved to 53.9% in fiscal 2019, primarily due to the lower contribution of GlobeOSS to system sale contract revenues of the division as compared to 2018, coupled with higher contribution from Unifiedcomms. Unifiedcomms system sale contracts generally deliver higher gross profit margins compared to the generally lower gross profit margins of GlobeOSS system sale contracts. Gross profit margin earned on managed service contract revenues was relatively flat, showing only a gentler decline from 53.5% to 51% this year. This decrease was mainly attributable to higher third-party costs on certain managed service contracts.

Although the improved gross profit margins on system sale revenues of GlobeOSS and Unifiedcomms in 2019 effectively offset the decline in the division's revenues, we

do not expect this trend to continue in the year ahead. Significant uncertainty and hence lumpiness is still to be expected in the contribution of the system sale contracts to the division's future results. The need for ICT division to continue to strengthen the managed service contract portfolio and to continue to grow our venture investment portfolio as the basis for delivering steady, if not rapid yet sustainable future growth, remains.

The division's operating expenditure for 2019 was RM28.5 million, flat against what was recorded in the preceding year.

**PROPERTY DIVISION : LOWER LOSS**

It was another disappointing year for the property development division as their anticipated Phase 2, Federal Park Project comprising 92 units of double-storey terrace houses and 28 units of single-storey terrace houses, was still pending approval from authorities. However, the division completed development of its 15 units of single-storey detached houses in Taman Sri Matang in late 2019. Sales for this project are slow but expected to pick up in fiscal 2020 although the prevalent soft property market may continue to affect its sales.

The property development division recorded a lower loss of RM0.9 million as compared to loss of RM2.2 million in 2018. Although revenue was higher than the previous year, the higher loss in 2018 was attributable to the additional cost related to the acquisition of new properties and impairment loss on inter-company balances which did not impact the Group result.

## TRAVEL DIVISION : BETTER REVENUE, HIGHER PROFIT

Travel and tours division continued to perform well with higher revenues and increased profits compared to last year.

Total revenue increased by RM12.8 million or 10.4% to RM135.8 million in fiscal 2019 from the revenue of RM123.0 million in fiscal 2018 with ticketing, outbound and inbound travel units showing improvements although Money Services Business recorded a drop in revenue.

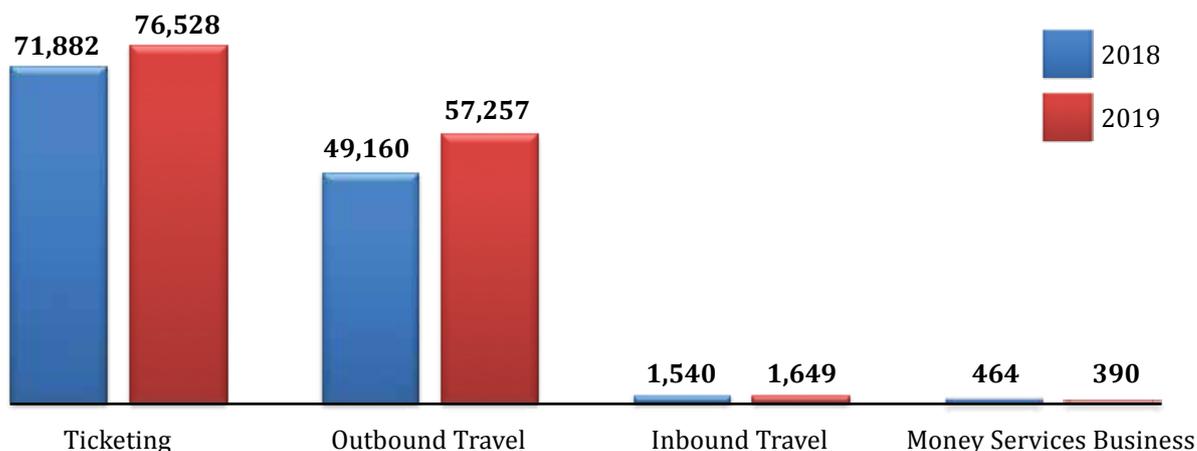
The division achieved higher profit before tax at RM2.8 million this year compared to RM2.0 million in 2018 mainly resulting from higher gross profit margins coupled with higher sales revenues from the ticketing, and inbound and outbound travel businesses.

The bulk “Umrah” ticket sales generated by the ticketing unit along with the contribution of our regular corporate ticket sales enhanced the division’s business in fiscal 2019. Our OET in-house “Series Tour” packages which generally yielded lower gross profit margins also received overwhelming response from the market during the year.

The generally good performance though, was dampened somewhat by the impairment loss on an investment security of RM1.2 million and the losses from its Money Services Business and inbound travel unit.

Results from the Money Services Business and inbound travel unit continue to disappoint. To turnaround these business units, several plans were implemented during the year. This involved recruitment of an experienced and more balanced team to target new market segments for the inbound travel unit. For the Money Services Business, we embarked on rebranding and repositioning with a new business development team formed to actively and aggressively acquire new corporate clients for recurring currency exchange business.

The below chart is a breakdown of the revenue by business units for 2018 and 2019:



**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 was lower by RM0.8 million at RM9.9 million compared to RM10.7 million in fiscal 2018. The card and payment services and bus-body fabrication units undertook to overhaul their operations while over at the education unit, there was a review of the courses and quality of services. With the lower revenue, the division recorded higher loss before tax of RM10.1 million, as compared to a loss of RM9.5 million in 2018.

Our bus-body fabrication unit recorded lower revenue of RM1.1 million compared to RM1.9 million in 2018. The unit completed and exported only 3 buses to Australia compared to 6 units exported in 2018. As efforts to improve its production processes: tighter cost and quality controls, manpower and material utilisation efficiency, the unit had also imposed more stringent payment terms. All this resulted in lower loss before tax to RM4.5 million (2018 : RM5.2 million) despite the lower revenue in 2019.

Our education unit continued to distinguish itself by putting people

first in its education and language programmes. From its focus on language excellence in Bahasa Melayu and English to collaborations with Dewan Bahasa dan Pustaka (DBP), Malaysian Press Institute (MPI) and various writing societies, the education unit is fast becoming a key driver in promoting the importance of language for all.

Enrolment of foreign students proved more challenging in 2019 due to the economic and political instabilities in countries where most foreign students come from, and competition from local colleges and foreign-based universities. The unit achieved a revenue of RM1.1 million in 2018 but its total revenue was only RM0.3 million in 2019. The loss before tax however was only slightly higher at about RM1.4 million compared to RM1.2 million in 2018.

Our card and payment services business recorded slightly lower merchant sales volume, a decrease of 0.8% from the sales volume resulting in a slightly lower revenue of RM8.5 million. However, the loss before tax increased by 35.5% to RM4.2 million from RM3.1 million in 2018. The much higher increase in loss compared to the loss in 2018 was mainly due to increased staff costs as the unit strengthened and expanded its staff force in various departments to gear up for its new business roadmap.

# Outlook In The Year of Covid-19

The world is battling a new coronavirus pandemic, named COVID-19 by the world health organisation (WHO). What seemed to have started as a pneumonia-like illness among people in Wuhan, China in December 2019 has developed into a global disease that most people have never experienced in their lifetime.

Four months on, more than 3 million people have been infected worldwide, more than 200,000 people have died and less than a million people have been able to recover. The fight to contain the virus has pushed governments to lock down, to introduce physical distancing, to restrict social movements, to ban local and global travels altogether.

Effectively throwing the global economy into a state of paralysis; millions of workers have lost their jobs, millions others are experiencing trauma and shock in the midst of this massive economic dislocation.

It is inevitable that the world will experience a deep global recession, a breakdown of labour markets and the contraction of

consumer spending. Some economists are already warning of the worst recession in modern history, with mounting unemployment, lower incomes and job insecurity that would result to significantly weaker demand and prices. The numbers of possible GDP drops in the richest economies could be mindboggling.

The International Monetary Fund (IMF) has slashed its forecasts for global growth and warned of a slump in output this year. In its half-yearly forecasts, the IMF said that “it is very likely that this year the global economy will experience its worst recession since the Great Depression, surpassing that seen during the global financial crisis a decade ago. The Great Lockdown, is projected to shrink global growth dramatically.”

In times of war, economies work round-the-clock to produce the necessary arsenals in order to win the war. But in this COVID-19 invasion, economies are shuttered. Shops, restaurants, hotels, resorts, bars and coffee shops have all closed their doors because people have been instructed by their governments to stay home.

Pictures of empty shopping malls, empty public parks and empty public squares speak of our current reality: normal life has been suspended temporarily, it is almost surrealistic.

