FINANCIAL STATEMENTS

Contents

Directors' Report

The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and the provision of full corporate and financial support to its subsidiaries. The principal activities of the subsidiaries are stated in Note 10 to the financial statements.

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

RESULTS

	Group	Company
	RM'000	RM'000
Profit for the financial year, net of tax	81,329	3,286
Attributable to:		
Owners of the Company	74,944	3,286
Non-controlling interests	6,385	-
	81,329	3,286

DIVIDENDS

Since the end of the previous financial year, a first and final single tier dividend of 0.25 sen per ordinary share totalling RM2,322,982 in respect of the financial year ended 31 December 2018 was paid on 15 August 2019 after the approval from the shareholders of the Company was obtained at the Annual General Meeting held on 28 June 2019.

At the forthcoming Annual General Meeting, a first and final single tier dividend of 0.35 sen per ordinary share in respect of the financial year ended 31 December 2019 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2020.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors, except as disclosed in the financial statements,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

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

Dato’ Ahmad Sebi Bakar
Anton Syazi Dato’ Ahmad Sebi
Lee Su Nie
Puan Sri Datin Masri Khaw Abdullah
Aryati Sasya Dato’ Ahmad Sebi
Yong Teck Ming
Rali Mohd Nor
Kam Kin Foong

The directors of the Company’s subsidiaries in office during the financial year and during the period from the end of the financial year to the date of this report are:

Dato' Ahmad Sebi Bakar
Anton Syazi Dato’ Ahmad Sebi
Lee Su Nie
Tan Sri Dato’ Azman Shah Haron
Puan Sri Datin Masri Khaw Abdullah
Rali Mohd Nor
Aryati Sasya Dato’ Ahmad Sebi
Ahmad Kamal Ali Merican
Alain Cheseaux
Ann Wan Kuan
Armeda Haji Udin
Chee Chong Fatt
Chew Lee Fong

DIRECTORS (CONTINUED)

The directors of the Company's subsidiaries in office during the financial year and during the period from the end of the financial year to the date of this report are (Continued):

Chin Wei Li	
Chuah Seong Phaik	
Cheah Foo Choong	
Datuk Hardew Kaur a/p Hazar Singh	
Frank Michael Turrisi	
Ho Ting Sai	
Hossam Ahmed Wahid Eldin Naguib Suwailem	(resigned on 19 September 2019)
Ir. Haji Mansor Salleh @ Md Salleh	
Karen Khoo Kah Mei	(appointed on 28 April 2020)
Lee Buck Chye	(appointed on 17 May 2019)
Lee Chien Siong	
Lim Hong Hoo	
Md Nazri Mubin Julkiflee	
Ng Sai Kit	
Nina Karina Azman Shah	
Phang Deng Sheng	
Phuah Peng Hock	
Sng Ngiap Koon	
Triandi Putranta Soewando	
Wong Joon Hian	(resigned on 11 February 2020)
Wong Kwai Yim, Woo	
Wong Tze Leng	
Yap Chee Kong	
Yap Wai Shoong	
Yong Choon Vooi	

REMUNERATION COMMITTEE

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 and 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.

The members of the Remuneration Committee during the financial year ended 31 December 2019 are as follows:

• Rali Mohd Nor	(Chair, Independent Non-Executive Director)
• Aryati Sasya Dato' Ahmad Sebi	(Member, Non-Independent Non-Executive Director) (Appointed on 1 January 2020)
• Kam Kin Foong	(Member, Independent Non-Executive Director)
• Puan Sri Datin Masri Khaw Abdullah	(Member, Non-Independent Non-Executive Director) (Resigned on 1 January 2020)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of the Directors in office at the end of the financial year in the shares of Advance Synergy Berhad ("ASB") and shares of its related corporations during the financial year ended 31 December 2019 are as follows:

	Number of ordinary shares			
	At 1.1.2019	**Bought**	**Sold**	**At 31.12.2019**
The Company				
Direct Interests				
Dato' Ahmad Sebi Bakar #	76,810,009	-	-	76,810,009
Kam Kin Foong	900,000	-	-	900,000
Deemed Interests				
Dato' Ahmad Sebi Bakar #	*1 139,391,853	-	-	*1 139,391,853
Anton Syazi Dato' Ahmad Sebi	*2 30,467,000	-	-	*2 30,467,000
Lee Su Nie	*3 365,000	-	-	*3 365,000
Puan Sri Datin Masri Khaw Abdullah	*4 12,000,000	-	-	*4 12,000,000

	Number of ordinary shares			
	At 1.1.2019	**Bought**	**Sold**	**At 31.12.2019**
Subsidiary				
Captii Limited ("Captii")				
Direct Interests				
Anton Syazi Dato' Ahmad Sebi	517,600	-	-	517,600
Lee Su Nie	20,000	-	-	20,000
Deemed Interests				
Kam Kin Foong	*5 55,000	-	-	*5 55,000

	Number of ordinary shares			
	At 1.1.2019	**Bought**	**Sold**	**At 31.12.2019**
Segi Koleksi Sdn. Bhd. ("SKSB")				
Deemed Interests				
Dato' Ahmad Sebi Bakar	*6 105,000	-	-	*6 105,000
Anton Syazi Dato' Ahmad Sebi	*7 105,000	-	-	*7 105,000
Aryati Sasya Dato' Ahmad Sebi	*7 105,000	-	-	*7 105,000

	Number of ordinary shares			
	At 1.1.2019	**Bought**	**Sold**	**At 31.12.2019**
Metroprime Corporation Sdn. Bhd. ("MCSB")				
Deemed Interests				
Dato' Ahmad Sebi Bakar	*8 350,000	-	-	*8 350,000
Anton Syazi Dato' Ahmad Sebi	*9 350,000	-	-	*9 350,000
Aryati Sasya Dato' Ahmad Sebi	*9 350,000	-	-	*9 350,000

DIRECTORS' INTERESTS (CONTINUED)

	Number of ordinary shares			
	At 1.1.2019	Bought	Sold	At 31.12.2019
Subsidiary (Continued)				
Acrylic Synergy Sdn. Bhd.				
Direct Interests				
Anton Syazi Dato' Ahmad Sebi	1	-	-	1

	Number of ordinary shares of CHF500.00 each			
	At 1.1.2019	Bought	Sold	At 31.12.2019
Posthotel Arosa AG ("Arosa")				
Deemed Interests				
Anton Syazi Dato' Ahmad Sebi	*103,150	-	-	*103,150
Aryati Sasya Dato' Ahmad Sebi	*103,150	-	-	*103,150

	Number of ordinary shares of GBP1.00 each			
	At 1.1.2019	Bought	Sold	At 31.12.2019
57-59 Philbeach Gardens Limited ("PGL")				
Deemed Interests				
Anton Syazi Dato' Ahmad Sebi	*111	-	-	*111
Aryati Sasya Dato' Ahmad Sebi	*111	-	-	*111

	Number of ordinary shares of GBP1.00 each			
	At 1.1.2019	Bought	Sold	At 31.12.2019
Beaver Hotels Limited ("BHL")				
Deemed Interests				
Anton Syazi Dato' Ahmad Sebi	-	*121,100	-	*121,100
Aryati Sasya Dato' Ahmad Sebi	-	*121,100	-	*121,100

By virtue of his interest in ASB, Dato' Ahmad Sebi Bakar is also deemed to be interested in the shares of all investee companies (including subsidiaries) to the extent that ASB has an interest.

*1 By virtue of his interest in Bright Existence Sdn. Bhd. ("BESB") and Suasana Dinamik Sdn. Bhd. ("SDSB"), Dato' Ahmad Sebi Bakar is also deemed to be interested in the ordinary shares of ASB to the extent that BESB and SDSB have an interest respectively.

*2 By virtue of his interest in Eighth Review Sdn. Bhd. ("ERSB"), he is also deemed to be interested in the ordinary shares of ASB to the extent that ERSB has an interest.

DIRECTORS' INTERESTS (CONTINUED)

*3 This is her spouse's interest in the ordinary shares of ASB which shall be treated as her interest in the ordinary shares of ASB pursuant to Section 59(11)(c) of the Companies Act 2016 in Malaysia.

*4 By virtue of her interest in ASH Holdings Sdn. Bhd. ("ASH"), Puan Sri Datin Masri Khaw Abdullah is deemed to be interested in the ordinary shares of ASB to the extent that ASH has an interest.

*5 This is her spouse's interest in the ordinary shares of Captii which shall be treated as her interest in the ordinary shares of Captii pursuant to Section 59(11)(c) of the Companies Act 2016 in Malaysia.

*6 This is the interest of his children (Ms Aryati Sasya Dato' Ahmad Sebi and Mr Anton Syazi Dato' Ahmad Sebi) in SKSB which shall be treated as his interest in the ordinary shares of SKSB pursuant to Section 59(11)(c) of the Companies Act 2016 in Malaysia.

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

*8 By virtue of his interest in SKSB pursuant to Section 8 of the Companies Act 2016 in Malaysia, Dato' Ahmad Sebi Bakar is deemed to be interested in the shares to the extent that SKSB has an interest in MCSB.

*9 By virtue of their interest in SKSB via PESB, Ms Aryati Sasya Dato' Ahmad Sebi and Mr Anton Syazi Dato' Ahmad Sebi are deemed to be interested in the shares to the extent that SKSB has an interest in MCSB.

*10 By virtue of their interest in Kibar Konsep Sdn. Bhd. ("KKSB"), Ms Aryati Sasya Dato' Ahmad Sebi and Mr Anton Syazi Dato' Ahmad Sebi are also deemed to be interested in the shares to the extent that KKSB has an interest in Arosa.

*11 By virtue of their interest in Arosa via KKSB, Ms Aryati Sasya Dato' Ahmad Sebi and Mr Anton Syazi Dato' Ahmad Sebi are also deemed to be interested in the shares to the extent that Arosa has an interest in PGL.

*12 By virtue of their interest in PGL via Arosa, Ms Aryati Sasya Dato' Ahmad Sebi and Mr Anton Syazi Dato' Ahmad Sebi are also deemed to be interested in the shares to the extent that PGL has an interest in BHL.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors shown in the Directors' Remuneration and the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than any deemed benefit which may arise from transactions as disclosed in Note 35 to the financial statements.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and officers of the Company were RM30 million and RM36,368 respectively.

DIRECTORS' REMUNERATION

The details of directors' remuneration are disclosed in Note 28 to the financial statements.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 10 to the financial statements.

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of the significant events during the financial year are disclosed in Note 40 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of the significant events subsequent to the end of the financial year are disclosed in Note 41 to the financial statements.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in the Note 28 to the financial statements.

AUDITORS

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

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

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

LEE SU NIE
Director

YONG TECK MING
Director

Selangor Darul Ehsan
Date: 21 May 2020

Statements of Financial Position

as at 31 December 2019

		Group			Company	
		31.12.2019	**31.12.2018**	**1.1.2018**	**31.12.2019**	**31.12.2018**
	Note	RM'000	RM'000 (restated)	RM'000 (restated)	RM'000	RM'000
ASSETS						
Non-current assets						
Property, plant and equipment	5	179,132	158,965	156,848	23	23
Right-of-use assets	6	47,329	-	-	-	-
Investment properties	7	54,572	49,789	8,060	-	-
Intangible assets	8	93,724	94,183	95,867	-	-
Investment in subsidiaries	10	-	-	-	672,904	617,813
Investment in associates	11	12,971	43,781	46,742	-	-
Investment in a joint venture	12	-	-	-	-	-
Investment securities	13	55,789	47,023	42,565	-	-
Deferred tax assets	14	5,864	4,341	3,191	-	-
Total non-current assets		449,381	398,082	353,273	672,927	617,836
Current assets						
Inventories	15	51,089	45,223	40,086	-	-
Trade and other receivables	16	102,461	108,420	109,687	999	144
Other assets	17	16,702	26,583	36,112	-	-
Current tax assets		3,721	5,072	1,946	771	1,661
Investment securities	13	1,400	410	459	-	-
Financial assets held for trading	18	462	317	361	-	-
Cash and bank balances and short term deposits	19	127,820	141,240	158,047	26,952	6,808
Total current assets		303,655	327,265	346,698	28,722	8,613
TOTAL ASSETS		753,036	725,347	699,971	701,649	626,449

as at 31 December 2019 (continued)

	Note	Group 31.12.2019 RM'000	Group 31.12.2018 RM'000 (restated)	Group 1.1.2018 RM'000 (restated)	Company 31.12.2019 RM'000	Company 31.12.2018 RM'000
EQUITY AND LIABILITIES						
Equity attributable to owners of the Company						
Share capital	20	381,377	381,377	320,650	381,377	381,377
Other reserves	21	19,941	24,084	32,580	-	69
Retained earnings	21	80,378	16,725	18,902	13,795	12,763
ICULS						
- equity component		-	-	60,724	-	-
Shareholders' funds		481,696	422,186	432,856	395,172	394,209
Non-controlling interests		69,072	64,705	63,213	-	-
Total equity		550,768	486,891	496,069	395,172	394,209
Non-current liabilities						
Borrowings	22	38,614	67,786	60,763	-	-
Lease liabilities	23	48,847	-	-	-	-
Deferred tax liabilities	14	5,146	4,521	5,362	-	-
Provision for retirement benefit obligations	24	1,923	1,666	1,747	-	-
Trade and other payables	25	9,753	-	-	-	-
ICULS						
- liability component		-	-	108	-	-
Total non-current liabilities		104,283	73,973	67,980	-	-
Current liabilities						
Borrowings	22	10,163	76,125	39,039	-	-
Lease liabilities	23	8,090	-	-	-	-
Current tax liabilities		5,545	323	46	-	-
Trade and other payables	25	67,461	74,802	90,362	306,477	232,240
Other liabilities	17	6,726	13,233	6,475	-	-
Total current liabilities		97,985	164,483	135,922	306,477	232,240
Total liabilities		202,268	238,456	203,902	306,477	232,240
TOTAL EQUITY AND LIABILITIES		753,036	725,347	699,971	701,649	626,449