Against this backdrop, our two core businesses in the service sector – hospitality and travel and tours – are hurting the most, all our available hotel rooms have been left vacant since January this year. F&B outlets have to close their doors as well. Our refurbishment programme for the recently-acquired property in Earls Court, London that is at the final planning stage has to be put on hold indefinitely. The global travel bans, border closures and grounded aeroplanes have caused a sudden collapse of our travel and tourism business. If the global lockdowns persist till December, which appears to be a most likely scenario at the moment, the consequences for the hospitality as well as the travel and tours divisions would be ominous indeed. As such it is not possible for the Group to offer any guidance on the impact of the pandemic to its financial performance for 2020.

While the richest economies have allocated billions of US dollars in stimulus measures to cushion the social and economic impacts of this global pandemic, the outlook is grim and uncertain. Indeed there is no easy

solution for any government. The months ahead will involve a fragile balancing act between the interests of public health, society and the economy.

In our case, the Group is actively and vigorously pursuing measures to manage our operating costs more efficiently; to review and prioritise manpower needs, tweaking existing workplans and re-working on future business ideas. We are confident that Malaysia will be able to restart the economy as soon as normalcy or any semblance of it returns. What seems to be unpredictable is what sort of normalcy will we return to? What will the 'new normal' look like? So much injury has been inflicted on humanity; so massive has also been the impact on businesses that what we find on the other side may not look like the normal of yesterday.

We may need to overhaul how we do our business; we may need to re-train our management and every staff to acquire new skills, new technology or new processes to enhance or re-engineer our existing businesses. We will resolve to do all this in the coming weeks and months ahead.

We believe there is light at the end of this dark tunnel. The Group, based on current financial strengths, is cautiously confident we will be able to get through this horrible and disastrous episode.

# 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.

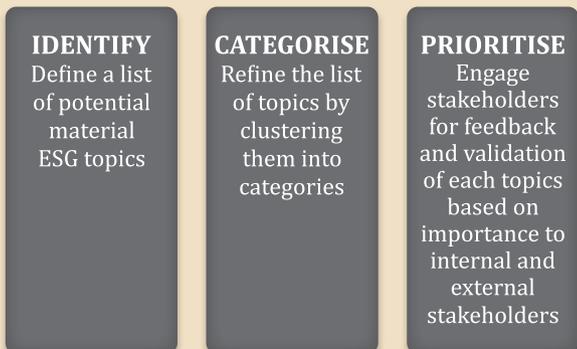
**STRATEGIC APPROACH FOR SUSTAINABILITY** (continued)

**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 2019. 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**



- As Captii Limited ("Captii") under ICT division is a subsidiary listed on the Singapore Exchange Securities Trading Limited, it has produced a detailed 2019 sustainability report that provides information on their sustainability performance. Please refer to Captii's sustainability report in their 2019 annual report for further information.
- The Other division refers to our card and payment services, bus-body fabrication and 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 the following as key stakeholder groups for the respective business and there is no significant change for financial year ended 31 December 2019 compared to 2018 except for the inclusion of three (3) businesses under the last two (2) columns as these businesses became more active in 2019 and have their own key stakeholder groups:

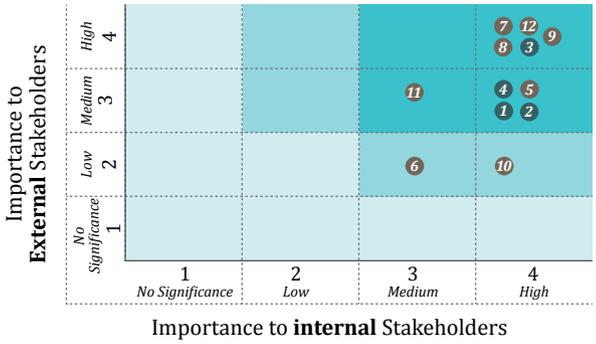
Hotels & Resorts	ICT	Property Development	Travel & Tours	Others Division – Bus-Body Fabrication	Others Division – Card & Payment Services and Money Services Business	Others Division – Education
1. Government & Regulators 2. Customers 3. Channel/ Distribution Partners 4. Employees	1. Customers 2. Employees 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	1. Customers 2. Government & Regulators 3. Channel/ Distribution Partners 4. Employees	1. Government & Regulators 2. Customers 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.

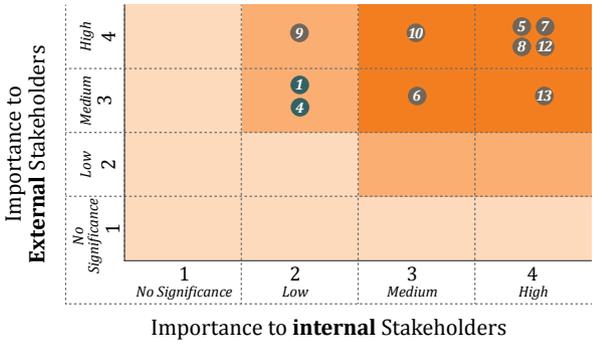
UNDERSTANDING WHAT MATTERS TO US (continued)

Exhibit 3 - ASB's Materiality Matrix

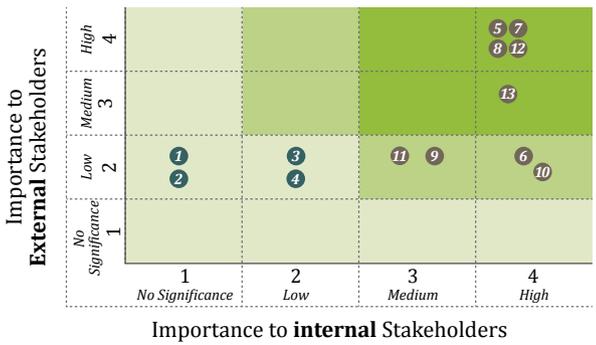
**Hotels & Resorts**



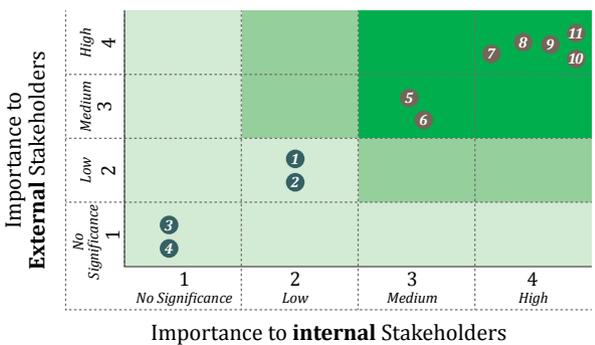
**ICT**



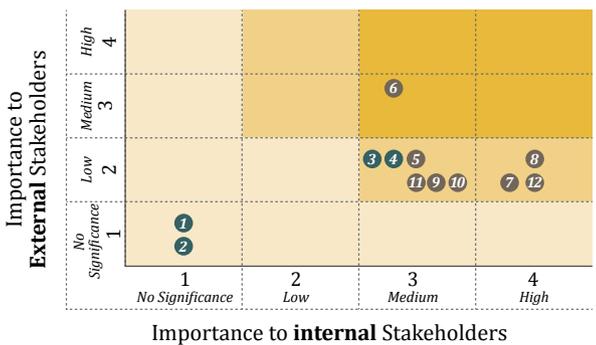
**Travel & Tours**



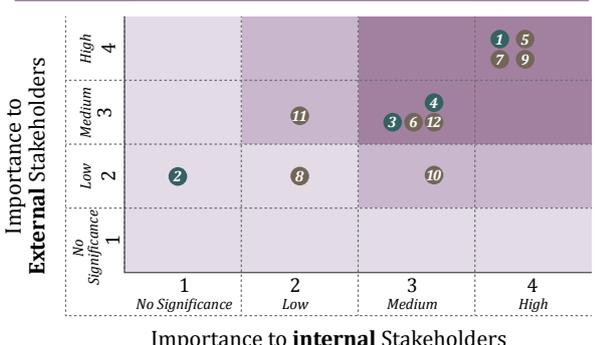
**Money Services Business**  
*(a wholly-owned subsidiary under Travel & Tours Division)*



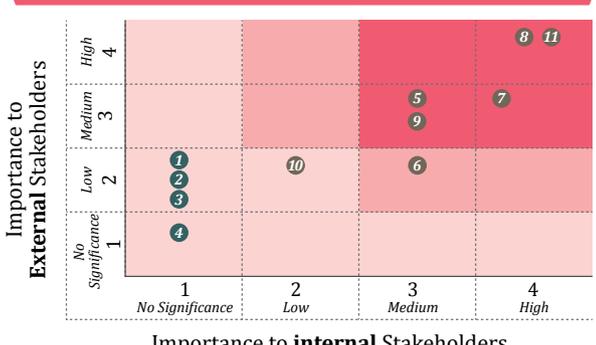
**Property Development**



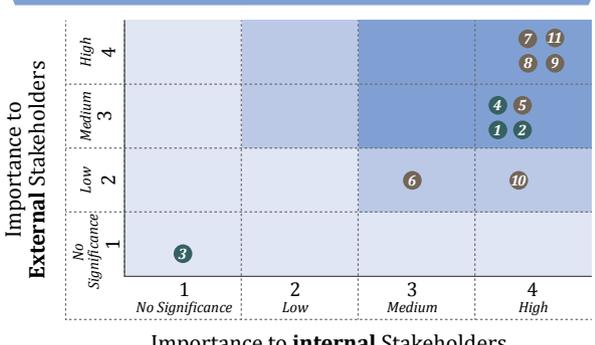
**Others Division - Bus-Body Fabrication**



**Others Division - Card & Payment Services**



**Others Division - Education**



**UNDERSTANDING WHAT MATTERS TO US (continued)**

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

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

## SUSTAINING GROWTH

**ENVIRONMENTAL MANAGEMENT**

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

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

**ENVIRONMENTAL MANAGEMENT (continued)**

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. Our Holiday Villa hotels work 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. During the year, Langkawi Holiday Villa organised Langkawi - Food Waste Champion Program with 21 associated hotels, collecting wet food to compost by maggots for conversion into organic foods for animals.

Our bus-body fabrication division 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**

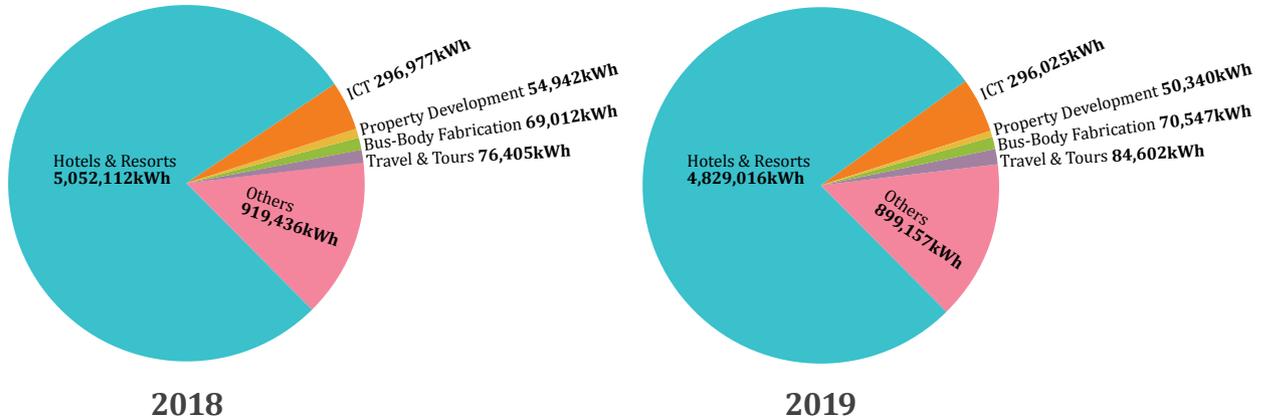
- Continue to improve the environmental management systems of key business units to meet the requirements of the ISO 14001 standard.
- Continue to explore solutions that minimise environmental impact.
- Install or maintain energy efficient equipment and devices at our facilities whenever possible, including LED lights and more energy-efficient cooling solutions.

**Energy Efficiency**

The Group’s energy demand comprises a mix of direct and indirect sources of energy. In 2019, the Group consumed about 6,229,687 kWh of energy.

Our electricity consumption has seen an overall reduction in 2019 compared to the previous year as a result of energy-saving initiatives.

ESG Topics	2018	2019
Total electricity consumption (kWh)	6,468,884	6,229,687

**ENVIRONMENTAL MANAGEMENT (continued)****Energy Efficiency (continued)**

The increase in the electricity consumption of the following divisions in 2019 was mainly due to:

1. Bus-body fabrication – higher level of activities.
2. Travel and Tours – included whole year consumption for Bentong branch in 2019 which commenced operations in August 2018, moving of office from shoplot to commercial office tower with higher electricity tariff since May 2018 and opening of business in Melaka branch office on alternate Saturday in 2019.

**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 2019, the total consumption by our Group was approximately 281,519 cubic metres (m<sup>3</sup>) of water as compared to approximately 258,663 cubic metres (m<sup>3</sup>) in 2018 mainly due to increased in water consumption by our hotels and resorts division as there was an overall higher average occupancy rate for the hotel group coupled with a major leak in main underground GI pipe which supplied water to the hot water system for the hotel guest rooms and kitchen.

**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.

**ENVIRONMENTAL MANAGEMENT** (continued)**Environmental Compliance** (continued)

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*

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 the 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.

Customers of our card and payment services unit may lodge a complaint through the company's website and the company will resolve such complaint within 14 days as part of its key initiatives undertaken to maintain/ improve customer service/ customer relationship.

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

**PRODUCT EXCELLENCE** (continued)

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

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.

**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 continues to support local businesses by procuring from suppliers and contracting services locally. We believe that a strong local supply chain through a 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". To mitigate supply chain disruption, our business divisions will have periodic review meetings with active suppliers/vendors besides having alternative and/or multiple suppliers/vendors.

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 ratings and customer complaints are documented for future improvement on the 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.

**REGULATORY COMPLIANCE** (continued)

All our key employees affirm their understanding of the code of business conduct. 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 a 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.

Our card and payment services unit has a set of policy and guidelines that spells out the responsibilities of employees in observing and upholding the company's 'zero tolerance' position against all forms of corruption, bribery and extortion. Periodic training/refreshers sessions on anti-corruption, bribery, extortion, and money laundering are conducted for staff of our card and payment services and money services business units.

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 the operational level, the respective business divisions and departments are responsible to identify, self-assess the adequacy and effectiveness of mitigating measures, and manage their financial, operational, compliance and reputational related risks. The Group continues to work towards reinforcing a full compliant culture.

See Governance on pages 66 to 72 of the Annual Report.

See Risk Management on pages 37 to 45 of the Annual Report.

In 2019, there were no incidents of regulatory non-compliance across the business divisions save for a lapse in procedure in our education unit which was immediately rectified.

## 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 to all relevant Group policies and practices. As at 31 December 2019, the Group has a total number of 699 employees. 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

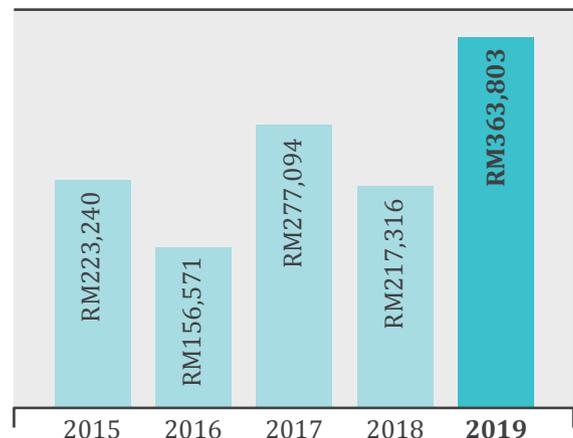
- Continue to promote diversity and equal opportunity in the workplace.
- Further develop our workforce through tech-enabled and self-paced training programmes.

### 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 2019, the Group have spent close to RM363,803 on training across all our subsidiaries. The Group will continue to provide training and education opportunities through comprehensive development programmes and promote a

conducive corporate environment where everyone can achieve their potential.

Total amount invested in employee learning and development since year 2015 until 2019 is as follows:



**LABOUR PRACTICES & HUMAN RIGHTS** (continued)**Learning & Development** (continued)

In a rapidly evolving industry, continuous learning is essential to ensure our Group implements the latest practices and technologies. Besides, various types of training were provided/conducted for employees' development to address key gaps in their behaviour, technical and functional skills.

In 2019, our bus-body fabrication unit provided various types of training to enhance the skills and knowledge of employees and amongst others, the following are the 3 training courses with a total of 49 hours invested:

- The Essential Of Import And Export Procedures Plus The Latest SST Rules;
- Gas Metal ARC Welding (GMAW) Carbon Steel - Level 2 (3D); and
- Risk Awareness Training.

Other training attended by the directors, senior management and/or employees of the Group include among others the following:

- CCAH - Cloudera Administrator Training For Apache Hadoop;
- CDTSH - Cloudera Developer Training For Spark and Hadoop;
- Anti-Money Laundering Training Programme;
- Valuation Workshop;
- Disciplinary Procedures;
- Professional Scrum Product Owner;
- Digital Innovation Conference: Working With Tomorrow's Technology Today;
- Effective Presentation Skill;
- Seminar on Services Tax - Information Technology & Digital Services;
- Seminar on Malaysia Tax Budget 2020;
- Money Services Business Directors' Education Programme;
- AML/CFT workshop for front liners;
- AML/CFT workshop module 1 – 4;
- AML and Anti-Terrorism Financing Implementing – the risk-based approach;
- Workshop on Portfolio Fair Valuation Standards Methodologies and Practices;
- MFRS 16: Leases Workshop: Practical Application;
- MBRS for Preparers – Financial Statements;
- Company Secretaries Training Programme Essential Part B and C;
- Technical Briefing for Company Secretaries of Listed Issuers 2019; and
- The Implementation of the national anti-corruption plan and the corporate liability clause.