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

Statements of Comprehensive Income

for the financial year ended 31 December 2019

		Group		Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	26	275,517	283,583	16,710	12,011
Cost of sales	27	(189,187)	(199,704)	-	-
Gross profit		86,330	83,879	16,710	12,011
Other operating income		121,511	19,685	683	-
Distribution costs		(5,907)	(6,424)	-	-
Administrative expenses		(60,829)	(60,294)	(4,738)	(4,594)
Other operating expenses		(36,397)	(32,493)	(5,124)	(1,218)
Operating profit	28	104,708	4,353	7,531	6,199
Finance costs	29	(9,498)	(6,165)	(4,137)	(2,853)
Share of results of associates		404	2,159	-	-
Profit before tax		95,614	347	3,394	3,346
Income tax expense	30	(14,285)	(1,489)	(108)	(15)
Profit/(Loss) for the financial year		81,329	(1,142)	3,286	3,331
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss:					
Fair value loss on equity instruments designated at fair value through other comprehensive income		(80)	(3,135)	-	-
Revaluation of land and buildings		(3,920)	-	-	-
		(4,000)	(3,135)	-	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		(1,028)	(1,790)	-	-
		(1,028)	(1,790)	-	-
Other comprehensive loss for the financial year		(5,028)	(4,925)	-	-
Total comprehensive income/(loss) for the financial year		76,301	(6,067)	3,286	3,331

		Group		Company	
		2019	**2018**	**2019**	**2018**
	Note	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) attributable to:					
Owners of the Company		74,944	(4,897)	3,286	3,331
Non-controlling interests		6,385	3,755	-	-
		81,329	(1,142)	3,286	3,331
Total comprehensive income/(loss) attributable to:					
Owners of the Company		70,801	(8,350)	3,286	3,331
Non-controlling interests		5,500	2,283	-	-
		76,301	(6,067)	3,286	3,331
Earnings/(Loss) per ordinary share attributable to owners of the Company (sen)					
-Basic	31	8.07	(0.54)		
-Diluted	31	8.07	(0.54)		

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

Statements of Changes In Equity

for the financial year ended 31 December 2019

Group	Share Capital RM'000	Revaluation Reserve RM'000	Foreign Currency Translation Reserve RM'000	Fair Value Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
At 31 December 2018 (as previously reported)	381,377	18,467	6,871	(1,254)	16,725	422,186	64,705	486,891
Effects of adoption of MFRS 16	-	-	-	-	(8,968)	(8,968)	-	(8,968)
Restated balance	381,377	18,467	6,871	(1,254)	7,757	413,218	64,705	477,923
Profit for the financial year	-	-	-	-	74,944	74,944	6 ,385	81,329
Fair value of equity instruments through other comprehensive income	-	-	-	(80)	-	(80)	-	(80)
Revaluation of land and buildings	-	(3,920)	-	-	-	(3,920)	-	(3,920)
Exchange differences on translation of foreign operations	-	-	(143)	-	-	(143)	(885)	(1,028)
Total comprehensive income for the financial year	-	(3,920)	(143)	(80)	74,944	70,801	5,500	76,301
Transactions with owners:								
Dividends paid (Note 32)	-	-	-	-	(2,323)	(2,323)	-	(2,323)
Dividends paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	(1,133)	(1,133)
Total transactions with owners	-	-	-	-	(2,323)	(2,323)	(1,133)	(3,456)
At 31 December 2019	381,377	14,547	6,728	(1,334)	80,378	481,696	69,072	550,768

Group	Share Capital RM'000	ICULS-Equity Component RM'000	Revaluation Reserve RM'000	Foreign Currency Translation Reserve RM'000	Fair Value Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
At 1 January 2018	320,650	60,724	23,510	7,189	1,881	18,902	432,856	63,213	496,069
(Loss)/Profit for the financial year	-	-	-	-	-	(4,897)	(4,897)	3,755	(1,142)
Fair value of equity instruments through other comprehensive income	-	-	-	-	(3,135)	-	(3,135)	-	(3,135)
Realisation of revaluation reserve	-	-	(5,043)	-	-	5,043	-	-	-
Exchange differences on translation of foreign operations	-	-	-	(318)	-	-	(318)	(1,472)	(1,790)
Total comprehensive (loss)/ income for the financial year	-	-	(5,043)	(318)	(3,135)	146	(8,350)	2,283	(6,067)
Transactions with owners:									
Issue of new ordinary shares pursuant to the conversion of ICULS	60,727	(60,724)	-	-	-	-	3	-	3
Dividends paid (Note 32)	-	-	-	-	-	(2,323)	(2,323)	-	(2,323)
Dividends paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	(791)	(791)
Total transactions with owners	60,727	(60,724)	-	-	-	(2,323)	(2,320)	(791)	(3,111)
At 31 December 2018	381,377	-	18,467	6,871	(1,254)	16,725	422,186	64,705	486,891

Company	Share Capital RM'000	ICULS-Equity Component RM'000	Capital Reserve RM'000	Retained Earnings RM'000	Total RM'000
At 1 January 2018	320,650	60,724	69	11,755	393,198
Total comprehensive income for the financial year	-	-	-	3,331	3,331
Transactions with owners:					
Issue of new ordinary shares pursuant to the conversion of ICULS	60,727	(60,724)	-	-	3
Dividends paid	-	-	-	(2,323)	(2,323)
Total transactions with owners	60,727	(60,724)	-	(2,323)	(2,320)
At 31 December 2018	381,377	-	69	12,763	394,209
Total comprehensive income for the financial year	-	-	-	3,286	3,286
Realisation of capital reserve	-	-	(69)	69	-
Transaction with owners:					
Dividends paid	-	-	-	(2,323)	(2,323)
Total transactions with owners	-	-	-	(2,323)	(2,323)
At 31 December 2019	381,377	-	-	13,795	395,172

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

Statements of Cash Flows

for the financial year ended 31 December 2019

		Group		Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:					
Profit before tax		95,614	347	3,394	3,346
Adjustments for:					
Amortisation of intangible assets		1,396	1,497	-	-
Bad debts written off		4	186	-	-
Depreciation of property, plant and equipment		5,838	5,631	9	8
Depreciation of right-of-use assets		9,425	-	-	-
Fair value change in:					
- investment in associates		7,810	927	-	-
- foreign currency held for trading		1	2	-	-
- held for trading investments		-	49	-	-
- investment properties		-	1,060	-	-
- unquoted investment securities		(8,687)	(5,852)	-	-
Gain on disposal of:					
- property, plant and equipment		(90,281)	(23)	-	-
- an associate		(830)	(5,239)	-	-
- unquoted investment securities		-	(231)	-	-
Dividend income		-	(804)	-	-
Increase in/(Reversal of) impairment loss on:					
- goodwill		-	1,497	-	-
- development expenditure		-	37	-	-
- property, plant and equipment		2,247	-	-	-
- investment in subsidiaries		-	-	3,150	-
- trade and other receivables		(4)	1,210	-	-
Insurance claim compensation		(17,649)	-	-	-
Interest expenses		9,498	6,165	4,137	2,853
Interest income		(2,944)	(2,420)	(410)	(29)
Inventories written down		3	14	-	-
Net unrealised loss/(gain) on foreign exchange		2,524	426	(359)	-
Property, plant and equipment written off		1,534	1,035	-	-
Provision for retirement benefits plan obligations		318	332	-	-
Share of results in associates		(404)	(2,159)	-	-
Operating profit before working capital changes		15,413	3,687	9,921	6,178

		Group		Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
Changes in working capital:					
Inventories		(5,870)	(5,150)	-	-
Receivables		15,977	9,399	(58,737)	(1,464)
Financial assets at fair value through profit or loss		(146)	42	-	-
Payables		(1,891)	(7,767)	75,124	4,653
Net cash generated from operations		23,483	211	26,308	9,367
Retirement benefits paid		(61)	(413)	-	-
Tax paid		(8,356)	(6,317)	(105)	(2)
Net cash generated from/(used in) operating activities		15,066	(6,519)	26,203	9,365
CASH FLOWS FROM INVESTING ACTIVITIES:					
Acquisition of intangibles assets		(926)	(1,298)	-	-
Acquisition of held for trading investments		(990)	-	-	-
Acquisition of unquoted investment securities		(1,909)	(3,415)	-	-
Acquisition of a subsidiary, net of cash acquired		(56,180)	-	-	-
Acquisition of additional shares in an associate		-	(1,991)	-	-
Addition of investment properties		(2,545)	(42,789)	-	-
Dividend income received		-	804	-	-
Interest received		2,944	2,420	410	29
Placement of pledged deposits		(1,989)	(2,366)	-	-
Proceeds from disposal of unquoted investment securities		1,639	2,286	-	-
Proceeds from disposal of property, plant and equipment		121,544	23	-	-
Proceeds from disposal of an associate		24,176	11,630	-	-
Purchase of property, plant and equipment	(a)	(9,377)	(8,907)	(9)	(1)
Net cash generated from/(used in) investing activities		76,387	(43,603)	401	28

for the financial year ended 31 December 2019 (continued)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES:	(b)				
(Repayments)/Drawdown of bankers' acceptance		(900)	900	-	-
Dividends paid		(2,323)	(2,323)	(2,323)	(2,323)
Dividends paid to non-controlling interests of a subsidiary		(1,145)	(791)	-	-
Drawdown of term loans		-	38,302	-	-
Interest paid		(9,498)	(7,309)	(4,137)	(4,355)
Payments to hire purchase payables		-	(59)	-	-
Repayments of lease liabilities		(9,384)	-	-	-
Repayments of term loans		(30,494)	(1,711)	-	-
(Repayments)/Drawdown of revolving credit		(41,000)	6,000	-	-
Net cash (used in)/generated from financing activities		(94,744)	33,009	(6,460)	(6,678)
Effects of exchange rate changes		(760)	(3,169)	-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS		(4,051)	(20,282)	20,144	2,715
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR					
As previously reported		94,438	114,289	6,808	4,093
Effect of exchange rate changes		232	431	-	-
		94,670	114,720	6,808	4,093
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		90,619	94,438	26,952	6,808

(a) Purchase of property, plant and equipment

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	RM'000	RM'000	RM'000
Cash payments on purchase of property, plant and equipment	9,377	8,907	9	1

(b) Reconciliation of liabilities arising from financial liabilities

	1.1.2019	**Cash flows**	**Reclass-ification**	**31.12.2019**
	RM'000	RM'000	RM'000	RM'000
Borrowings				
Bankers' acceptance	900	(900)	-	-
Finance lease payable	23,017	-	(23,017)	-
Hire purchase payables	134	-	(134)	-
Revolving credit	41,000	(41,000)	-	-
Term loans	76,456	(30,494)	-	45,962
	141,507	(72,394)	(23,151)	45,962

	1.1.2018	**Cash flows**	**Reclass-ification**	**31.12.2018**
	RM'000	RM'000	RM'000	RM'000
Borrowings				
Bankers' acceptance	-	900	-	900
Finance lease payable	23,017	-	-	23,017
Hire purchase payables	193	(59)	-	134
Revolving credit	35,000	6,000	-	41,000
Term loans	39,864	36,592	-	76,456
	98,074	43,433	-	141,507

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

Notes to the Financial Statements

31 December 2019

1. GENERAL INFORMATION

The principal activities of the Company during the financial year are that of investment holding and the provision of full corporate and financial support to its subsidiaries. The principal activities of the Company's subsidiaries are stated in Note 10 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

The registered office of the Company is located at Level 3, East Wing, Wisma Synergy, No. 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan.

The principal place of business of the Company is located at Level 3, West Wing, Wisma Synergy, No. 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan.

The financial statements are expressed in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ('000) except when otherwise stated.

The financial statements were approved and authorised for issue by the Board of Directors in accordance with a resolution of the directors on 21 May 2020.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int")

The Group and the Company have adopted the following new MFRS, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:

<u>New MFRS</u>

MFRS 16	Leases

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

The Group and the Company have adopted the following new MFRS, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year (Continued):

<u>Amendments/Improvements to MFRSs</u>

MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 11	Joint Arrangements
MFRS 112	Income Taxes
MFRS 119	Employee Benefits
MFRS 123	Borrowings Costs
MFRS 128	Investments in Associates and Joint Ventures

<u>New IC Int</u>

IC Int 23	Uncertainty over Income Tax Treatments

The adoption of the above new MFRSs, amendments/improvements to MFRSs and new IC Int did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies, except for those as summarised below.

MFRS 16 Leases

Effective 1 January 2019, MFRS 16 has replaced MFRS 117 *Leases* and IC Int 4 *Determining whether an Arrangement contains a Lease.*

Under MFRS 117, leases are classified either as finance leases or operating leases. A lessee recognises on its statements of financial position assets and liabilities arising from finance leases. For operating leases, lease payments are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. Instead, all leases are brought onto the statements of financial position except for short-term and low value asset leases.

The Group has applied MFRS 16 using the modified retrospective approach with any cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings at the date of initial application (i.e. 1 January 2019). As such, the comparative information was not restated and continues to be reported under MFRS 117 and IC Int 4.

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

MFRS 16 Leases (Continued)

Definition of a lease

MFRS 16 changes the definition of a lease mainly to the concept of control. MFRS 16 defines that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group has elected the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, the definition of a lease under MFRS 16 was applied only to contracts entered or changed on or after 1 January 2019. Existing lease contracts that are still effective on 1 January 2019 will be accounted for as lease contracts under MFRS 16.

Impact of the adoption of MFRS 16

The application of MFRS 16 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements as at the date of initial application. Other than the enhanced new disclosures relating to leases, which the Group has complied with in the current financial year, the application of this standard does not have any significant effect on the financial statements of the Group, except for those as summarised below.

(i) Classification and measurement

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Group.

On adoption of MFRS 16, for all their leases other than short-term and low value asset leases, the Group:

- recognised the right-of-use assets and lease liabilities in the statements of financial position as at the date of initial application;
- recognised depreciation of right-of-use assets and interest on lease liabilities in profit or loss for the current financial year; and
- separated the total amount of cash paid for leases into principal portion and interest portions (presented within financing activities) in the statements of cash flows for the current financial year.

For leases that were classified as operating lease under MFRS 117

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application.

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

MFRS 16 Leases (Continued)

Impact of the adoption of MFRS 16 (Continued)

(i) Classification and measurement (Continued)

For leases that were classified as operating lease under MFRS 117 (Continued)

The right-of-use assets were measured at their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application.

The Group also applied the following practical expedients wherein they:

(a) applied a single discount rate to a portfolio of leases with similar characteristics;

(b) applied the exemption not to recognise right-to-use assets and liabilities for leases which the lease term ends within 12 months of the date of initial application;

(c) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

(d) used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance lease under MFRS 117

The Group had recognised the carrying amount of the lease assets and finance lease liabilities under MFRS 117 immediately before transition as the carrying amount of the right-of-use assets and the lease liabilities at the date of initial application. The measurement requirements of MFRS 16 are applied after that date.

For leasehold land and buildings that were classified as property, plant and equipment under MFRS 116

The Group had recognised the carrying amount of the leasehold land and buildings under MFRS 116 as the carrying amount of the right-of-use assets at the date of initial application. The measurement requirements of MFRS 16 are applied after that date.