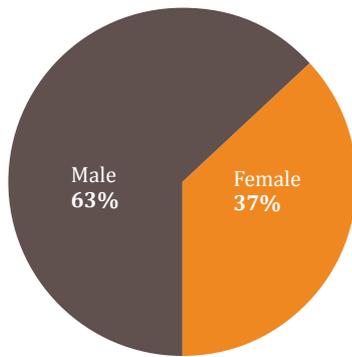
Besides external training, the Group had organised an in-house training in relation to Anti-Money Laundering & Anti-Terrorism Financing – Implementing the Risk-Based Approach on 2 May 2019, attended by our Board members and key management from all divisions.

**LABOUR PRACTICES & HUMAN RIGHTS (continued)**

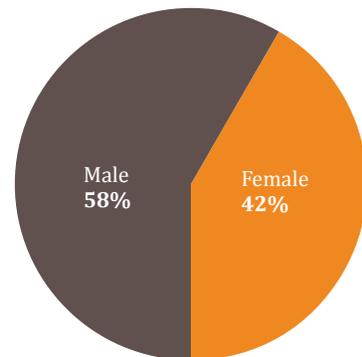
**Workforce Diversity & Inclusion**

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 2019, 42% of our employees are female compared to 37% as at 31 December 2018.

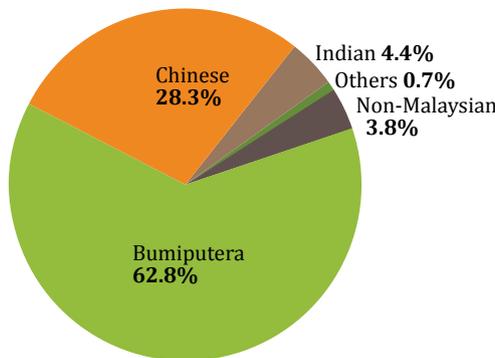
**Embracing Diversity In Workforce**



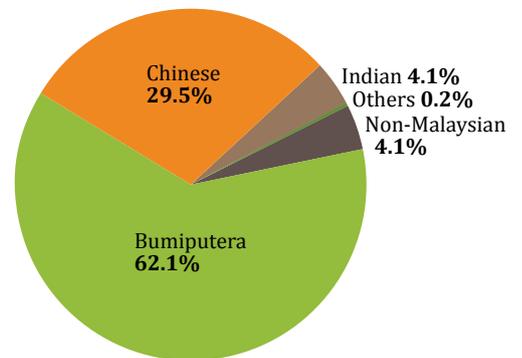
As at 31 December 2018



As at 31 December 2019



As at 31 December 2018

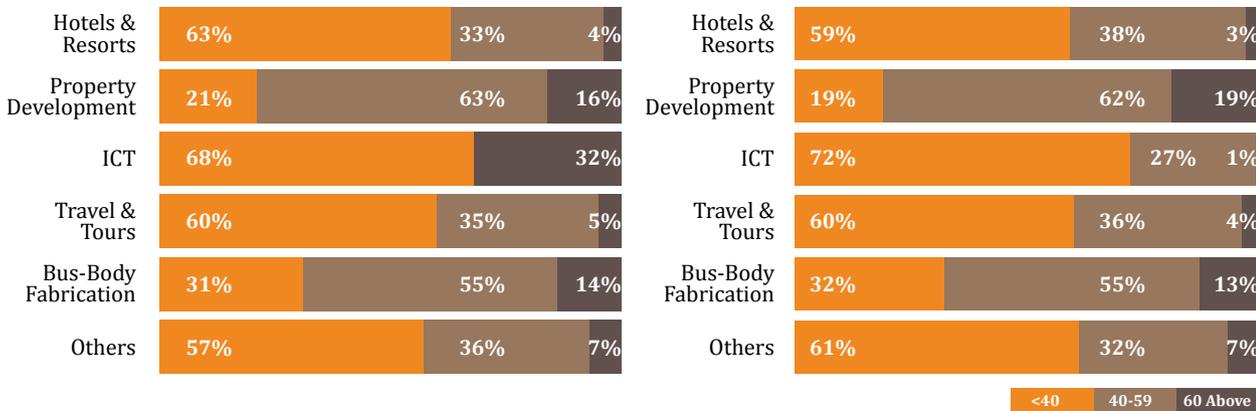


As at 31 December 2019



**Workforce Diversity & Inclusion (continued)**

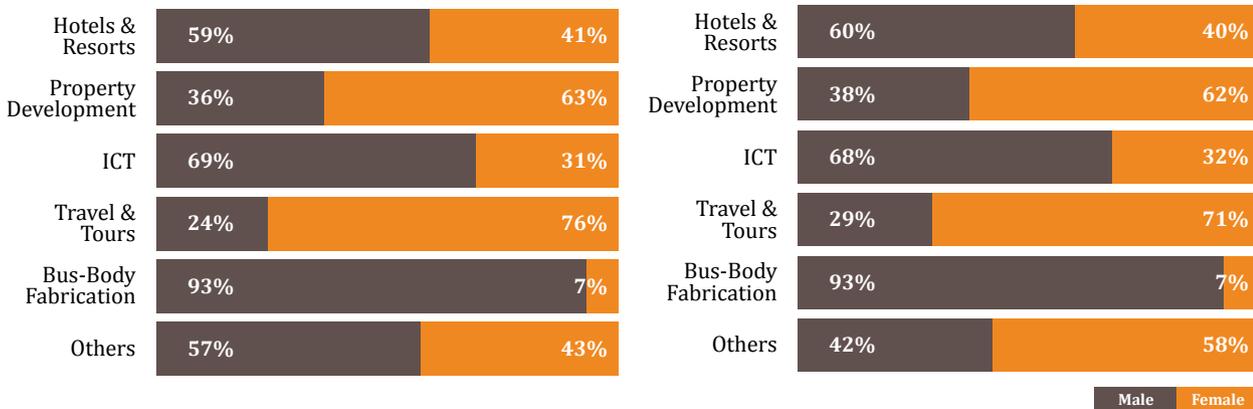
**Distribution by Division & Age (%)**



As at 31 December 2018

As at 31 December 2019

**Distribution by Division & Gender (%)**



As at 31 December 2018

As at 31 December 2019

The Group believes 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 the 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 are 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 is 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 2019, more than 90% of our senior management across our business divisions are Malaysians.

### 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.

In the year 2019, there were a number of key developments in Malaysia's regulatory and policy landscape regarding anti-corruption and bribery. This includes the launch of the Guidelines on Adequate Procedures ("GAP") and the National Anti-Corruption Plan 2019-2023, in December 2018 and January 2019, respectively.

To ensure that our internal practices and processes are in adherence and alignment with these latest developments, we took active steps to strengthen our internal processes and practices on anti-corruption including stepping up awareness, education and training programmes on anti-corruption i.e. bribery, fraud, embezzlement and so forth. On 27 November 2019, our Board was also briefed on such actions taken and to be taken by the Group and the compliance requirements under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amended in 2018) ("MACC Act") and the GAP in relation to corporate liability provision for corruption and bribery under Section 17A of the MACC Act, which will come into effect on 1 June 2020.

### 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  
 Trade Union Ordinance 1959,  
 Code of Industrial Harmony, Malaysia 1975  
 Minimum Wage Order 2012

Table 2. Employment Compliance Requirements in Malaysia

**Compliance with Applicable Employment Laws & Regulations** (continued)

The Group strives 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 2019 save for incidents relating to the definition of minimum wage and service charge in our hotel and resort division and a staff dismissal case.

**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 who work at our sites to follow our health and safety policies and procedures and be free from substance abuse at all times.

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 at our corporate office.

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 order to ensure our employees are practising safe workplace practices and taking the necessary safety precautions, we provide relevant training programmes conducted internally and through external parties. Safety training programmes are being conducted every three (3) years by our bus-body fabrication unit. In the year 2019, the following training programmes were conducted:

- Key training programmes;
- First Responder Life Support and Industrial First;
- Occupational Safety & Health Awareness; and
- Emergency Response Team – ERT.

**HEALTH & SAFETY MANAGEMENT (continued)**

During the year, our hotels and resorts division conducted safety training programmes for hotels which are either owned by the Group or managed by this division which include among others, the following:

- Key training programmes;
- OSHA Programme, Safety Training @ Hotel Hot Water Systems, Housekeeping Deep Cleaning Safety, Procedural Training, Electrical/Fire Safety, Poolside Safety Training, CSDS Training (Stewarding/Kitchen Personnel), Safety Procedures @ Chemical Storage, Hot Stone Cookery @ Safety Training;
- Fire fighting/ERT;
- Food Handlers Safety Programme;
- F&B Service & Food Safety Training, Fire Fighting Training, Lost & Found – Hotel Safety & Security Programme, Food Safety Programme, Emergency Response Team Training, Kitchen Safety Programme; and
- Key Control & Guest Safety Training, Safety & Security Training, Food Safety Training.