(ii) Short-term lease and low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of premises, hostels and office equipment that have a lease term of 12 months or less and leases of low value assets based on the value of the underlying asset when new, such as office equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

MFRS 16 Leases (Continued)

Impact of the adoption of MFRS 16 (Continued)

(iii) Other adjustment

In addition to the adjustments described above, other item such as deferred taxes were adjusted to retained earnings as necessary upon application of MFRS 16 as at 1 January 2019.

The effects of adoption of MFRS 16 as at 1 January 2019 (increase/(decrease)) are as follows:

	Group Increase / (Decrease) RM'000
Assets	
Non-current assets	
Property, plant and equipment	(243)
Right-of-use assets	56,445
Total non-current assets	56,202
Total assets	56,202
Equity	
Retained earnings	(8,968)
Total equity	(8,968)
Non-current liabilities	
Lease liabilities	56,724
Borrowings	(71)
Total non-current liabilities	56,653
Current liabilities	
Lease liabilities	8,580
Borrowings	(63)
Total current liabilities	8,517
Total liabilities	65,170
Total equity and liabilities	56,202

The weighted average incremental borrowing rate applied to lease liabilities recognised in the statements of financial position on 1 January 2019 is 5.50%.

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

MFRS 16 Leases (Continued)

Impact of the adoption of MFRS 16 (Continued)

The effects of adoption of MFRS 16 as at 1 January 2019 (increase/(decrease)) are as follows (Continued):

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments disclosed applying MFRS 117 as of 31 December 2018, as follows:

	Group RM'000
Operating lease commitments as at 31 December 2018	89,553
Weighted average incremental borrowing rate as at 1 January 2019	5.50%
Discounted operating lease commitments as at 1 January 2019	64,695
Add:	
Commitments relating to lease previously classified as hire purchase	134
Lease payments relating to renewal periods not included in the operating lease commitments as at 31 December 2018	475
	65,304

Other than as disclosed above, the adoption of MFRS 16 did not have a material impact on the Group's statements of comprehensive income, statements of changes in equity or the Group's operating, investing and financing cash flows.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint to which the equity method is not applied.

IC Int 23 Uncertainty over Income Tax Treatments

IC Int 23 clarifies that where there is uncertainty over income tax treatments, an entity shall:

(i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.

(ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

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

		Effective for financial periods beginning on or after
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023#
MFRS 3	Business Combinations	1 January 2020/ 1 January 2023#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2020/ 1 January 2023#
MFRS 9	Financial Instruments	1 January 2020/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 101	Presentation of Financial Statements	1 January 2020/ 1 January 2023#/ 1 January 2022
MFRS 107	Statement of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
MFRS 116	Property, Plant and Equipment	1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial Instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2020
MFRS 140	Investment Property	1 January 2023#

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

2. **BASIS OF PREPARATION (CONTINUED)**

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)

The Group and the Company plan to adopt the above applicable new MFRSs and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRSs and amendments/improvements to MFRSs are summarised below.

Amendments to MFRS 3 Business Combinations

The amendments clarify the definition of a business with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The distinction is important because an acquirer does not recognise goodwill in an asset acquisition.

The amendments, amongst others, clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments also add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments refine the definition by including 'obscuring information' in the definition of material to respond to concerns that the effect of including immaterial information should not reduce the understandability of a company's financial statements. The prior definition focuses only on information that cannot be omitted (material information) and does not also consider the effect of including immaterial information.

Other refinements to the definition include incorporating some existing wording in MFRS 101 and the Conceptual Framework for Financial Reporting. Consequently, the amendments align the definition of material across MFRS Standards and other publications.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)

The Group and the Company plan to adopt the above applicable new MFRSs and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRSs and amendments/improvements to MFRSs are summarised below (Continued).

Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors (Continued)

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The amendments of above MFRS 101 and MFRS 108 did not have any significant effect on the financial statements of the Group and the Company.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in RM, which is also the Company's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

2.6 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

2. BASIS OF PREPARATION (CONTINUED)

2.6 Use of estimates and judgement (Continued)

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the Group's and the Company's financial statements are disclosed in Note 4 to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries, associates, and joint venture used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(a) Subsidiaries and business combination (Continued)

The accounting policy for goodwill is set out in Note 3.8(a) to the financial statements.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture or a financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Associates

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

Investment in associates is accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associate is initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

Investment in an associate is accounted for at fair value through profit or loss financial assets in accordance with the financial reporting standard on financial instruments.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(d) Joint arrangements

Joint arrangements arise when the Group and another party or parties are bound by a contractual arrangement, and the contractual arrangement gives the Group and the other party or parties, joint control of the arrangement. Joint control exists when there is contractually agreed sharing of control of an arrangement whereby decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as a "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to the arrangement. The Group accounts for its share of its assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

- A joint arrangement is classified as "joint venture" when the Group has rights to the net assets of the arrangements. The Group accounts for its interests in the joint ventures using the equity method in accordance with MFRS 128 *Investments in Associates and Joint Ventures*.

The Group has assessed the nature of its joint arrangement and determined it to be joint ventures and accounted for its interest in the joint ventures using the equity method.

(e) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Separate financial statements

In the Company's statement of financial position, investments in subsidiaries, joint ventures and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.12(b) to the financial statements.

Contributions to subsidiaries are amounts which the Company does not expect repayment in the foreseeable future and are considered as part of the Company's investment in the subsidiaries.

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Foreign currency transactions and operations (Continued)

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at average exchange rates for the financial year.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

3.4 Financial instruments

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

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (Continued)

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

<u>Debt instruments</u>

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

- **Amortised cost**
  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.12(a) to the financial statements. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.4 Financial instruments (Continued)

(a) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows: (Continued)

(i) Financial assets (Continued)

Debt instruments (Continued)

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments (Continued):

- **Fair value through other comprehensive income (FVOCI)**
  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.12(a) to the financial statements. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

- **Fair value through profit or loss (FVPL)**
  Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

  Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.4 Financial instruments (Continued)

(a) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows: (Continued)

(i) Financial assets (Continued)

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

(ii) Financial liabilities

The Group and the Company classify their financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (Continued)

(a) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows: (Continued)

(ii) Financial liabilities (Continued)

Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

(b) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company themselves purchase or sell an asset).

Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (Continued)

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive the cash flows from the financial asset expire, or
(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

Certain freehold lands and buildings are measured at fair value, based on valuations by external independent valuers, less accumulated depreciation on buildings and any impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the freehold lands and buildings does not differ materially from the carrying amount. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If the asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

The revaluation reserve is transferred to retained earnings as the assets are used. The amount of revaluation reserve transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.17 to the financial statements.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Property, plant and equipment (Continued)

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and their cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

Hotel properties (buildings)	30-50 years
Buildings	0.5%-5%
Plant and machinery	10%-20%
Motor vehicles	15%-20%
Furniture, fittings and equipment	2%-25%
Renovation	2%-20%
Computer equipment and software	20%-33.33%
Crockeries, glassware, cutleries, linen and kitchen utensils	10%
Telecommunications, research and development equipment	20%-33.33%

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

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

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.6 Leases

(a) Definition of lease

Accounting policies applied from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

Accounting policies applied until 31 December 2018

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(b) Lessee accounting

Accounting policies applied from 1 January 2019

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group presents right-of-use assets and lease liabilities as separate lines in the statements of financial position.

Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (Continued)

(b) Lessee accounting (Continued)

Right-of-use asset (Continued)

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (Continued)

(b) Lessee accounting (Continued)

Lease liability (Continued)

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statements of comprehensive income.

The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Accounting policies applied until 31 December 2018

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (Continued)

(b) Lessee accounting (Continued)

Accounting policies applied until 31 December 2018 (Continued)

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

(c) Lessor accounting

Accounting policies applied from 1 January 2019

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

When the Group is an intermediate lessor, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.6(a) to the financial statements, then it classifies the sub-lease as an operating lease.

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, the Group applies MFRS 15 to allocate the consideration under the contract to each component.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (Continued)

(c) Lessor accounting (Continued)

Accounting policies applied until 31 December 2018

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

3.7 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location an category of the properties being valued.

Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise.

An investment property is derecognised on its disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains and losses arising from derecognition of the asset are recognised in the profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to the owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of the change in use. For a transfer from owner-occupied property to an investment property, any difference arising on the date of the change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Goodwill and other intangible assets

(a) Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initially recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

In respect of equity-accounted associates and joint venture, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

(b) Intellectual property

The intellectual property consists of the acquisition costs of the exclusive rights and titles relating to mobile software.

The intellectual property is amortised on a straight-line basis over the period of 5 years during which their economic benefits are expected to be consumed. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

(c) Deferred development costs

An intangible asset arising from development is recognised when the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- the Group and the Company intend to complete the intangible asset and use or sell it;
- there is an ability to use or sell the asset;
- it can be demonstrated how the intangible asset will generate future economic benefits;
- adequate resources to complete the development and to use or sell the intangible asset are available; and
- the expenditures attributable to the intangible asset during its development can be reliably measured.

Other development costs that do not meet these criteria are recognised in profit or loss as incurred. Development costs previously recognised as an expense are not recognised as an intangible asset in a subsequent period.

Deferred development costs are measured at cost less accumulated amortisation and accumulated impairment losses. Deferred development costs mainly comprises staff costs, operating expenses and depreciation expenses for the development of the Group's proprietary mobile software and has an average remaining amortisation period of 2 years which their economic benefits are expected to be consumed. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Goodwill and other intangible assets (Continued)

(d) Licenses

Licenses acquired are recognised at fair value at the acquisition date, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

3.9 Inventories

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

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- raw materials: purchase costs on a first-in first-out basis.
- finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis

Property under development

Cost includes:

- leasehold rights for land
- amounts paid to contractors for construction
- borrowing costs, planning and design costs, costs for site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

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

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3.10 Contract assets/(liabilities)

Contract asset is the right to consideration in exchange for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a) to the financial statements.

Contract liability is the obligation to transfer goods or services to customers for which the Group and the Company have received the consideration or have billed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts.

3.12 Impairment of assets

(a) Impairment of financial assets and contract assets

Financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income (FVOCI), contract assets, a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12-month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables and contract assets, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 to 90 days past due.

The Group and the Company consider a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (Continued)

(a) Impairment of financial assets and contract assets (Continued)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the counterparty;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; and
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statements of financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (Continued)

(a) Impairment of financial assets and contract assets (Continued)

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets, deferred tax assets, assets arising from employee benefits) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (Continued)

(b) Impairment of non-financial assets (Continued)

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.13 Share capital

Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.14 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

(c) Defined benefit plans

The Group operates defined benefit pension plans (funded) and provides a post-employment healthcare benefit (unfunded) plan to employees as provided in the employment agreements between the companies in the Group and their employees.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Employee benefits (Continued)

(c) Defined benefit plans (Continued)

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related defined benefit obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) and the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in other comprehensive income. Remeasurements are not reclassified to profit or loss in subsequent periods.

The net interest is calculated by applying the discount to the net balance of the defined benefit obligation and fair value of plan assets.

The Group recognises the following costs in profit or loss:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

3.15 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.16 Revenue and other income

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer.

The Group and the Company measure revenue from the sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to the customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

Revenue from contracts with the customers is recognised by reference to each distinct performance obligation in the contract with the customer, i.e. when or as a performance obligation in the contract with the customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

Revenue from contracts with customers

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer net of sales and service tax, returns, rebates and discounts. The Group recognises revenue when (or as) it transfers control over a product or service to the customer. An asset is transferred when (or as) the customer obtains control of the asset. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(a) Sale of completed properties

Revenue from the sale of completed properties is recognised when significant risks and rewards of ownership of the completed properties have been transferred to the buyer and where the Group does not have continuing managerial involvement and effective control over the completed properties sold.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Revenue and other income (Continued)

Revenue from contracts with customers (Continued)

(b) Property development

The Group develops and sells residential and commercial properties. Contracts with customers may include multiple distinct promises to customers and therefore accounted for as separate performance obligations. In the contract with customer contains more than one performance obligation, when the stand-alone selling price are not directly observable, they are estimated based on the expected cost plus margin approach.

Revenue from residential and commercial properties are recognised as and when the control of the asset is transferred to the customer. Based on the terms of the contract and the laws that apply to the contract, control of the asset is transferred over time as the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of property development costs incurred for work performed to date bear to the estimated total property development costs (an input method).

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

(e) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentive granted is recognised as an integral part of the total rental income, over the term of the lease.

3.17 Borrowing costs

Borrowing costs are interests and other costs that the Group incurs in connection with the borrowing of funds.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Borrowing costs (Continued)

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group begins capitalising borrowing costs when the Group has incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.18 Taxes

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Taxes (Continued)

(b) Deferred tax (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, associates and interests in joint venture, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

3.19 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.20 Operating segment

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group Managing Director of the Group, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the chief operating decision-maker that makes strategic decisions.

3.21 Fair value measurements

The fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

There were no transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances.

3.22 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.22 Contingencies (Continued)

Contingent liability is also referred to as a present obligation that arises from past vents but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

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

3.23 Contract costs

(a) Recognition and measurement

Contract costs include costs of obtaining and fulfilling a contract.

The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer which they would not have incurred if the contract had not been obtained. The incremental costs of obtaining a contract with a customer are recognised as part of contract costs when the Group expects those costs are recoverable.

The costs incurred in fulfilling a contract with a customer which are not within the scope of another MFRSs, such as MFRS 102 *Inventories*, MFRS 116 *Property, Plant and Equipment* or MFRS 138 *Intangible Assets*, are recognised as part of contract costs when all of the following criteria are met:

(i) the costs relate directly to a contract or to an anticipated contract that can be specifically identified;
(ii) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
(iii) the costs are expected to be recovered.

(b) Amortisation

The costs of obtaining and fulfilling a contract are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The amortisation shall be updated subsequently to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the asset relates in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimate and Errors.*

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.23 Contract costs (Continued)

(c) Impairment

Impairment loss are recognised in profit or loss to the extent that the carrying amount of the contract cost exceeds:

(i) the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less
(ii) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

Before an impairment loss is recognised for contract costs, the Group shall recognise any impairment loss for assets related to the contract that are recognised in accordance with another MFRSs, such as MFRS 102, MFRS 116 and MFRS 138. The Group shall include the resulting carrying amount of the contract costs in the carrying amount of the cash-generating unit to which it belongs for the purpose of applying MFRS 136 Impairment of Assets to that cash-generating unit.

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.