To safeguard the health and safety of our employees, the Group regularly conducts fogging and housekeeping activities and fire drills at its premises. In 2019, there was no incidence of fatalities across the Group's operations.

**Commitments & Targets**

- Strive to raise awareness, maintain vigilance and foster a strong health and safety environment – centric culture across the Group and particularly at the ground level.
- Maintain a zero tolerance to unhealthy and unsafe practices.
- 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 its employees to attend occupational health and safety training programmes.

To ensure construction safety at the project sites, our tender process and award of contracts to contractors incorporate the required compliance to Malaysia's safety at-work legislation. 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.

**HEALTH & SAFETY MANAGEMENT (continued)**

In 2019, both the Lost Term Injury and Loss Time Accident at Group level were zero. The Group strives to continue to 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.

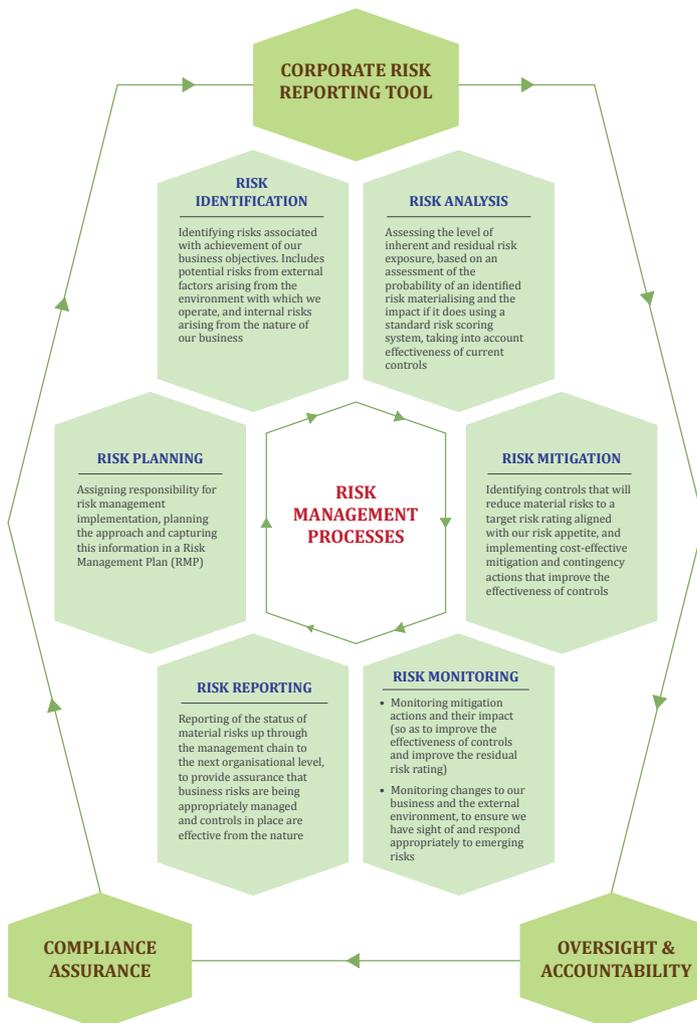
The Group participates in the ACHIEVE Corporate Social Responsibility (“CSR”) Programme (“ACHIEVE”) which aims to pool and focus the efforts and resources of the Group with like-minded corporations that share the common desire to support and implement meaningful CSR activities. The ACHIEVE Committee 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 participates in various community projects for the unfortunate, such as, contributing either financially or in-kind to various non-profit organisations, orphanage homes and underprivileged families. Meanwhile, the Company through its education unit, The Language House (“TLH”) and with the collaboration of Malaysia Press Institute sponsored several journalism courses conducted by renowned Agence France-Presse and Thomson Foundation in an effort to increase our young journalists and university students’ language skills and expose them to high international media standards. TLH has also worked with the Malaysian Writers Society (MyWriters) and hosted a number of practical workshops and training sessions at TLH’s premises to enhance the skills of local writers as part of our outreach programme.

**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 the Group’s Risk Management Committee (“RMC”) to operate effectively. This risk management framework includes risk assessment, response, communication and governance. The framework 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(b) 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 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.
- **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 licences to operate the business.

**Our Key Risks** (continued)

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
<p>Conditions in the global economy, economic fluctuations and volatility and cyclicalities of say, the global travel and tours markets may adversely affect the results of the Group.</p>	<p>The Group maintains a balanced portfolio of products serving a wide range of end markets around the globe. Segment performance at the business unit level is closely monitored and corrective actions are taken as necessary.</p>
<p>The markets in which the Group operates are highly competitive and the Group may lose market share to other competitors.</p>	<p>The Group continues to invest in existing and new products through research and development ("R&amp;D").</p>
	<p>The Group continues to invest in new facilities to allow the Group to maintain its key market positions.</p>
	<p>The Group strengthens its regional position and growth through alliances and collaborations.</p>
	<p>The Group operates quality management systems, such as The International Organisation for Standardisation ("ISO") and Australian Design Rules for our bus-body fabrication unit, to ensure products meet customers' agreed standards.</p>
	<p>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.</p>
<p>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.</p>	<p>Strategic projects are managed in a structured framework which includes formal identification of risks. The Group has extensive experience in change management and making use of external specialist advice as required.</p>

**Our Key Risks** (continued)

<b>Strategic risks</b> (continued)	<b>Strategy for risk management</b> (continued)
<p>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.</p>	<p>The Group continues to invest in existing and new technologies through R&amp;D.</p>
<p>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.</p>	<p>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.</p>
<p>As a multi-national enterprise, the Group could suffer losses of intellectual property and other assets through theft or fraud which could be significant.</p>	<p>The Group maintains controls both to detect and prevent theft and fraud as appropriate to the nature of the risk.</p>
<b>Operational risk</b>	<b>Strategy for risk management</b>
<p>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.</p>	<p>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.</p> <p>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.</p>
<p>The failure or loss of a key production asset, manpower, 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.</p>	<p>Crisis management procedures are in place for all subsidiaries. These are reviewed and updated regularly.</p> <p>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.</p>

**Our Key Risks** (continued)

<b>Compliance risk</b>	<b>Strategy for risk management</b>
<p>The Group may be liable for damages based on product liability claims brought against its customers in end-use markets.</p>	<p>Technically qualified personnel and control systems are in place around the Group to ensure products meet certification standards.</p>
<p>Compliance with extensive environmental, health and safety laws and regulations could require material expenditure, changes in the operations of the Group or site remediation.</p>	<p>Detailed safety, health and environmental processes are documented in operating guidance which is updated and communicated to staff on a regular basis.</p> <p>Our safety, health, and environmental risks are reviewed and considered in our risk management meetings by our respective Risk Management Unit.</p>
<p>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.</p>	<p>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.</p> <p>Our Group constantly monitors new laws and regulations and assess the impact on our Group businesses. To manage and track compliance issues, the Group appoints compliance officers and conducts internal audits.</p>
<b>Financial risks</b>	<b>Strategy for risk management</b>
<p>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.</p>	<p>The Group has a policy of hedging all significant foreign exchange transactional exposure at the operating company level. There is also a natural hedging process at operating subsidiaries as they source their resources locally in countries where they operate.</p>

**Our Key Risks** (continued)

Financial risks (continued)	Strategy for risk management (continued)
<p>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.</p>	<p>The Group closely monitors its operating cash flow and capital expenditure on a monthly basis and regularly reviews covenant compliance.</p> <p>The Group has a policy on leverage limits and has adequate headroom on a twelve-month forecast basis.</p> <p>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.</p>

Below are some key areas reviewed by the Group in 2019:

**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 2019 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.

## **OTHER FOCUS OF THE GROUP DURING THE YEAR AND FOR THE COMING YEAR**

With the introduction of the Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amended in 2018) (hereinafter referred to as “MACC Act”), the Group is taking the necessary steps to safeguard its stakeholders by implementing its Group Anti-Bribery and Anti-Corruption Policy and Group Anti-Bribery and Anti-Corruption Framework to ensure the Group maintains its high standard of integrity and complies entirely with the regulation set forth by the Malaysian authorities.

In relation to the COVID-19 outbreak which has caused significant disruptions to humanity and economic uncertainties globally and the Movement Control Order imposed by the Malaysian Government, the primary focus for the Group is on the safety, health and well-being of all employees, customers and the general public. The Group has in place risk registers relating to disease outbreak and the control measures which are being reviewed regularly to ensure that the Group is alert to any risks that could arise which may have a negative impact to the business. In such risk registers, the controls include amongst others, preparing staff immediately for a possible epidemic or pandemic and increasing awareness on prevention, health and safety measures and for clients, we shall maintain constant communication to keep them abreast of the developments in Malaysia. In this instance, our travel and tours division is actively assisting clients in their travel plan changes and updating and monitoring travel restrictions, warnings and alerts from various countries and the World Health Organisation.