The Group have applied the practical expedient to recognise the incremental costs of obtaining contracts as an expense when incurred if the amortisation periods of the asset that the Group otherwise would have recognised are one year or less.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have a significant effect in determining the amount recognised in the financial year include the following:

(a) Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of CGU to which the goodwill is allocated. Estimating a value-in-use amount requires management to make an estimation of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the key assumptions applied in the impairment assessment of goodwill are disclosed in Note 9 to the financial statements.

The carrying amounts of the Group's goodwill key assumptions used to determine the recoverable amount for different cash-generating units, including sensitivity analysis, are disclosed in Note 9 to the financial statements.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Determination of lease term and incremental borrowing rate

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether they are reasonably certain to exercise the option to renew or terminate the lease. The Group considers all relevant factors that create an economic incentive for them to exercise the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The group first determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

The carrying amount of the Group’s right-of-use assets and lease liabilities are disclosed in Note 6 and 23 to the financial statements respectively.

(c) Fair value of unquoted investments

If the financial asset is not traded in an active market or if the quoted price is not readily and regularly available, the fair value is established by using valuation techniques that are appropriate in circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The fair value measurement requires the selection among a range of different valuation methodologies, making estimates about expected future cash flows and discounted rates. The models are tested for validity by calibrating to prices from any observable current market transactions in the same instrument when available. Where cost is used as an estimate of fair value, significant judgement is required where management considers various indicators where cost might not be representative of fair value.

The carrying amount of the Group's fair value of unquoted investments are disclosed in Notes 11 and 13 to the financial statements respectively.

5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Buildings	Short term leasehold building	Hotel properties -Freehold lands	Hotel properties -Buildings	Plant and machinery	Furniture, fittings and equipment	Renovation	Motor vehicles	Computer equipment and software	Crockeries, glassware, cutleries, linen and kitchen utensils	Telecom-munic-tions and research and develop-ment equipment	Construc-tion work-in-progress	Total
31.12.2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost/Valuation														
At 1 January 2019														
- as previuosly reported	27,168	20,283	1,617	61,232	31,142	7,143	37,111	25,137	3,051	6,241	1,919	31,975	634	254,653
- effect of adoption of MFRS 16	-	-	-	-	-	-	-	-	(561)	-	-	-	-	(561)
Adjusted balance at 1 January 2019	27,168	20,283	1,617	61,232	31,142	7,143	37,111	25,137	2,490	6,241	1,919	31,975	634	254,092
Additions	-	-	-	-	67	360	1,723	1,151	107	3,517	57	1,735	660	9,377
Acquisition of a subsidiary	-	-	-	45,218	10,962	-	-	-	-	-	-	-	-	56,180
Disposals	(26,761)	(5,983)	-	-	-	-	(2)	(7,258)	(192)	-	-	-	-	(40,196)
Written off	-	-	-	-	-	-	(5,803)	(1,985)	(103)	(133)	-	-	-	(8,024)
Reclassification	19,044	(1,400)	-	(19,044)	-	-	-	-	-	-	-	(343)	(847)	(2,590)
Revaluation	-	-	-	(2,002)	(3,057)	-	-	-	-	-	-	-	-	(5,059)
Exchange differences	-	(62)	54	(11)	(73)	-	116	(123)	2	(5)	-	(201)	-	(303)
At 31 December 2019	19,451	12,838	1,671	85,393	39,041	7,503	33,145	16,922	2,304	9,620	1,976	33,166	447	263,477
Representing:														
Cost	19,451	12,838	1,671	-	-	7,503	33,145	16,922	2,304	9,620	1,976	33,166	447	139,043
Valuation	-	-	-	85,393	39,041	-	-	-	-	-	-	-	-	124,434
Total	19,451	12,838	1,671	85,393	39,041	7,503	33,145	16,922	2,304	9,620	1,976	33,166	447	263,477

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group 31.12.2019	Freehold land RM'000	Buildings RM'000	Short term leasehold building RM'000	Hotel properties -Freehold lands RM'000	Hotel properties -Buildings RM'000	Plant and machinery RM'000	Furniture, fittings and equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Computer equipment and software RM'000	Crockeries, glassware, cutleries, linen and kitchen utensils RM'000	Telecom-munic-tions and research and develop-ment equipment RM'000	Construc-tion work-in-progress RM'000	Total RM'000
Accumulated Depreciation														
At 1 January 2019														
- as previuosly reported	-	3,990	1,097	-	3,630	6,041	32,439	9,647	2,552	5,633	731	19,509	-	85,269
- effect of adoption of MFRS 16	-	-	-	-	-	-	-	-	(318)	-	-	-	-	(318)
Adjusted balance at 1 January 2019	-	3,990	1,097	-	3,630	6,041	32,439	9,647	2,234	5,633	731	19,509	-	84,951
Depreciation for the financial year	-	363	19	-	1,271	202	907	998	100	221	224	1,533	-	5,838
Disposals	-	(1,672)	-	-	-	-	(1)	(4,051)	(192)	-	-	-	-	(5,916)
Written off	-	-	-	-	-	-	(4,691)	(1,693)	(104)	(2)	-	-	-	(6,490)
Reclassification	-	(9)	-	-	-	-	-	-	-	-	-	(314)	-	(323)
Revaluation	-	-	-	-	(3,570)	-	-	-	-	-	-	-	-	(3,570)
Capitalisation to intangible assets	-	-	-	-	-	-	5	11	-	2	-	28	-	46
Exchange differences	-	(40)	37	-	147	-	126	62	2	2	-	(171)	-	165
At 31 December 2019	-	2,632	1,153	-	1,478	6,243	28,785	4,974	2,040	5,856	955	20,585	-	74,701
Accumulated Impairment Loss														
At 1 January 2019	-	-	-	-	-	-	-	3,017	-	-	-	7,402	-	10,419
Impairment loss for the financial year	-	-	-	-	-	-	352	1,225	-	-	-	670	-	2,247
Disposals	-	-	-	-	-	-	-	(3,017)	-	-	-	-	-	(3,017)
Reclassification	-	-	-	-	-	-	-	-	-	-	-	(5)	-	(5)
At 31 December 2019	-	-	-	-	-	-	352	1,225	-	-	-	8,067	-	9,644
Carrying Amount at 31 December 2019	19,451	10,206	518	85,393	37,563	1,260	4,008	10,723	264	3,764	1,021	4,514	447	179,132
Representing:														
Cost	19,451	10,206	518	-	-	1,260	4,008	10,723	264	3,764	1,021	4,514	447	56,176
Valuation	-	-	-	85,393	37,563	-	-	-	-	-	-	-	-	122,956
Total	19,451	10,206	518	85,393	37,563	1,260	4,008	10,723	264	3,764	1,021	4,514	447	179,132

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land	Buildings	Short term leasehold building	Hotel properties -Freehold lands	Hotel properties -Buildings	Plant and machinery	Furniture, fittings and equipment	Renovation	Motor vehicles	Computer equipment and software	Crockeries, glassware, cutleries, linen and kitchen utensils	Telecom-munic-tions and research and develop-ment equipment	Construc-tion work-in-progress	Total
31.12.2018	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost/Valuation														
At 1 January 2018	27,168	18,866	1,703	60,954	31,020	6,969	41,706	16,836	3,327	6,151	2,974	30,614	7,342	255,630
Additions	-	1,400	-	-	-	174	1,841	2,130	33	305	225	1,981	818	8,907
Disposals	-	-	-	-	-	-	(2)	-	(56)	-	-	-	-	(58)
Written off	-	-	-	-	-	-	(6,180)	(750)	(249)	(208)	(1,280)	(256)	-	(8,923)
Reclassification	-	-	-	-	122	-	(53)	7,403	-	-	-	6	(7,502)	(24)
Exchange differences	-	17	(86)	278	-	-	(201)	(482)	(4)	(7)	-	(370)	(24)	(879)
At 31 December 2018	27,168	20,283	1,617	61,232	31,142	7,143	37,111	25,137	3,051	6,241	1,919	31,975	634	254,653
Representing:														
Cost	27,168	20,283	1,617	-	-	7,143	37,111	25,137	3,051	6,241	1,919	31,975	634	162,279
Valuation	-	-	-	61,232	31,142	-	-	-	-	-	-	-	-	92,374
Total	27,168	20,283	1,617	61,232	31,142	7,143	37,111	25,137	3,051	6,241	1,919	31,975	634	254,653

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group 31.12.2018	Freehold land RM'000	Buildings RM'000	Short term leasehold building RM'000	Hotel properties -Freehold lands RM'000	Hotel properties -Buildings RM'000	Plant and machinery RM'000	Furniture, fittings and equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Computer equipment and software RM'000	Crockeries, glassware, cutleries, linen and kitchen utensils RM'000	Telecom-munic-tions and research and develop-ment equipment RM'000	Construc-tion work-in-progress RM'000	Total RM'000
Accumulated Depreciation														
At 1 January 2018	-	3,611	1,136	-	2,722	5,820	37,729	9,304	2,649	5,631	979	18,783	-	88,364
Depreciation for the financial year	-	366	18	-	908	221	1,035	1,088	213	207	294	1,281	-	5,631
Disposals	-	-	-	-	-	-	(2)	-	(56)	-	-	-	-	(58)
Written off	-	-	-	-	-	-	(5,904)	(728)	(249)	(208)	(544)	(255)	-	(7,888)
Reclassification	-	-	-	-	-	-	(232)	17	-	6	2	9	-	(198)
Capitalisation to intangible assets	-	-	-	-	-	-	8	15	-	3	-	25	-	51
Exchange differences	-	13	(57)	-	-	-	(195)	(49)	(5)	(6)	-	(334)	-	(633)
At 31 December 2018	-	3,990	1,097	-	3,630	6,041	32,439	9,647	2,552	5,633	731	19,509	-	85,269
Accumulated Impairment Loss														
At 1 January 2018	-	-	-	-	-	-	-	3,017	-	-	-	7,401	-	10,418
Exchange differences	-	-	-	-	-	-	-	-	-	-	-	1	-	1
At 31 December 2018	-	-	-	-	-	-	-	3,017	-	-	-	7,402	-	10,419
Carrying Amount at 31 December 2018	27,168	16,293	520	61,232	27,512	1,102	4,672	12,473	499	608	1,188	5,064	634	158,965
Representing:														
Cost	27,168	16,293	520	-	-	1,102	4,672	12,473	499	608	1,188	5,064	634	70,221
Valuation	-	-	-	61,232	27,512	-	-	-	-	-	-	-	-	88,744
Total	27,168	16,293	520	61,232	27,512	1,102	4,672	12,473	499	608	1,188	5,064	634	158,965

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company **31.12.2019**	**Computer equipment** RM'000	**Motor vehicles** RM'000	**Furniture, fittings and equipment** RM'000	**Total** RM'000
Cost				
At 1 January 2019	108	5	191	304
Additions	9	-	-	9
Disposals	-	(5)	-	(5)
At 31 December 2019	117	-	191	308
Accumulated Depreciation				
At 1 January 2019	105	5	171	281
Depreciation for the financial year	3	-	6	9
Disposals	-	(5)	-	(5)
At 31 December 2019	108	-	177	285
Carrying Amount at 31 December 2019	9	-	14	23
Company **31.12.2018**				
Cost				
At 1 January 2018	107	5	191	303
Additions	1	-	-	1
At 31 December 2018	108	5	191	304
Accumulated Depreciation				
At 1 January 2018	103	5	165	273
Depreciation for the financial year	2	-	6	8
At 31 December 2018	105	5	171	281
Carrying Amount at 31 December 2018	3	-	20	23

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

	Group	
	31.12.2019 RM'000	**31.12.2018** RM'000
Motor vehicles	-	243

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Included in property, plant and equipment of the Group are assets pledged to the licensed banks to secure credit facilities granted to the Company and its subsidiaries as disclosed in Note 22 to the financial statements with the following carrying amounts:

	Group	
	31.12.2019	**31.12.2018**
	RM'000	RM'000
Hotel properties	25,750	32,801
Buildings	8,010	39,346
	33,760	72,147

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

Group	**Cost**	**Accumulated depreciation**	**Carrying amount**
31.12.2019	RM'000	RM'000	RM'000
Hotel properties			
- lands	28,479	-	28,479
- buildings	31,469	(9,174)	22,295
	59,948	(9,174)	50,774
31.12.2018			
Hotel properties			
- lands	28,444	-	28,444
- buildings	30,468	(7,720)	22,748
	58,912	(7,720)	51,192

(d) Fair value information

Fair values of revalued properties are categorised as follows:

Group	**Level 3**	**Total**
31.12.2019	RM'000	RM'000
Hotel properties		
- lands	85,393	85,393
- buildings	39,041	39,041
	124,434	124,434
31.12.2018		
Hotel properties		
- lands	61,232	61,232
- buildings	31,142	31,142
	92,374	92,374

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(d) Fair value information (Continued)

Valuation techniques and significant other observable inputs

Hotel property 1

Valuation technique for recurring fair value measurements	Comparison with market evidence of recently transaction prices for similar properties
Significant unobservable inputs	Price per square feet range from RM49 to RM461
Relationship of unobservable inputs to fair value	The higher the price per square feet, the higher the fair value

Hotel property 2

Valuation technique for recurring fair value measurements	Comparison with market evidence of recently transaction prices for similar properties range from 3 star to 5 star hotels
Significant unobservable inputs	Estimated price per hotel room range from RM94,545 to RM2.4 million
Relationship of unobservable inputs to fair value	The higher the price per number of rooms, the higher the fair value

Hotel property 3

Valuation technique for recurring fair value measurements	Comparison with market evidence of recently transaction prices for similar properties
Significant unobservable inputs	Price per square feet RM4,668
Relationship of unobservable inputs to fair value	The higher the price per square feet, the higher the fair value

5. **PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

(d) Fair value information (Continued)

Valuation techniques and significant other observable inputs (Continued)

The fair value of revalued properties has been determined based on the valuation report dated in January 2020 carried out by accredited independent valuers with recognised and relevant qualification and recent experience in the location and assets being valued. The valuation method used was Comparison Method that makes reference to recent transactions and sales evidences involving other similar properties in the vicinity. The most significant input to this valuation approach is the price per square feet of comparable properties.

The valuers had undertaken the inspection of the properties and its surrounding area on December 2019. In preparing the valuation, there are no visible matters affecting the properties that would affect the value reported.

Policy on transfer between levels

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

Fair value hierarchy

Level 1 fair value

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

Level 2 fair value

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

Level 3 fair value

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

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

Transfer between levels of fair value hierarchy

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

Highest and best use

In estimating the fair value of the land and buildings, the highest and best use of the land and buildings is their current use.