## **INTERNAL CONTROL SYSTEM**

The internal control system focuses on key financial reporting, operational

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

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

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

- 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 2019, 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 the management.
- Issued reports on the results of the internal reviews, identifying weaknesses with suggested recommendations for improvements to the 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 operated by the Group for the year 2019 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 2019 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 material 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.

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# CORPORATE GOVERNANCE

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# Our Corporate Information

## BOARD OF DIRECTORS

**Dato' Ahmad Sebi Bakar**

*Group Chair*

**Anton Syazi Dato' Ahmad Sebi**

*Group Executive Deputy Chair*

**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**

*Chair*

**Rali Mohd Nor**

*Member*

**Kam Kin Foong**

*Member*

## RISK MANAGEMENT COMMITTEE

**Yong Teck Ming**

*Chair*

**Aryati Sasya Dato' Ahmad Sebi**

*Member*

**Kam Kin Foong**

*Member*

## NOMINATION COMMITTEE

**Kam Kin Foong**

*Chair*

**Puan Sri Datin Masri Khaw Abdullah**

*Member*

**Rali Mohd Nor**

*Member*

## REMUNERATION COMMITTEE

**Rali Mohd Nor**

*Chair*

**Aryati Sasya Dato' Ahmad Sebi**

*Member*

**Kam Kin Foong**

*Member*

## COMPANY SECRETARY

**Ho Tsae Feng (MAICSA 7028522)**

## REGISTERED OFFICE

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

## SHARE REGISTRAR

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

## AUDITORS

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

## PRINCIPAL BANKERS

**CIMB Bank Berhad**

**Affin Bank Berhad**

## STOCK EXCHANGE LISTING

**Main Market of Bursa Malaysia Securities Berhad**

## WEBSITE

**[www.asb.com.my](http://www.asb.com.my)**

# Our Board

## **Dato' Ahmad Sebi Bakar**

*Group Chair (age 73)*

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

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 Chair 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 Chair and Managing Director of Kumpulan Powernet Berhad from 12 January 2002 to 28 August 2015.

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

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

**Dato' Ahmad Sebi Bakar** (continue)

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 Chair, 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 Chair (age 42)*

Mr Anton Syazi Dato' Ahmad Sebi was appointed to the Board on 27 February 2017 and was subsequently redesignated as Executive Deputy Chair 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 Chair of Captii Ventures Pte Ltd and Postpay Sdn Bhd, both Captii subsidiaries. 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 is Chair of Paydee Sdn Bhd and Qurex Sdn Bhd, the fintech subsidiaries of the Group and sits on the Board of various other subsidiary and joint venture companies of the Group. He has also been a Non-Executive Director of SJ Securities Sdn Bhd since 20 September 2005 and a Director of SJ Capital Berhad, a non-listed public company since 2 March 2020.

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** (continue)

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 Chair 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 60)*

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 an associate company 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 67)*

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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 including Cherating Holiday Villa Berhad, which is a non-listed public company.

Puan Sri Datin Masri is a member of the 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 66)*

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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 Chair of the Audit Committee and Risk Management Committee.

He holds a Bachelor of Commerce Degree from the University of Auckland, New Zealand. He is a member of 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 66)*

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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 London, 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 Financial 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 and the Harvard Business School Alumni Club of Malaysia. He has attended Senior Management Development Program at Harvard Business School Alumni Club of Malaysia and Advance Management Program at Henley Business School.

Rali is a member of the Audit Committee and Nomination Committee. He is also the Chair of the 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 45)*

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.

Sasya is the Chief Executive Officer of The Language House (an education subsidiary of Advance Synergy Berhad); a member of the Risk Management Committee and Remuneration Committee of Advance Synergy Berhad.

**Aryati Sasya Dato' Ahmad Sebi** (continued)

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 Chair and substantial shareholder of Advance Synergy Berhad. Her brother, Anton, is the Group Executive Deputy Chair 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 54)*

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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, Megalpha Limited and L F Kim Holdings Sdn Bhd.

Kin Foong is a Chair of Nomination Committee and member of the Audit 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 50)*

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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 Chair*

**Anton Syazi Dato' Ahmad Sebi**

*Group Executive Deputy Chair*

**Lee Su Nie**

*Group Managing Director*

**Sng Ngiap Koon**

*Chief Operating Officer – Asset Development*

**Yap Chee Kong**

*General Manager – Corporate Services*

**Lim Kok Siong**

*Senior Finance Manager*

**Ho Tsae Feng**

*Group Secretarial Manager*

**Jennifer Ong Mei Fen**

*Legal Associate / Compliance Officer*

## HEADS OF GROUP DIVISIONS

### HOTELS AND RESORTS

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

**Tan Sri Dato' Azman Shah Haron**

*Chair*

**Puan Sri Datin Masri Khaw Abdullah**

*Managing Director & Chief Executive 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*

#### QUREX SDN BHD\*

**Anton Syazi Dato' Ahmad Sebi**

*Chair*

**Cheah Foo Choong**

*Executive Director & Chief Executive Officer*

### BUS-BODY FABRICATION

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

**Yap Chee Kong**

*Managing Director*

### INFORMATION & COMMUNICATIONS TECHNOLOGY

#### CAPTII LIMITED

**Wong Tze Leng**

*Group Executive Chair*

**Anton Syazi Dato' Ahmad Sebi**

*Group Executive Director*

### PROPERTY DEVELOPMENT AND INVESTMENT

#### ADVANCE SYNERGY REALTY SDN BHD

**Sng Ngiap Koon**

*Executive Director / Chief Operating Officer*

### CARD & PAYMENT SERVICES

#### PAYDEE SDN BHD

**Anton Syazi Dato' Ahmad Sebi**

*Chair*

**Low Kok Keng**

*Chief Executive Officer*

### EDUCATION

#### METROPRIME CORPORATION SDN BHD

**Aryati Sasya Dato' Ahmad Sebi**

*Chief Executive Officer*

#### THE LANGUAGE HOUSE

**Patricia Mary Jayasuriya @ Cecilia**

*Principal*

\* Subsidiary of Orient Escape Travel Sdn Bhd which is involved in Money Services Business.

# Our Group

# Senior Management

## **Tan Sri Dato' Azman Shah Haron** *(age 70)*

• *Chair of Alangka-Suka Hotels & Resorts Sdn Bhd*

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Tan Sri Dato' Azman Shah Haron is the co-founder of Holiday Villa hotels and resorts and presently, the Chair 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 Chair 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 Chair 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, Darjah Kebesaran Panglima Setia Mahkota (PSM) Award by His Majesty, The Yang Di Pertuan Agong XIV Tuanku Al-Haj Abdul Halim Mu'adzam Shah and Darjah Kebesaran Sultan Sharafuddin Idris Shah Kelas Kedua "Dato" by His Highness, The Sultan of Selangor, Sultan Sharafuddin Idris Shah (D.S.I.S).

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 55)

- *Group Executive Chair of Captii Limited*

Mr Wong Tze Leng was appointed the Group Executive Chair 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 Chair.

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 72)

- *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 61)

• *Chief Executive Officer of Paydee Sdn Bhd*

Mr Low Kok Keng was appointed as Chief Executive Officer of Paydee 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 52)

- *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 48)

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

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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 63)

• *Principal The Language House*

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Ms Patricia Mary Jayasuriya 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 has successfully completed the American Hotel and Lodging Institute’s Certified Hospitality Educator programme.

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.

**Cheah Foo Choong** (age 46)

- Executive Director and Chief Executive Officer of Qurex Sdn Bhd
- Non-Executive Director of Paydee Sdn Bhd

Mr Cheah Foo Choong (Darren) was appointed as Executive Director and Chief Executive Officer of Qurex Sdn Bhd (“Qurex”) in August 2019. He joined Qurex in August 2018 as General Manager of Business Development. He was also serving as Business Development Consultant for Paydee Sdn Bhd (“Paydee”) since August 2018, and was appointed as Non-Executive Director of Paydee in December 2019.

Darren started his career in 1996 in the advertising and promotions department of The Store and progressed to the position of Assistant Manager of their loyalty rewards programme. In 2004, he joined Unrealmind Interactive Berhad, a pioneer in the premium SMS business in Malaysia as Manager in the Advertising & Promotions department where he led and managed the advertising and promotion activities of the company’s core products. In 2006, Darren was with R&D Media Malaysia Sdn Bhd, a Dutch premium SMS business as their Regional Manager-Marketing and Content. He then progressed to the position of General Manager in 2008, reporting to the Group CEO based in Amsterdam before joining the Captii Group in June 2010 as General Manager for Mobilization Sdn Bhd (now known as Postpay Sdn Bhd) and responsible for the overall business operations.

On 1 June 2017, Darren was appointed General Manager of Business Development & Service Management of Unified Communications Sdn Bhd. He also served as General Manager - Pakistan Business. In this role, Darren was responsible for leading and managing the Pakistan operations of Unifiedcomms. He was also the Deputy Head of Business Development, a role which involved supporting the General Manager – Business Development in overseeing and managing the business development and sales function of Unifiedcomms.

Darren holds a Masters in Business Administration (MBA) degree from Nottingham Trent University.

Darren 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. Darren 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.

# 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 is made up of eight (8) members, comprising the Group Chair, the Group Executive Deputy Chair, the Group Managing Director, two (2) Non-Independent Non-Executive Directors and three (3) Independent Non-Executive Directors. The age of our Board members ranges from 42 to 73 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 49 to 55 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 73 to 83.

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 Chair, Dato' Ahmad Sebi Bakar, is also a major shareholder, the Board believes that the Group Chair 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 to ensure the Board's continued effective performance through leadership continuity. The Board assesses the competencies and composition of the Board taking into consideration the challenges faced by the businesses of the Group and also assesses the competencies of each existing director. Succession planning at executive management level is also being reviewed on an on-going process basis and at present is stable.

### **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 81 to 83.

## **LEADERSHIP AND RESPONSIBILITIES**

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

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

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

**LEADERSHIP AND RESPONSIBILITIES**

(continued)

The Board acknowledges its overall responsibility for maintaining a sound risk management framework and internal control system to safeguard shareholders' investments, the Company's assets, and the need to review the adequacy and integrity of these systems regularly. The effectiveness of the Group's risk management and internal controls framework is reviewed periodically by the Risk Management Committee ("RMC") and Audit Committee. The Risk Management and Audit Committee reports can be found on pages 37 to 45 and pages 73 to 75 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 2019, the Board, through the Nomination Committee, has conducted such assessment on all the Independent Directors and each Independent Director has confirmed his/her 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 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.

**INDEPENDENCE OF DIRECTORS**

(continued)

The shareholders of the Company had at the 95th Annual General Meeting (“AGM”) which was held on 28 June 2019 approved 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 to continue to act as an Independent Non-Executive Director of the Company. Mr Yong Teck Ming has served more than twelve (12) years as an Independent Non-Executive Director of the Company since his appointment to the Board on 9 July 2007.

On 21 May 2020, the Nomination Committee resolved 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 Chair 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 to be obtained through a two-tier voting process at the forthcoming 96th 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.

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 2019 as set out below:

Name of Directors	Risk				
	Board	Audit Committee	Nomination Committee	Remuneration Committee	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	-	2 / 2	1 / 1	-
Yong Teck Ming	6 / 6	5 / 5	-	-	4 / 4
Rali Mohd Nor	6 / 6	5 / 5	2 / 2	1 / 1	*4 / 4
Aryati Sasya Dato' Ahmad Sebi	5 / 6	*4 / 5	-	-	4 / 4
Kam Kin Foong	6 / 6	5 / 5	2 / 2	1 / 1	4 / 4

\* Attended the meetings by invitation.

## CONTINUAL TRAINING FOR DIRECTORS

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

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

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 2019, 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, reports on risk management and internal audits of the Group and summary report on the introduction of Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 (collectively referred to as "MACC Act") and the action taken or to be taken before 1 June 2020. 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 Chair of the meeting.

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

The Board, through the Nomination Committee, also 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 management's proposal on changes in the Nomination Committee and Remuneration Committee as set out in the Nomination Committee Report on pages 76 to 80.

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 Chair, Group Executive Deputy Chair, Group Managing Director and Chief Operating Officers of the Company and advised the Board accordingly.

During the financial year ended 31 December 2019, 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.

Following the introduction of the Section 17A of MACC Act and the recent amendments to the Listing Requirements of Bursa Securities which encapsulated anti-corruption measures to provide greater accountability and transparency to shareholders, the Board has on 28 April 2020 approved the Group Anti-Bribery and Anti-Corruption Policy ("Group ABAC Policy") and Group Whistle-Blowing Policy and Procedures ("Group WB P&P") which are made available on the Company's website at [www.asb.com.my](http://www.asb.com.my) by referring to the 'Corporate Governance' sector under the 'Investors' tab. The Board also approved the Group Anti-Bribery and Anti-Corruption Framework on 8 May 2020 and a Whistleblowing Committee was established to facilitate compliance with our anti-corruption programmes within the Group.

In addition to the above, 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. The Board will also continue to 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 2019 of the Company which is available on the Company's website. The Corporate Governance Report 2019 provides the details on how the Company has applied each practice as set out in the Code during the financial year 2019.*

# 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 Chair, and two (2) members, all of whom are independent non-executive directors duly appointed by the Board following recommendations by the Nomination Committee after 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. Members of the Audit Committee also 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.

## TERMS OF REFERENCE ("TOR") OF AUDIT COMMITTEE

The duties and functions of the Audit Committee are set out in its TOR under Schedule 1 of the Board Charter. The Board Charter is accessible via the Company's website at [www.asb.com.my](http://www.asb.com.my) by referring to the 'Corporate Governance' sector under the 'Investors' tab.

**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:

<b>Name of Directors</b>	<b>Attended</b>
Yong Teck Ming <i>Chair</i>	5 / 5
Rali Mohd Nor <i>Member</i>	5 / 5
Kam Kin Foong <i>Member</i>	5 / 5

**SUMMARY OF ACTIVITIES**

During the financial year ended 31 December 2019, the principal activities of the Audit Committee comprised:

**(a) 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 2018 prior to submission to the Board for approval.
- (iv) Reviewed the applicability of the new accounting standards and new financial reporting regime issued by the Malaysian Accounting Standards Board.

**(b) Internal Audit**

- (i) Reviewed and approved the objectives, adequacy and coverage of the internal audit ("IA") activities of the IA Plan for 2019 after taking into consideration the risk based approach based on the Group businesses and activities. A total of twelve (12) internal audit assignments were approved for the 2019 internal audit plan.
- (ii) Reviewed on a quarterly basis the IA reports and follow-up audits presented by the Internal Auditors.
- (iii) Reviewed the resource requirements of the internal audit function.
- (iv) Reviewed a subsidiary's compliance on Anti-Money Laundering and Counter Financing of Terrorism ("AML/CFT") policies, process and procedures on AML/CFT's Independent Assessments.

**(c) External Audit**

- (i) Convened meetings with the external auditors on 27 February 2019, 28 March 2019 and 27 November 2019 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 memorandums 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 2018 and 2019.

**SUMMARY OF ACTIVITIES** (continued)**(c) External Audit** (continued)

- (ii) Reviewed the audit fees payable to the external auditors.
- (iii) Considered and recommended to the Board the re-appointment of external auditors.

**(d) 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.

**(e) 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 2018.

**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 2019, 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 fourteen (14) IA reports were presented to the Audit Committee during the financial year ended 31 December 2019. 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 2019 was RM92,000.

# 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 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 Chair of our Nomination Committee is an Independent Non-Executive Director. The Board believes that the existing Chair of the Nomination Committee is competent to chair the Nomination Committee by virtue of his vast experience and is capable to lead the Nomination

For financial year ended 31 December 2019, the Nomination Committee consists of three (3) Non-Executive Directors:

**Rali Mohd Nor**

*Chair, Independent Non-Executive Director*

**Puan Sri Datin Masri Khaw Abdullah**

*Member, Non-Independent Non-Executive Director*

**Kam Kin Foong**

*Member, Independent Non-Executive Director*

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. 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. 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)

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.

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**

During the financial year ended 31 December 2019, the Nomination Committee assisted the Board to assess the independence of independent directors including a director who has served on the Board for a cumulative term of more than twelve (12) years and to recommend to the Board for approval to retain the said director.

The Nomination Committee also 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:

<b>Directors</b>	<b>Date</b>	<b>Programmes/courses/seminars/ conferences attended</b>	<b>Organiser</b>
<b>Dato' Ahmad Sebi Bakar</b>	10.05.2019	Workshop: Portfolio Fair Valuation Standards, Methodologies and Practices	Captii Ventures Pte Ltd and facilitated by Duff & Phelps Singapore Pte Ltd