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	Group	
	31.12.2019	**31.12.2018**
	RM'000	RM'000
Hotel properties - Freehold land	-	27,077
Hotel properties - Buildings	-	9,846
	-	36,923

6. RIGHT-OF-USE ASSETS

The Group leases several assets including land and buildings.

Information about leases for which the Group are lessees is presented below:

	Buildings	**Hotel properties**	**Motor Vehicle**	**Total**
Group	RM'000	RM'000	RM'000	RM'000
31.12.2019				
Cost				
At 1 January 2019				
- as previuosly reported	-	-	-	-
- effect of adoption of MFRS 16	2,248	53,954	561	56,763
Adjusted balance at 1 January 2019	2,248	53,954	561	56,763
Additions	309	-	-	309
At 31 December 2019	2,557	53,954	561	57,072
Accumulated Depreciation				
At 1 January 2019				
- as previuosly reported	-	-	-	-
- effect of adoption of MFRS 16	-	-	318	318
Adjusted balance at 1 January 2019	-	-	318	318
Depreciation for the financial year	647	8,666	112	9,425
At 31 December 2019	647	8,666	430	9,743
Carrying Amount at 31 December 2019	1,910	45,288	131	47,329

The right-of-use assets are initially measured at cost, which comprise the initial amount of lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any re-measurement of lease liabilities.

6. RIGHT-OF-USE ASSETS (CONTINUED)

The right-of-use assets are depreciated on a straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The principal depreciation periods are as follows:

Buildings	over the lease period from 2 to 3 years
Hotel properties	over the lease period from 1 to 16 years
Motor Vehicle	over 5 years

7. INVESTMENT PROPERTIES

	Group	
	31.12.2019	**31.12.2018**
	RM'000	RM'000
At fair value:		
At 1 January	49,789	8,060
Additions	2,545	42,789
Reclassified from property, plant and equipment	2,238	-
Fair value change recognised to profit or loss	-	(1,060)
At 31 December	54,572	49,789

There are no restrictions on the realisability of investment properties or the remittance of income and proceeds on disposal.

The fair value of the shop office was measured in December 2019 based on the highest and best use method to reflect the actual market state and circumstances as of the end of the reporting year. The fair value was based on a valuation made by C H Williams Talhar & Wong, a firm of independent professional valuers, which hold a recognised and relevant professional qualification with sufficient recent experience in the location and category of the investment property being valued. There has been no change to the valuation technique during the year. Management determined that the highest and best use of the assets is the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

The fair values of the commercial building 1 and commercial building 2 were measured respectively based on the highest and best use method to reflect the actual market state and circumstances as of the end of the reporting year. The fair values were based on a valuation made by Rahim & Co. and SMY Valuers & Consultants respectively, firms of independent professional valuers, which hold a recognised and relevant professional qualification with sufficient recent experience in the location and category of the investment properties being valued. There has been no change to the valuation technique during the year. Management determined that the highest and best use of the assets is the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

The fair values of the residential house and residential condominium were measured in December 2019 respectively based on management estimation to reflect the actual market state and circumstances as of the end of the reporting year. The fair values were based on management determined that the highest and best use of the assets is the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

7. INVESTMENT PROPERTIES (CONTINUED)

Strata title of the shop office has not been issued by Department of Director General of Lands and Mines in Malaysia as at 31 December 2019.

Details of the Group's investment properties are as follows:

Descriptions	Location	Existing use
Shop office	Lot 3A-5-1, 5th floor, block 3A, Plaza Sentral, Kuala Lumpur, Malaysia	Generate rental Income
Commercial building 1	9, Jalan Kajibumi U1/70, Seksyen U1, Temasya Glenmarie, Shah Alam, Selangor, Malaysia	Under renovation
Commercial building 2	17, Jalan Yap Ah Shak, Kuala Lumpur, Malaysia	Under renovation
Residential house	17, Jalan CH 5C, Canary Residensi, Taman Cheras Hartamas, Cheras, Selangor, Malaysia	Generate rental Income
Residential condominium	Secoya Residences, Jalan Pantai Murni 7, Kuala Lumpur, Malaysia	Under construction

The following amounts are recognised in the profit or loss:

	Group	
	2019	**2018**
	RM'000	RM'000
Rental income	10	-
Direct operating expenses arising from investment properties that generate rental income	(146)	(150)

Included in investment properties of the Group are assets pledged to the licensed banks to secure credit facilities granted to the Company and its subsidiaries as disclosed in Note 22 to the financial statements with the following carrying amounts:

	Group	
	31.12.2019	**31.12.2018**
	RM'000	RM'000
Land and buildings	52,334	42,789

7. INVESTMENT PROPERTIES (CONTINUED)

Fair value information

Fair value of investment properties are categorised as follows:

	Level 3 RM'000	Total RM'000
Group		
31.12.2019		
Land and buildings	54,572	54,572
31.12.2018		
Land and buildings	49,789	49,789

Valuation techniques and significant other observable inputs

Shop office

Valuation technique for recurring fair value measurements:	Comparison with market evidence of recently transaction prices for similar properties
Significant observable inputs:	Price per square foot RM868 (2018: RM868)
Sensitivity on management's estimates – 10% variation from estimate:	Impact-lower by RM700,000 (2018: RM700,000); higher by RM700,000 (2018: RM700,000)

Commercial building 1

Valuation technique for recurring fair value measurements:	Comparison with market evidence of recently transaction prices for similar properties
Significant observable inputs:	Price per square foot RM474 (2018: RM474)
Sensitivity on management's estimates – 10% variation from estimate:	Impact-lower by RM3,150,000 (2018: RM3,150,000) higher by RM3,150,000 (2018: RM3,150,000)

Commercial building 2

Valuation technique for recurring fair value measurements:	Comparison with market evidence of recently transaction prices for similar properties
Significant observable inputs:	Price per square foot RM852 (2018: RM852)
Sensitivity on management's estimates – 10% variation from estimate:	Impact-lower by RM2,700,000 (2018: RM2,700,000); higher by RM2,700,000 (2018: RM2,700,000)

7. INVESTMENT PROPERTIES (CONTINUED)

Valuation techniques and significant other observable inputs (Continued)

Residential house

Valuation technique for recurring fair value measurements:	Comparison with market evidence of recently transaction prices for similar properties
Significant observable inputs:	Price per square foot RM1,405
Sensitivity on management's estimates – 10% variation from estimate:	Impact-lower by RM139,067; higher by RM139,067

Residential condominium

Valuation technique for recurring fair value measurements:	Comparison with market evidence of recently transaction prices for similar properties
Significant observable inputs:	Under construction
Sensitivity on management's estimates – 10% variation from estimate:	Under construction

Policy on transfer between levels

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

Fair value hierarchy

Level 1 fair value

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

Level 2 fair value

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

Level 3 fair value

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

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

Transfer between levels of fair value hierarchy

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

8. INTANGIBLE ASSETS

Group 31.12.2019	Goodwill on consolidation RM'000 (Note 9)	Intellectual property RM'000 (Note a)	Deferred development costs (under development) RM'000 (Note b)	Deferred development costs (completed) RM'000 (Note b)	Licenses RM'000 (Note c)	Total RM'000
Cost						
At 1 January 2019	98,576	-	331	26,948	844	126,699
Additions	-	-	926	-	-	926
Capitalisation of development equipment	-	-	46	-	-	46
Reclassification	-	-	(1,060)	1,060	-	-
At 31 December 2019	98,576	-	243	28,008	844	127,671
Accumulated Amortisation and Impairment						
At 1 January 2019	7,873	-	-	24,275	368	32,516
Amortisation for the financial year	-	-	-	1,396	-	1,396
Exchange differences	-	-	-	10	25	35
At 31 December 2019	7,873	-	-	25,681	393	33,947
Carrying Amount at 31 December 2019	90,703	-	243	2,327	451	93,724
Group 31.12.2018						
Cost						
At 1 January 2018	98,576	5,250	415	26,066	745	131,052
Additions	-	-	1,199	-	99	1,298
Capitalisation of development equipment	-	-	51	-	-	51
Reclassification	-	-	(1,334)	1,334	-	-
Written off	-	(5,250)	-	(452)	-	(5,702)
At 31 December 2018	98,576	-	331	26,948	844	126,699
Accumulated Amortisation and Impairment						
At 1 January 2018	6,355	5,250	-	23,265	315	35,185
Amortisation for the financial year	-	-	-	1,444	53	1,497
Impairment for the financial year	1,497	-	-	37	-	1,534
Written off	-	(5,250)	-	(452)	-	(5,702)
Exchange differences	21	-	-	(19)	-	2
At 31 December 2018	7,873	-	-	24,275	368	32,516
Carrying Amount at 31 December 2018	90,703	-	331	2,673	476	94,183

8. INTANGIBLE ASSETS (CONTINUED)

(a) Intellectual property

In the previous financial year, intellectual property comprises rights and titles relating to mobile software.

(b) Deferred development costs

The deferred development costs mainly comprises staff costs, operating expenses and depreciation expenses for the development of the Captii Group's proprietary mobile software and has an average remaining amortisation period of 2 years (2018: 2 years).

(c) Licenses

The licenses comprise compliance and testing costs of bus models and have an average amortisation period of 5 years.

9. GOODWILL ON CONSOLIDATION

Management reviews the business performance based on the type of products and services of the strategic business units which represent its reportable operating segments. For the purpose of impairment testing, goodwill acquired through business combinations is allocated to the following Group's cash generating units ("CGUs") which are also reportable operating segments, which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

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

	Group	
	31.12.2019	**31.12.2018**
	RM'000	RM'000
Information and communications technology - CGU 1	83,684	83,684
Hotels and resorts - CGU 2	2,348	2,348
Travel and tours - CGU 3	3,659	3,659
Others	1,012	1,012
	90,703	90,703

9. GOODWILL ON CONSOLIDATION (CONTINUED)

CGU 1

The recoverable amount of the CGU was determined based on its value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets and forecasts approved by management covering a five-year period using a discount rate of 16.1% (2018: 14.5%). The forecasted growth rate used to extrapolate cash flow projections beyond the five-year period is 1.5% (2018: 2%).

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

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

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

CGU 2 and CGU 3

The recoverable amount of the CGUs was determined based on its value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets and forecasts approved by management covering a five-year period using a discount rate of 10.9% - 11.9% (2018: 10% and 12.4%). The forecasted growth rate used to extrapolate cash flow projections beyond the five-year period is 3% (2018: 3% - 5%).

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

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

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

10. INVESTMENT IN SUBSIDIARIES

	Company	
	31.12.2019	**12.12.2018**
	RM'000	RM'000
Unquoted shares - at cost	700,874	700,874
Less: Impairment loss	(229,431)	(226,281)
	471,443	474,593
Loans that are part of net investments	201,461	143,220
	672,904	617,813

10. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Loans that are part of net investments represent amount owing by a subsidiary which is non-trade in nature, unsecured and non-interest bearing. The settlement of the amount is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as a long-term source of capital to the subsidiary. As the amount is, in substance, a part of the Company's net investment in the subsidiary, it is stated at cost less accumulated impairment loss, if any.

(a) Certain shares of subsidiaries in the Group have been charged to financial institutions for credit facilities granted to the Group as disclosed in Note 22(e) to the financial statements.

(b) Acquisition of Beaver Hotels Limited

On 21 February 2019, 57-59 Philbeach Gardens Limited ("PGL"), a wholly-owned subsidiary of Posthotel Arosa AG ("Arosa") which in turn is a 65%-owned indirect subsidiary of the Company, incorporated in the United Kingdom, completed the acquisition of 100% equity interest (represented by 1,100 ordinary shares of GBP1.00 each) in Beaver Hotels Limited ("Beaver"). On the same day, Beaver became an indirect 65%-owned subsidiary of the Company held via PGL.

The acquisition of Beaver is accounted for as an acquisition of assets.

The summary effect on the acquisition of Beaver is as follows:

	RM'000
Property, plant and equipment (Note 5)	56,180
Total identifiable assets acquired	56,180
Goodwill on consolidation	-
Fair value of consideration transferred	56,180
Less: Cash and cash equivalent of the subsidiary acquired	-
Net cash outflows on acquisition	56,180

10. INVESTMET IN SUBSIDIARIES (CONTINUED)

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

Name of Company	Country of Incorporation	Effective Equity Interest 31 December 2019 %	2018 %	Principal Activities
Direct subsidiaries				
Advance Synergy Capital Sdn. Bhd.	Malaysia	100	100	Investment holding and provision of management services
Advance Synergy Properties Sdn. Bhd.	Malaysia	100	100	Investment holding
Advance Synergy Realty Sdn. Bhd. *	Malaysia	100	100	Property development and investment
Alam Samudera Corporation Sdn. Bhd.	Malaysia	100	100	Investment holding
Alangka-Suka Hotels & Resorts Sdn. Bhd.	Malaysia	100	100	Investment holding
Ausborn Sawmill Sdn. Bhd. *	Malaysia	100	100	Inactive
Bornion Sawmill Sdn. Bhd. *(now known as Primo Espresso Sdn. Bhd.)* *	Malaysia	100	100	Inactive
Calmford Incorporated	British Virgin Islands	100	100	Investment holding
Datakey Sdn. Bhd.	Malaysia	100	-	To carry out computer facilities management activities, computer consultancy and other management consultancy activities
Diversified Gain Sdn. Bhd.	Malaysia	100	100	Investment holding
Excellent Arch Sdn. Bhd.	Malaysia	100	100	Investment holding
Excellent Display Sdn. Bhd.	Malaysia	100	100	Property investment, management and rental of properties
Harta Sinergi Sdn. Bhd. *(formerly known as Advance Synergy Timber Sdn. Bhd.)*	Malaysia	-	100	Investment holding
iSynergy Sdn. Bhd.	Malaysia	100	100	Inactive
Nagapura Management Corporation Sdn. Bhd.	Malaysia	100	100	Provision of management services
Sadong Development Sdn. Bhd.	Malaysia	100	100	Property development

10 INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

Name of Company	Country of Incorporation	Effective Equity Interest 31 December 2019 %	Effective Equity Interest 31 December 2018 %	Principal Activities
Direct subsidiaries (Continued)				
Segi Koleksi Sdn. Bhd.	Malaysia	70	70	Investment holding
Strategic Research & Consultancy Sdn. Bhd.	Malaysia	100	100	Investment holding
Synergy Gold Incorporated	British Virgin Islands	100	100	Inactive
Synergy Petroleum Incorporated	British Virgin Islands	100	100	Investment holding
Worldwide Matrix Sdn. Bhd.	Malaysia	100	100	Investment holding
Indirect subsidiaries held through Advance Synergy Capital Sdn. Bhd.				
AESBI Power Systems Sdn. Bhd.	Malaysia	100	100	Property investment and management services
ASC Credit Sdn. Bhd.	Malaysia	100	100	Provision of credit and leasing
ASC Equities Sdn. Bhd.	Malaysia	100	100	Investment holding and venture capital business
Paydee Sdn. Bhd.	Malaysia	100	100	Provision of payment card issuing and acquiring services
Quality Bus & Coach (M) Sdn. Bhd.	Malaysia	71	71	Designing, building and fabrication of coaches
Triton-K Sdn. Bhd.	Malaysia	100	100	Provision of management services
Indirect subsidiary held through Quality Bus & Coach (M) Sdn. Bhd.				
Quality Bus & Coach Pty. Ltd. #	Australia	71	71	Designing, building and fabrication of coaches and coach certification and testing
Indirect subsidiary held through Quality Bus & Coach Pty. Ltd.				
Autobus Australia Pty. Ltd. #	Australia	71	71	Designing, building and fabrication of coaches and coach certification and testing

10. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

Name of Company	Country of Incorporation	Effective Equity Interest 31 December 2019 %	Effective Equity Interest 31 December 2018 %	Principal Activities
Indirect subsidiaries held through Alangka-Suka Hotels & Resorts Sdn. Bhd.				
Alangka-Suka International Limited	British Virgin Islands	100	100	Investment holding
Alor Setar Holiday Villa Sdn. Bhd.	Malaysia	100	100	Ceased operation since 22 June 2018
Antara Holiday Villas Sdn. Bhd.	Malaysia	100	100	Hotel management services
Asbina Hotel & Property Sdn. Bhd.	Malaysia	100	100	Inactive
Cherating Holiday Villa Berhad	Malaysia	100	100	Operates Holiday Villa Beach Resort & Spa Cherating
Grand Hotel Sudan Limited	British Virgin Islands	100	100	Inactive
Holiday Villa Assets Sdn. Bhd.	Malaysia	100	100	Investment holding
Holiday Villa Travel & Tours Sdn. Bhd.	Malaysia	100	100	Hiring of limousines
Holiday Villas International Limited	British Virgin Islands	100	100	Hotel management services
Langkawi Holiday Villa Sdn. Bhd.	Malaysia	100	100	Operates Holiday Villa Beach Resort & Spa Langkawi
Mayor Hotels Sdn. Bhd.	Malaysia	100	100	Ceased operation on 31 December 2019
Super Leisure Sdn. Bhd.	Malaysia	100	100	Investment holding
Indirect subsidiaries held through Alangka-Suka International Limited				
Asbina Shenzhen Limited	British Virgin Islands	90	90	Dormant
Holiday Villa Makkah Limited	British Virgin Islands	100	100	Inactive
Interwell Management Limited #	England and Wales	100	100	Dormant
Larkswood Assets Limited	British Virgin Islands	100	100	Inactive
P.T. Diwangkara Holiday Villa Bali *	Republic of Indonesia	94.81	94.81	Manages Wina Holiday Villa Kuta Bali

10. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

Name of Company	Country of Incorporation	Effective Equity Interest 31 December 2019 %	Effective Equity Interest 31 December 2018 %	Principal Activities
Indirect subsidiary held through Asbina Hotel & Property Sdn. Bhd.				
Asbina Hotel & Property (Cambodia) Pte. Ltd.	Kingdom of Cambodia	100	100	Inactive
Indirect subsidiary held through Holiday Villa Assets Sdn. Bhd.				
Posthotel Arosa AG*	Switzerland	65	65	Investment holding
Indirect subsidiary held through Posthotel Arosa AG				
57-59 Philbeach Gardens Limited #	England and Wales	65	65	Investment holding
Indirect subsidiary held through 57-59 Philbeach Gardens Limited				
Beaver Hotels Limited #	England and Wales	65	-	Inactive
Indirect subsidiaries held through Holiday Villas International Limited				
Holiday Villa China International Limited	British Virgin Islands	95	95	Hotel management services
Holiday Villa Middle East Limited	British Virgin Islands	100	100	Hotel management services
Holiday Villa (UK) Ltd.*	England and Wales	100	100	Operates Holiday Villa Hotel & Suites London
Indirect subsidiaries held through Holiday Villa China International Limited				
Changshu Holiday Villa Hotel Management Co. Ltd. *	People's Republic of China	95	95	Hotel management services
Holiday Villa Hong Kong Company Limited *	Hong Kong	95	95	Investment holding
Indirect subsidiary held through Holiday Villa Hong Kong Company Limited				
上海豪立纬酒店有限公司 (Shanghai Holiday Villa Co. Ltd.) *	People's Republic of China	95	95	Operate Holiday Villa Hotel & Residence Shanghai Jiading P.R.C.
Indirect subsidiary held through Advance Synergy Properties Sdn. Bhd.				
Synergy Realty Incorporated	British Virgin Islands	100	100	Investment holding

10. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

Name of Company	Country of Incorporation	Effective Equity Interest 31 December 2019 %	Effective Equity Interest 31 December 2018 %	Principal Activities
Indirect subsidiary held through Segi Koleksi Sdn. Bhd.				
Metroprime Corporation Sdn. Bhd.	Malaysia	70	70	Managing and operating The Language House
Indirect subsidiary held through Synergy Realty Incorporated				
Builderworks Pty. Ltd. *	Australia	100	100	Inactive
Indirect subsidiaries held through Calmford Incorporated				
Advansa Sdn. Bhd. *(now known as Yap Ah Shak House Sdn. Bhd.)*	Malaysia	100	100	Inactive
Home Cinema Studio Pty. Ltd. *	Australia	100	100	Inactive
Indirect subsidiary held through Alam Samudera Corporation Sdn. Bhd.				
Synergy Tours (Borneo) Sdn. Bhd.	Malaysia	100	100	Tour operator
Indirect subsidiary held through Diversified Gain Sdn. Bhd.				
Orient Escape Travel Sdn. Bhd.	Malaysia	100	100	Travel and tour agent and the provision of travel related services
Indirect subsidiaries held through Orient Escape Travel Sdn. Bhd.				
Motorsports Adventure Sdn. Bhd.	Malaysia	100	100	Inactive
Qurex Sdn. Bhd. *(formerly known as OET Money Service Sdn. Bhd.)*	Malaysia	100	100	Money services business
Orient Escape Travel (Penang) Sdn. Bhd.	Malaysia	100	100	Inactive
Synergy Tours Sdn. Bhd.	Malaysia	100	100	Tour operator
Indirect subsidiary held through Excellent Arch Sdn. Bhd.				
Advance Synergy Furniture Sdn. Bhd.	Malaysia	100	100	In liquidation
Indirect subsidiary held through Excellent Display Sdn. Bhd.				
Dama TCM Sdn. Bhd.	Malaysia	100	100	Inactive

10. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

Name of Company	Country of Incorporation	Effective Equity Interest 31 December 2019 %	2018 %	Principal Activities
Indirect subsidiaries held through iSynergy Sdn. Bhd.				
Cosmocourt.com (Malaysia) Sdn. Bhd. *(now known as Temasya House Sdn. Bhd.)*	Malaysia	100	100	Inactive
Datakey Sdn. Bhd.	Malaysia	-	100	To carry out computer facilities management activities, computer consultancy and other management consultancy activities
Rewardstreet.com (Malaysia) Sdn. Bhd. *(now known as Osteria Gamberoni Sdn. Bhd.)*	Malaysia	100	100	Inactive
Indirect subsidiaries held through Nagapura Management Corporation Sdn. Bhd.				
Acrylic Synergy Sdn. Bhd.	Malaysia	81	81	Inactive
Syarikat Fit and Weld Engineering (M) Sdn. Bhd.	Malaysia	70	70	In liquidation
Xgo Technik Sdn. Bhd.	Malaysia	100	100	Provision of management services
Indirect subsidiary held through Advance Synergy Realty Sdn. Bhd.				
Harta Sinergi Sdn. Bhd. *(formerly known as Advance Synergy Timber Sdn. Bhd.)*	Malaysia	100	-	Investment holding
Indirect subsidiary held through Sadong Development Sdn. Bhd.				
Hotel Golden Dragon Sdn. Bhd.	Malaysia	95	95	Inactive
Indirect subsidiary held through Hotel Golden Dragon Sdn. Bhd.				
Simpang Tiga Realty Sdn. Bhd.	Malaysia	95	95	Inactive
Indirect subsidiary held through Worldwide Matrix Sdn. Bhd				
Captii Limited *	Singapore	58.30	58.30	Investment holding and the provision of management services

10. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

Name of Company	Country of Incorporation	Effective Equity Interest 31 December 2019 %	2018 %	Principal Activities
Indirect subsidiaries held through Captii Limited				
Captii Ventures Pte. Ltd. *	Singapore	58.30	58.30	Undertake investment in technology companies
Postpay Asia Sdn. Bhd. *	Malaysia	58.30	58.30	Investment holding
Postpay Sdn. Bhd. *	Malaysia	-	58.30	Provision of telecomunnications products, technology and customised solutions to telecommunication operators, service providers and enterprises
Unified Assets Sdn. Bhd. *	Malaysia	58.30	58.30	Investment holding
Unified Communications (OHQ) Sdn. Bhd. *	Malaysia	58.30	58.30	Provisions of management services
Unified Communications (OSS) Sdn. Bhd. *	Malaysia	58.30	58.30	Investment holding
Unified Communications Pte. Ltd. *	Singapore	58.30	58.30	Distribution of telecommunications products, the design and development of telecommunications solutions, project management, and maintenance and support services for the telecommunications industry
Unified Communications Sdn. Bhd. *	Malaysia	58.30	58.30	Research and development, software engineering, system integration, project management, and maintenance and support services for the telecommunications industry
Indirect subsidiary held through Unified Communications (OSS) Sdn. Bhd.				
GlobeOSS Sdn. Bhd. *	Malaysia	29.73	29.73	Provision of global roaming quality of service management solutions
Indirect subsidiary held through GlobeOSS Sdn. Bhd.				
GlobeOSS Pte. Ltd. *	Singapore	29.73	29.73	Provision of global roaming quality of service management solutions

10. **INVESTMENT IN SUBSIDIARIES (CONTINUED)**

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

Name of Company	Country of Incorporation	Effective Equity Interest 31 December 2019 %	2018 %	Principal Activities
Indirect subsidiary held through GlobeOSS Pte. Ltd.				
GlobeOSS (Brunei) Sdn. Bhd. *	Brunei Darussalam	29.73	29.73	Provision of global roaming quality of services management solutions
Indirect subsidiaries held through Unified Communications Pte. Ltd.				
Adzentrum Sdn. Bhd. *	Malaysia	58.30	58.30	Dormant
Postpay Technology Sdn. Bhd. *	Malaysia	-	58.30	Provision of telecommunications products, technology and customised solutions to telecommunications operators, service providers and enterprises
Unified Communications (Private) Limited *	Pakistan	58.30	58.30	Provision of telecommunications products, technology and customised solutions to telecommunications operators, service providers and enterprises
Indirect subsidiaries held through Unified Communications Sdn. Bhd.				
Ahead Mobile Sdn. Bhd. *	Malaysia	58.30	58.30	Software engineering, system integration, project management, and maintenance and support services for the telecommunications industry
Unified Communications (Tech) Pte. Ltd. *	Singapore	58.30	58.30	Distribution of information technology and telecommunications products
Indirect subsidiaries held through Postpay Asia Sdn. Bhd.				
Postpay Sdn. Bhd. *	Malaysia	58.30	-	Provision of telecommunications products, technology and customised solutions to telecommunications operators, service providers and enterprises
Postpay Technology Sdn. Bhd. *	Malaysia	58.30	-	Provision of telecommunications products, technology and customised solutions to telecommunications operators, service providers and enterprise

* *Audited by another firm of auditors other than Baker Tilly Monteiro Heng PLT.*

Not required to be audited in their countries of incorporation. The financial statements have been reviewed for consolidation purposes.

10. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

	31.12.2019				
	Captii Limited RM'000	**Posthotel Arosa AG** RM'000	**Quality Bus & Coach (M) Sdn. Bhd.** RM'000	**Other individually immaterial subsidiaries** RM'000	**Total** RM'000
NCI percentange of ownership interest and voting interest	41.7%	35%	29%		
Carrying amount of NCI	57,595	21,378	(7,569)	(2,332)	69,072
Profit/(Loss) allocated to NCI	5,034	4,715	(1,263)	(2,101)	6,385
Summarised financial information before intra-group elimination					
Summarised statements of financial position					
As at 31 December					
Non-current assets	86,129	19,136	586		
Current assets	77,423	72,816	14,394		
Non-current liabilities	-	-	-		
Current liabilities	(25,435)	(30,872)	(43,073)		
Net assets/(liabilities)	138,117	61,080	(28,093)		
Summarised statements of comprehensive income					
Financial year ended 31 December					
Revenue	72,362	-	1,119		
Profit/(Loss) for the financial year	8,712	13,472	(4,491)		
Total comprehensive income/(loss)	8,849	13,472	(4,491)		
Summarised cash flow information					
Financial year ended 31 December					
Cash flows from/(used in) operating activities	11,547	(22,173)	(5,841)		
Cash flows (used in)/from investing activities	(4,011)	-	1,176		
Cash flows (used in)/from financing activities	(3,811)	-	2,949		
Net increase/(decrease) in cash and cash equivalents	3,725	(22,173)	(1,716)		
Dividends paid to NCI	1,145	-	-		

10. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

	31.12.2018				
	Captii Limited RM'000	**Posthotel Arosa AG** RM'000	**Quality Bus & Coach (M) Sdn. Bhd.** RM'000	**Other individually immaterial subsidiaries** RM'000	**Total** RM'000
NCI percentange of ownership interest and voting interest	41.7%	35%	29%		
Carrying amount of NCI	54,578	16,663	(6,306)	(230)	64,705
Profit/(Loss) allocated to NCI	6,044	(379)	(1,521)	(389)	3,755
Summarised financial information before intra-group elimination					
Summarised statements of financial position					
As at 31 December					
Non-current assets	84,102	19,055	1,301		
Current assets	85,316	40,080	12,547		
Non-current liabilities	(161)	-	-		
Current liabilities	(38,374)	(11,526)	(45,333)		
Net assets/(liabilities)	130,883	47,609	(31,485)		
Summarised statements of comprehensive income					
Financial year ended 31 December					
Revenue	94,232	-	1,937		
Profit/(Loss) for the financial year	10,128	(1,083)	(5,244)		
Total comprehensive income/(loss)	10,170	(1,083)	(5,244)		
Summarised cash flow information					
Financial year ended 31 December					
Cash flows from/(used in) operating activities	5,018	(6,867)	(1,775)		
Cash flows used in investing activities	(5,344)	-	(487)		
Cash flows from financing activities	2,814	-	1,261		
Net increase/(decrease) in cash and cash equivalents	2,488	(6,867)	(1,001)		
Dividends paid to NCI	791	-	-		

11. INVESTMENT IN ASSOCIATES

	Group	
	31.12.2019	31.12.2018
	RM'000	RM'000
Unquoted shares, at cost	6,636	27,254
Impairment loss	(320)	(320)
	6,316	26,934
Share of post-acquisition reserve, net of dividends received	6,655	8,972
	12,971	35,906
Unquoted shares, at fair value	6,218	6,218
Fair value change	(5,820)	1,990
Exchange differences	(398)	(333)
	-	7,875
	12,971	43,781

(a) The transaction involving associates during the financial year is as follows:

Disposal of Helenium Holdings Limited

On 19 July 2019, the Company announced that Synergy Realty Incorporated, an indirect wholly-owned subsidiary of the Company held via Advance Synergy Properties Sdn. Bhd., had entered into a Share Purchase Agreement ("SPA") dated 18 July 2019 with 34A-36 Kilburn High Road Limited, a subsidiary of Grand City Property S.A., to dispose of its entire investment of 40% equity interest (represented by 6,400,040 ordinary shares of USD1.00 each) in Helenium Holdings Limited ("Helenium") for a net cash consideration of GBP4.75 million (equivalent to approximately RM25.2 million) based on the estimated net asset value, after providing for amongst others, the property value of GBP21.825 million and the repayment of the existing bank loan in Helenium, in the provisional completion accounts as at the Completion Date (as defined below) subject to the actual net asset value to be agreed by the parties pursuant to the provision in the SPA.