## PRINCIPAL ACTIVITIES (continued)

Directors	Date	Programmes/courses/seminars/ conferences attended	Organiser
<b>Anton Syazi Dato' Ahmad Sebi</b>	10.05.2019	Workshop: Portfolio Fair Valuation Standards, Methodologies and Practices	Captii Ventures Pte Ltd and facilitated by Duff & Phelps Singapore Pte Ltd
	26.06.2019	Mobile World Congress 2019 Programme	Momentum Works
	14.10.2019 – 16.10.2019	Conference: The Most Effective Way To Stay Ahead of Fintech Innovation in Asia	Clinic.com
	31.10.2019 – 01.11.2019	Money Services Business Director's Education Programme	The Iclif Leadership and Governance Centre
<b>Lee Su Nie</b>	11.04.2019	14th MEXPA Seminar on "Government Grants and Financial Assistance for Malaysian Companies and Its Application Procedures"	Malaysian Export Academy Sdn Bhd
	02.05.2019	Anti-Money Laundering & Anti-Terrorism Financing – Implementing the Risk Based Approach	Nature of Life Trading Sdn Bhd
	10.05.2019	Workshop: Portfolio Fair Valuation Standards, Methodologies and Practices	Captii Ventures Pte Ltd and facilitated by Duff & Phelps Singapore Pte Ltd
	24.10.2019	Baker Tilly 2019 Business and Tax Seminar	Baker Tilly Malaysia
<b>Puan Sri Datin Masri Khaw Abdullah</b>	12.02.2019	Remuneration Committee: Attracting And Retaining The Best Talents	Busatra Sdn Bhd
	27.06.2019	Corporate Governance Advocacy Programme	Bursa Malaysia Berhad
	27.06.2019	Cyber Security in the Boardroom – Accelerating from Acceptance to Action	Deloitte
<b>Yong Teck Ming</b>	23.04.2019	Global Business Insight Series-LEAP: How to Thrive in A world where everything can be copied	Securities Industry Development Corporation
	26.06.2019	Bursa Malaysia Thought Leadership Series : Leadership Greatness in Turbulent Times: Building Corporate Longevity	Bursa Malaysia Berhad

**PRINCIPAL ACTIVITIES** (continued)

<b>Directors</b>	<b>Date</b>	<b>Programmes/courses/seminars/ conferences attended</b>	<b>Organiser</b>
<b>Yong Teck Ming</b> (continued)	14.08.2019	Demystifying the Diversity Conundrum: The Road to Business Excellence	Bursa Malaysia Berhad
	04.11.2019	Workshop on Corporate Liability Provision (Section 17A) of the MACC Act 2009	Bursa Malaysia Berhad
	08.11.2019	Audit Oversight Board Conversation with Audit Committees	Securities Commission Malaysia
<b>Aryati Sasya Dato' Ahmad Sebi</b>	02.05.2019	Anti-Money Laundering & Anti-Terrorism Financing – Implementing the Risk Based Approach	Nature of Life Trading Sdn Bhd
	30.09.2019 – 01.10.2019	Money Services Business Director's Education Programme	The Iclif Leadership and Governance Centre
<b>Rali Mohd Nor</b>	10.05.2019	Workshop: Portfolio Fair Valuation Standards, Methodologies and Practices	Captii Ventures Pte Ltd and facilitated by Duff & Phelps Singapore Pte Ltd
	26.06.2019	Bursa Malaysia Thought Leadership Series : Leadership Greatness in Turbulent Times: Building Corporate Longevity	Bursa Malaysia Berhad
<b>Kam Kin Foong</b>	30.04.2019	Special Invitation to Engagement Session with Audit Committee Members on Integrated Reporting	Malaysian Institute of Accountants
	02.05.2019	Anti-Money Laundering & Anti-Terrorism Financing – Implementing the Risk Based Approach	Nature of Life Trading Sdn Bhd
	05.07.2019	Demystifying the Diversity Conundrum: The Road to Business Excellence	Bursa Malaysia Berhad

On 27 November 2019, the Nomination Committee reviewed the management's proposal on the following changes and recommended the same for the Board's approval to be effective from 1 January 2020:

- (i) To appoint Ms Aryati Sasya Dato' Ahmad Sebi in place of Puan Sri Datin Masri Khaw Abdullah as a member of the Remuneration Committee.
- (ii) To appoint Ms Kam Kin Foong as Chair of the Nomination Committee in place of Mr Rali Mohd Nor who will continue as a member of the Nomination Committee.

## **DIVERSITY**

The Nomination 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 67 and gender diversity in the Group as a whole on page 67.

## **LOOKING AHEAD**

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

# Remuneration Committee Report

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

## COMPOSITION

For the financial year ended 31 December 2019, the Remuneration Committee consists of three (3) Non-Executive Directors:

**Rali Mohd Nor**

*Chair, Independent Non-Executive Director*

**Puan Sri Datin Masri Khaw Abdullah**

*Member, Non-Independent Non-Executive Director*

**Kam Kin Foong**

*Member, Independent Non-Executive Director*

The Remuneration Committee is responsible for setting the remuneration policy for all directors including the executive directors and other senior executives in the Group. The Remuneration Committee ensures that the Directors are fairly remunerated or rewarded for the contributions or individual level of responsibilities. Additionally, the Remuneration Committee is responsible for determining the overall Remuneration Policy applied to the Group, including the quantum of variable remuneration and the method of delivery. In carrying out its delegated responsibilities, the Remuneration 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 Remuneration 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
- 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 2019 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
<b>Executive</b>				
Anton Syazi Dato' Ahmad Sebi	-	865,760	-	865,760
Lee Su Nie	-	1,036,560	47,200	1,083,760
<b>Non-Executive</b>				
Dato' Ahmad Sebi Bakar	150,000	-	50,000	200,000
Puan Sri Datin Masri Khaw Abdullah	-	-	-	-
Yong Teck Ming	47,000	-	-	47,000
Rali Mohd Nor	46,000	-	-	46,000
Aryati Sasya Dato' Ahmad Sebi	30,000	-	-	30,000
Kam Kin Foong	42,000	-	-	42,000

**REMUNERATION FOR THE YEAR** (continued)**(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
<b>Executive</b>				
Anton Syazi Dato' Ahmad Sebi	10,701	913,220	-	923,921
Lee Su Nie	-	1,036,560	47,200	1,083,760
<b>Non-Executive</b>				
Dato' Ahmad Sebi Bakar	364,108	806,238	57,200	1,227,546
Puan Sri Datin Masri Khaw Abdullah	262,593	1,080,473	-	1,343,066
Yong Teck Ming	47,000	-	-	47,000
Rali Mohd Nor	46,000	-	-	46,000
Aryati Sasya Dato' Ahmad Sebi	30,000	-	-	30,000
Kam Kin Foong	42,000	-	-	42,000

**(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 2019 is disclosed in bands of RM50,000:

Remuneration Range	Number of Senior Management staff
Between RM450,001 - RM500,000	1
Between RM550,001 - RM600,000	1
Between RM600,001 - RM650,000	1
Between RM650,001 - RM700,000	1
Between RM1,000,001 - RM1,050,000	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. UTILISATION OF PROCEEDS

- a. As at 31 December 2019, the status of utilisation of proceeds raised from the disposal of Helenium Holdings Limited (“Helenium”) as set out in Note 11(a) to the financial statements is as follows:

	Proposed Utilisation GBP'000	Utilisation to-date GBP'000	Balance unutilised GBP'000	Timeframe for Utilisation
Refurbishment of hotels and working capital	3,000	-	3,000	Within 12 months from the date of completion of the disposal
Operating expenses of the Group	1,600	1,600	-	
Expenses for the disposal	150	145	5	
	4,750	1,745	3,005	

- b. As at 31 December 2019, the status of utilisation of proceeds raised from the disposal of a property by AESBI Power Systems Sdn Bhd, an indirect wholly-owned subsidiary of the Company, as set out in Note 40(c) to the financial statements is as follows:

	Proposed Utilisation RM'000	Utilisation to-date RM'000	Balance unutilised RM'000	Timeframe for Utilisation from the completion of the disposal
Repayment of borrowings	61,340	61,336	4	Within 3 months
Working capital of the Group	51,900	5,648	46,252	Within 12 months
Expenses for the disposal #	10,760	6,195	4,565	Within 3 months
	124,000	73,179	50,821	

- # The unutilised balance of expenses is expected to be utilised upon receipt of the final tax assessment of real property gains tax (“RPGT”) from tax authority. The estimated balance of RPGT payable is approximately RM4.4 million.

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

For the financial year ended 31 December 2019, 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	RM410,700
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 and other information included in the annual report.*

**3. 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 2019 or entered into since the end of the previous financial year:

Dato’ Ahmad Sebi Bakar, (director, Group Chair 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, director and Group Executive Deputy Chair of the Company and son of Dato’ Ahmad Sebi Bakar, is a director of Leeds Property.

The HVUK Lease commenced on 16 December 2015 and will expire on 14 January 2021.

#### 4. OTHER INFORMATION

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

Helenium 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 had been utilised for working capital, to refurbish and renovate the Kilburn Apartments and to convert the Kilburn Apartments into a higher density configuration and such funding was unsecured, interest free and to be repaid on demand.

Dato’ Ahmad Sebi Bakar, the Group Chair and substantial shareholder of the Company, is a director of Helenium and holds 35% equity interest in Helenium.

Mr Anton Syazi Dato’ Ahmad Sebi, son of Dato’ Ahmad Sebi Bakar and Group Executive Deputy Chair of the Company with shareholding of less than 5% equity interest in the Company, is a Director of Helenium and owns 25% equity interest in Helenium.

The above advances have been fully repaid with the completion of the disposal of SRI’s entire 40% equity interest in Helenium on 18 July 2019 as set out in Note 11(a) to the financial statements.

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