The aforesaid disposal was completed on 18 July 2019 ("Completion Date") and accordingly, Helenium ceased to be an indirect associate company on the same date.

11. **INVESTMENT IN ASSOCIATES (CONTINUED)**

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

Name of Company	Country of Incorporation	Effective Equity Interest 31 December 2019 %	2018 %	Principal Activities
Indirect associate held through Advance Synergy Capital Sdn. Bhd.				
SIBB Berhad *	Malaysia	20	20	Investment dealings
Indirect associate held through Synergy Realty Incorporated				
Helenium Holdings Limited *	British Virgin Islands	-	40	Property investment, management and rental of property *(Disposed on 18 July 2019)*
Indirect associate held through Alangka-Suka Hotels & Resorts Sdn. Bhd.				
Holiday Villa Hotels & Resorts Sdn. Bhd. #	Malaysia	40	40	Dormant
Indirect associate held through Langkawi Holiday Villa Sdn. Bhd.				
M OOD Perfumes Sdn. Bhd. #	Malaysia	30	30	Inactive
Indirect associate held through Super Leisure Sdn. Bhd.				
Smile Integrated Solution Sdn. Bhd.	Malaysia	49	49	Sells and maintains hotel property management system software
Indirect associates held through Synergy Tours Sdn. Bhd.				
P.T. Panorama Synergy Indonesia *	Republic of Indonesia	49	49	Inactive
Synergy Holidays Company Limited *	Republic of The Union of Myanmar	50	50	Inactive
Indirect associate held through Dama TCM Sdn. Bhd.				
Medical Palace Sdn. Bhd. #	Malaysia	50	50	Dormant
Indirect associate held through Strategic Research & Consultancy Sdn. Bhd.				
Kopistop Sdn. Bhd. *	Malaysia	40	40	Investment holding and the business of food and beverage
Indirect associate held through Captii Ventures Pte. Ltd.				
OOPA Pte. Ltd. *	Vietnam	27.06	27.06	Provision of mobile credits top-up services with loyalty rewards

* *Audited by another firm of auditors other than Baker Tilly Monteiro Heng PLT.*

\# *The Group has discontinued recognising of its' share of losses as the share of accumulated losses of the associate has exceeded the Group's investment in that associate.*

11. INVESTMENT IN ASSOCIATES (CONTINUED)

(c) The following table summarises the information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates:

Group **31.12.2019**	**SIBB Berhad** RM'000
Summarised financial information	
As at 31 December	
Non-current assets	11,535
Current assets	51,339
Non-current liabilities	-
Current liabilities	(372)
Net assets	62,502
Year ended 31 December	
Revenue	1,785
Profit for the financial year	1,427
Other comprehensive income	-
Total comprehensive income	1,427

	SIBB Berhad RM'000	**Other individually immaterial associates** RM'000	**Total** RM'000
Reconciliation of net assets to carrying amount			
Group's share of net assets	12,500	(9)	12,491
Exchange differences	-	480	480
Carrying amount in the statements of financial position	12,500	471	12,971
Group's share of results			
Year ended 31 December			
Group's share of profit or loss	285	119	404
Other information			
Dividends received	-	-	

11. INVESTMENT IN ASSOCIATES (CONTINUED)

(c) The following table summarises the information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates (Continued):

Group **31.12.2018**	**SIBB Berhad** RM'000	**Helenium Holdings Limited** RM'000
Summarised financial information		
As at 31 December		
Non-current assets	12,275	108,578
Current assets	48,910	2,129
Non-current liabilities	(31)	(40,535)
Current liabilities	(82)	(14,795)
Net assets	61,072	55,377
Year ended 31 December		
Revenue	2,514	5,075
Profit for the financial year	2,771	2,877
Other comprehensive income	-	-
Total comprehensive income	2,771	2,877

	SIBB Berhad RM'000	**Helenium Holdings Limited** RM'000	**Other individually immaterial associates** RM'000	**Total** RM'000
Reconciliation of net assets to carrying amount				
Group's share of net assets	12,214	22,151	8,449	42,814
Exchange differences	-	1,067	(100)	967
Carrying amount in the statements of financial position	12,214	23,218	8,349	43,781
Group's share of results				
Year ended 31 December				
Group's share of profit or loss	664	1,567	(72)	2,159
Other information				
Dividends received	-	-		

The summarised financial information of the associates is as follows:

	Group **31.12.2019** RM'000	**31.12.2018** RM'000
Results		
Revenue	2,900	8,817
Profit for the financial year	274	5,019
Assets and Liabilities		
Total assets	69,659	178,527
Total liabilities	3,803	57,767

12. INVESTMENT IN A JOINT VENTURE

	Group	
	31.12.2019	**31.12.2018**
	RM'000	RM'000
At cost:		
At 1 January	-	-
Share of post-acquisition reserve, net of dividends received	-	-
Exchange differences	-	-
At 31 December	-	-

The details of the joint venture are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 31.12.2019 %	Effective Equity Interest 31.12.2018 %	Principal Activities
Indirect joint venture held through Unified Communications Pte. Ltd.				
Unified Telecom Private Limited *	India	29.15	29.15	Provision of telecommunications products, services and customised solutions

* Audited by another firm of auditors other than Baker Tilly Monteiro Heng PLT.

The statutory reporting year end of the joint venture is 31 March. The unaudited management financial statements for the period from 1 January 2019 to 31 December 2019 of the joint venture have been used for equity accounting since it is not significant to the Group.

The financial statement of the joint venture is not material to the Group.

13. INVESTMENT SECURITIES

	Group	
	31.12.2019	**31.12.2018**
	RM'000	RM'000
Non-Current:		
Fair value through other comprehensive income financial assets:		
Designated as at fair value through other comprehensive income		
Quoted securities		
In Malaysia		
- Equity instruments, at fair value	6,433	6,515
Unquoted securities		
In Malaysia		
- Equity instruments, at fair value	5	5
Outside Malaysia		
- Equity instruments, at fair value	1,704	2,867
	1,709	2,872

13. INVESTMENT SECURITIES (CONTINUED)

	Group 31.12.2019 RM'000	Group 31.12.2018 RM'000
Non-Current (Continued):		
Fair value through profit or loss financial assets:		
Designated as at fair value through profit or loss		
Unquoted securities		
In Malaysia		
- Convertible preference shares, at fair value	1,293	1,351
- Convertible loan notes, at fair value	-	276
- Unit trust, at fair value	-	600
Outside Malaysia		
- Convertible preference shares, at fair value	37,430	24,424
- Convertible loan notes, at fair value	8,924	10,985
	47,647	37,636
Total non-current investment securities	55,789	47,023
Current:		
Financial assets at fair value through profit or loss:		
Held for trading investments		
Quoted securities		
In Malaysia		
- Equity instruments, at fair value	1,400	410
Total current investment securities	1,400	410
Total investment securities	57,189	47,433

14. DEFERRED TAX (ASSETS)/LIABILITIES

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

		Group		Company	
		31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**
	Note	RM'000	RM'000	RM'000	RM'000
At 1 January		180	2,171	-	(9)
Recognised in profit or loss	30	(3,471)	(1,979)	-	9
Recognised in equity		2,573	9	-	-
Exchange differences		-	(21)	-	-
At 31 December		(718)	180	-	-
Presented after appropriate offsetting:					
Deferred tax assets, net		(5,864)	(4,341)	-	-
Deferred tax liabilities, net		5,146	4,521	-	-
		(718)	180	-	-

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

Deferred tax liabilities of the Group

	Property, Plant and Equipment	Others	Total
	RM'000	RM'000	RM'000
At 1 January 2019	3,684	837	4,521
Recognised in profit or loss	(123)	(1,825)	(1,948)
Recognised in equity	-	2,573	2,573
At 31 December 2019	3,561	1,585	5,146
At 1 January 2018	4,455	907	5,362
Recognised in profit or loss	(771)	(70)	(841)
At 31 December 2018	3,684	837	4,521

14. DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

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

Deferred tax assets of the Group

	Unutilised tax losses and unabsorbed capital allowances RM'000	Others RM'000	Total RM'000
At 1 January 2019	4,797	(456)	4,341
Recognised in profit or loss	157	1,366	1,523
At 31 December 2019	4,954	910	5,864
At 1 January 2018	3,638	(447)	3,191
Recognised in profit or loss	1,159	(21)	1,138
Recognised in equity	-	(9)	(9)
Exchange differences	-	21	21
At 31 December 2018	4,797	(456)	4,341

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

	Group	
	31.12.2019 RM'000	31.12.2018 RM'000
Unutilised tax losses	204,144	194,158
Unabsorbed capital allowances	22,972	24,704
Right-of-use assets	126	-
Other - provisions	3,977	4,415
	231,219	223,277

The unused tax losses are available indefinitely for offset against future taxable profits of the Group except for certain unused tax losses which will expire in the following financial years:

	Group 31.12.2019 RM'000
Unused tax losses arising from foreign subsidiaries	
2025	30,071
2026	25,645
Unused tax losses arising from local subsidiaries	
2025	164,087
2026	14,413

15. INVENTORIES

	Group	
	31.12.2019	**31.12.2018**
	RM'000	RM'000
At cost:		
Raw materials	43	43
Work-in-progress	1,802	2,008
Finished goods	13	1,482
Food and beverages	663	639
Operating supplies	6,211	5,426
Completed properties and properties under development	42,357	35,625
	51,089	45,223

Completed properties and properties under development consist of the following:

	Group	
	31.12.2019	**31.12.2018**
	RM'000	RM'000
Current assets		
Leasehold land	7,549	8,744
Development costs	13,958	15,392
	21,507	24,136
Completed properties	20,850	11,489
	42,357	35,625

Certain leasehold land held under development with carrying amount of RM5.00 million (2018: RM5.19 million) has been charged to financial institutions for credit facilities granted to a subsidiary as disclosed in Note 22 to the financial statements.

The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM7.77 million (2018: RM6.58 million).

16. TRADE AND OTHER RECEIVABLES

		Group			Company	
		31.12.2019	**31.12.2018**	**1.1.2018**	**31.12.2019**	**31.12.2018**
	Note	RM'000	RM'000 (restated)	RM'000 (restated)	RM'000	RM'000
Current:						
Trade						
Trade receivables	(a)	65,493	66,333	75,425	-	-
Less : Impairment losses						
Trade receivables	(a)	(2,211)	(2,211)	(1,419)	-	-
		63,282	64,122	74,006	-	-
Non-Trade						
Other receivables	(a)	29,929	33,032	26,320	150	139
Deposits		9,441	8,593	7,202	5	5
Amounts owing from associates	(b)	1,665	4,534	3,673	-	-
Amounts owing from subsidiaries	(c)	-	-	-	844	-
		41,035	46,159	37,195	999	144
Less : Impairment losses						
Other receivables	(a)	(1,856)	(1,861)	(1,514)	-	-
		(1,856)	(1,861)	(1,514)	-	-
		39,179	44,298	35,681	999	144
Total trade and other receivables		102,461	108,420	109,687	999	144

(a) Trade and other receivables

Trade receivables are unsecured, non-interest bearing and normal credit terms offered by the Group range from 30 to 90 days (2018: 30 to 90 days). Other credit terms are assessed and approved on a case by case basis.

Trade receivables that are individually determined to be credit impaired at the reporting date relate to receivables that have defaulted on payments.

The information about the credit exposures are disclosed in the Note 38(b)(i) to the financial statements.

(b) Amount owing from associates

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

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) Amount owing from subsidiaries

	Company	
	31.12.2019	**31.12.2018**
	RM'000	RM'000
Amount owing from subsidiaries	65,130	64,286
Less : Impairment loss	(64,286)	(64,286)
	844	-

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

17. OTHER ASSETS/(LIABILITIES)

	Group		
	31.12.2019	**31.12.2018**	**1.1.2018**
	RM'000	RM'000 (restated)	RM'000 (restated)
Other assets			
Contract assets			
Contract assets relating to property development contracts	1,257	1,417	5,887
Contract assets relating to information technology contracts	919	5,904	9,169
	2,176	7,321	15,056
Contract costs			
Costs incurred to obtain or fulfil a contract relating to information technology	7,060	10,639	14,382
Prepayments	7,466	8,623	6,674
	16,702	26,583	36,112
Other liabilities			
Contract liabilities			
Contract liabilities relating to information technology contracts	(2,011)	(6,482)	(2,058)
Contract liabilities relating to travel & tour sales	(4,693)	(6,643)	(4,417)
Contract liabilities relating to education	(22)	(108)	-
	(6,726)	(13,233)	(6,475)

17. OTHER ASSETS/(LIABILITIES) (CONTINUED)

The movement in contract costs are as follows:

	Group	
	31.12.2019	31.12.2018
	RM'000	RM'000
At 1 January	10,639	14,382
Additions	6,327	27,156
Recognised as cost for performance obligation satisfied	(9,903)	(30,848)
Exchange differences	(3)	(51)
At 31 December	7,060	10,639

18. FINANCIAL ASSETS HELD FOR TRADING

	Group	
	31.12.2019	31.12.2018
	RM'000	RM'000
Financial assets held for trading designated at fair value through profit or loss:		
Foreign currencies held for sale	462	317

19. CASH AND BANK BALANCES AND SHORT TERM DEPOSITS

		Group		Company	
		31.12.2019	31.12.2018	31.12.2019	31.12.2018
	Note	RM'000	RM'000	RM'000	RM'000
Cash and bank balances		47,922	67,368	804	258
Short term deposits		79,898	73,872	26,148	6,550
As reported in the statements of financial position		127,820	141,240	26,952	6,808
Bank overdrafts		(2,815)	(2,404)	-	-
		125,005	138,836	26,952	6,808
Less:					
Deposits pledged to licensed banks	(a)	(20,689)	(18,886)	-	-
Cash held under Housing Development Account	(b)	(643)	(622)	-	-
Deposit placed with lease payable as security deposit for lease payments	(c)	(13,054)	(24,890)	-	-
Cash and cash equivalents included in the statements of cash flows		90,619	94,438	26,952	6,808

19. CASH AND BANK BALANCES AND SHORT TERM DEPOSITS (CONTINUED)

Included in the short term deposits of the Group are:

(a) an amount of RM20.69 million (2018: RM18.89 million) charged to licensed banks as security for banking facilities granted to certain subsidiaries as disclosed in Note 22 to the financial statements;

(b) included in deposits with licensed banks of the Group at the end of the reporting period was an amount of RM0.64 million (2018: RM0.62 million) held under the Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations; and

(c) an amount of RM13.05 million (2018: RM24.89 million) pledged as security deposits on lease payments as disclosed in Note 23 to the financial statements.

The weighted average effective interest rate of the short term deposits is disclosed in Note 38(b)(iii) to the financial statements.

20. SHARE CAPITAL

	31.12.2019		**31.12.2018**	
	Number of Shares '000	Amount RM'000	Number of Shares '000	Amount RM'000
Issued and fully paid:				
Ordinary shares				
At 1 January	929,195	381,377	677,776	320,650
Arising from conversion of ICULS	-	-	251,419	60,727
At 31 December	929,195	381,377	929,195	381,377

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one (1) vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual interest.

In the previous financial year, the ICULS matured on 26 January 2018 and all outstanding ICULS were compulsorily and automatically converted into fully paid new ordinary shares of the Company. Following the conversion of all outstanding 502,151,541 ICULS, a total of 251,075,761 new ordinary shares in the Company were allotted on 30 January 2018.

21. RESERVES

		Group		Company	
		31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**
	Note	RM'000	RM'000	RM'000	RM'000
Non-distributable					
Fair value reserve	(a)	(1,334)	(1,254)	-	-
Capital reserve		-	-	-	69
Foreign currency translation reserve	(b)	6,728	6,871	-	-
Revaluation reserve	(c)	14,547	18,467	-	-
		19,941	24,084	-	69
Distributable					
Retained earnings		80,378	16,725	13,795	12,763
		100,319	40,809	13,795	12,832

(a) **Fair Value Reserve**

The fair value reserve includes the cumulative net change in the fair value through other comprehensive income investment held until the investment is derecognised.

(b) **Foreign Currency Translation Reserve**

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency as well as the foreign currency differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation or another currency.

(c) **Revaluation Reserve**

The revaluation reserve represents the surplus on the revaluation of certain hotel properties of the Group.

22. BORROWINGS

	Note	Group 31.12.2019 RM'000	Group 31.12.2018 RM'000
Non-current liabilities			
Hire purchase payables	(d)	-	71
Term loans	(e)	38,614	67,715
		38,614	67,786
Current liabilities			
Bank overdrafts	(a)	2,815	2,404
Revolving credit	(b)	-	41,000
Finance lease payable	(c)	-	23,017
Hire purchase payables	(d)	-	63
Term loans	(e)	7,348	8,741
Bankers' acceptance	(f)	-	900
		10,163	76,125
		48,777	143,911
Total liabilities			
Bank overdrafts	(a)	2,815	2,404
Revolving credit	(b)	-	41,000
Finance lease payable	(c)	-	23,017
Hire purchase payables	(d)	-	134
Term loans	(e)	45,962	76,456
Bankers' acceptance	(f)	-	900
		48,777	143,911

(a) Bank Overdrafts

	Group 31.12.2019 RM'000	Group 31.12.2018 RM'000
Bank overdrafts:		
- secured	2,815	2,404

The bank overdrafts are secured by way of:

(i) a pledge of short term deposits;

(ii) fixed and floating charges over the assets of certain subsidiaries as disclosed in Note 7, 15 and 19 to the financial statements; and

(iii) a guarantee and an indemnity from the Company and its subsidiaries.

The weighted average effective interest rate of the revolving credit is disclosed in Note 38(b)(iii) to the financial statements.

22. BORROWINGS (CONTINUED)

(b) Revolving Credit

The revolving credit is secured by way of:

(i) a pledge of short term deposits;

(ii) fixed charges over certain hotel of the Group as disclosed in Note 5(b) to the financial statements;

(iii) certain shares of subsidiaries at carrying amounts of RM10.28 million (2018: RM10.28 million) and RM61.94 million (2018: RM61.94 million) respectively; and

(iv) a guarantee and an indemnity from the Company.

The weighted average effective interest rate of the revolving credit is disclosed in Note 38(b)(iii) to the financial statements.

(c) Finance Lease Payable

	Group	
	31.12.2019	**31.12.2018**
	RM'000	RM'000
Minimum lease payments:		
- not later than one (1) year	-	23,599
- later than one (1) year but not later than five (5) years	-	-
	-	23,599
Less: Future finance lease interest	-	(582)
Present value of finance lease payable	-	23,017
Represented by:		
Current		
- not later than one (1) year	-	23,017
Non-current		
- later than one (1) year but not later than five (5) years	-	-
	-	23,017

On 8 August 2019, the Company announced that Cherating Holiday Villa Berhad ("CHV"), an indirect wholly-owned subsidiary of the Company, had on 8 August 2019 entered into a Sale and Purchase Agreement with Amanah Raya Berhad for CHV to buyback a resort hotel consisting of an administration building, hotel/apartment blocks, standard and individually designed chalets and villas and other ancillary buildings and structures known as Holiday Villa Cherating, measuring in aggregate area of approximately 42,634.7875 square metres for a buyback price of RM22,965,600 only free from all encumbrances and on an "as is where is" basis ("Proposed CHV Buyback"). Barring any unforeseen circumstances, the Proposed CHV Buyback is expected to be completed in the second half of the year 2029.

22. BORROWINGS (CONTINUED)

(d) Hire Purchase Payables

	Group	
	31.12.2019	**31.12.2018**
	RM'000	RM'000
Minimum hire purchase payments:		
- not later than one (1) year	-	68
- later than one (1) year but not later than five (5) years	-	74
	-	142
Less: Future hire purchase interest	-	(8)
Present value of hire purchase payable	-	134
Represented by:		
Current		
- not later than one (1) year	-	63
Non-current		
- later than one (1) year but not later than five (5) years	-	71
	-	134

The weighted average effective interest rate of the hire purchase payable is disclosed in Note 38(b)(iii) to the financial statements.

(e) Term Loans

	Group	
	31.12.2019	**31.12.2018**
	RM'000	RM'000
Term loans		
- secured	45,962	76,456
Represented by:		
Current		
- not later than one (1) year	7,348	8,741
Non-current		
- later than one (1) year but not later five (5) years	12,065	16,357
- later than five (5) years	26,549	51,358
	38,614	67,715
	45,962	76,456

The term loans are secured by way of:

(i) fixed charges over certain hotel and other properties of the Group as disclosed in Notes 5(b) and 7 to the financial statements;

(ii) the entire issued and paid up share capital of certain subsidiaries;

22. BORROWINGS (CONTINUED)

(e) Term Loans (Continued)

(iii) certain shares of subsidiaries at carrying amounts of RM10.28 million (2018: RM10.28 million) and RM61.94 million (2018: RM61.94 million) respectively;

(iv) fixed and floating charges over the assets of certain subsidiaries as disclosed in Notes 15 and 19(a) to the financial statements; and

(v) a corporate guarantee by the Company and its subsidiaries.

The weighted average effective interest rate of the term loans is disclosed in Note 38(b)(iii) to the financial statements.

(f) Bankers' Acceptance

In the previous financial year, the bankers' acceptance is secured by fixed deposits of the subsidiary, a personal guarantee of a director of the subsidiary and corporate guarantee of the subsidiary.

The weighted average effective interest rate of the bankers' acceptance is disclosed in Note 38(b)(iii) to the financial statements.

23. LEASE LIABILITIES

	Group	
	31.12.2019	**31.12.2018**
	RM'000	RM'000
Minimum lease payments:		
- not later than one (1) year	11,204	-
- later than one (1) year but not later than five (5) years	30,360	-
- later than five (5) years	33,285	-
	74,849	-
Less: Future lease interest	(17,912)	-
Present value of lease liabilities	56,937	-
Represented by:		
Current		
- not later than one (1) year	8,090	-
Non-current		
- later than one (1) year but not later than five (5) years	21,280	-
- later than five (5) years	27,567	-
	48,847	-
	56,937	-

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the Group's weighted average incremental borrowing rate of 5.5%.

23. LEASE LIABILITIES (CONTINUED)

After initial recognition, lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities, reducing the carrying amount to reflect the lease payment made and remeasuring the carrying amount to reflect any reassessment or lease modifications.

The Group determines the lease term of a lease as the non-cancellable period of the lease, together with periods covered by an option to extend or to terminate the lease if the Group is reasonably certain to exercise the relevant options. Management has considered the relevant facts and circumstances that create an economic incentive for the Group to either exercise the option to extend the lease, or to exercise the option to terminate the lease. Any differences in expectations from the original estimates would impact the carrying amounts of the lease liabilities of the Group.

The Group has recognised the lease payments associated with short term leases and low value assets on a straight-line basis over the lease terms and recognised as rental expenses as disclosed in Note 28 to the financial statements.

24. PROVISION FOR RETIREMENT BENEFIT OBLIGATIONS

The Group operates unfunded defined retirement benefit plans for some of its employees.

The total amount recognised in the statements of financial position are as follows:

	Group	
	31.12.2019	**31.12.2018**
	RM'000	RM'000
Present value of unfunded defined benefits obligations	1,923	1,666

The following table shows a reconciliation from the opening balance to the closing balance for the retirement bebefit plan:

	Group	
	31.12.2019	**31.12.2018**
	RM'000	RM'000
At 1 January	1,666	1,747
Include in the profit or loss:		
- Current service cost	318	332
Others:		
Paid during the financial year	(61)	(413)
At 31 December	1,923	1,666

The principal actuarial assumptions used are as follows:

	Group	
	31.12.2019	**31.12.2018**
	%	%
Discount rate	5.4	5.4
Expected rate of salary increase	6.0	6.0
Future turnover rate	6.0	6.0

Assumptions regarding future mortality are based on published statistics and mortality tables.

24. PROVISION FOR RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Sensitivity analysis

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Group	
	Defined benefit obligation	
	Increase	**Decrease**
31.12.2019	RM'000	RM'000
Increase/Decrease of 1% discount rate	(194)	230
Increase/Decrease of 1% expected rate of salary increase	235	(200)
Increase/Decrease of 1% future turnover rate	(48)	51
Increase/Decrease of 10% future mortality	(9)	9

Although the analysis does not account to the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

25. TRADE AND OTHER PAYABLES

		Group		Company	
		31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**
	Note	RM'000	RM'000	RM'000	RM'000
Non-Current:					
Non-Trade					
Other payables		9,753	-	-	-
Total non-current payables		9,753	-	-	-
Current:					
Trade					
Trade payables	(a)	22,044	19,757	-	-
Non-Trade					
Accruals		20,197	16,107	470	530
Amount owing to associates	(b)	331	23	-	-
Amount owing to subsidiaries	(c)	-	-	306,007	231,710
Deposits received		1,617	1,975	-	-
Other payables		23,272	36,940	-	-
		45,417	55,045	306,477	232,240
Total current payables		67,461	74,802	306,477	232,240
Total trade and other payables		77,214	74,802	306,477	232,240

25. TRADE AND OTHER PAYABLES (CONTINUED)

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 30 to 90 days (2018: 30 to 90 days).

(b) Amount owing to associates

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

(c) Amount owing to subsidiaries

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

26. REVENUE

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	RM'000	RM'000	RM'000
Revenue from contract customers				
Property development	699	38	-	-
Hotels and resorts services	55,758	54,111	-	-
Information, communications technology and related service	72,362	94,232	-	-
Ticketing, travel and tours	135,565	122,744	-	-
Bus-body fabrication	1,119	1,937	-	-
Card and payment services	8,474	7,674	-	-
Education services	337	1,100	-	-
Revenue from other sources				
Rental income	793	914	-	-
Interest income	410	29	410	29
Dividend income	-	804	16,300	11,982
	275,517	283,583	16,710	12,011

26. REVENUE (CONTINUED)

The Group and the Company report the following major segments: property development, hotels and resorts, information and communications technology, travel and tours and others in accordance with MFRS 8 *Operating Segments*. For the purpose of disclosure for disaggregation of revenue, it disaggregates revenue into primary geographical markets, and timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time).

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	RM'000	RM'000	RM'000
Revenue:				
- Investment holding	1,162	1,560	16,710	12,011
- Property development	699	38	-	-
- Hotels and resorts services	55,798	54,298	-	-
- Information, communications technology and related service	72,362	94,232	-	-
- Travel and tours	135,565	122,744	-	-
- Others	9,931	10,711	-	-
	275,517	283,583	16,710	12,011
Timing of revenue recognition:				
At a point in time	143,160	138,149	16,710	12,011
Over time	132,357	145,434	-	-
	275,517	283,583	16,710	12,011

The information on disaggregation of revenue into primary geographical markets is disclosed in Note 36 to the financial statements.

27. COST OF SALES

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	RM'000	RM'000	RM'000
Property development	635	28	-	-
Hotels and resorts services	22,411	19,951	-	-
Information, communications technology and related service	34,620	58,329	-	-
Ticketing, travel and tours	125,030	113,720	-	-
Bus-body fabrication	767	2,450	-	-
Card and payment services	5,187	5,226	-	-
Education services	537	-	-	-
	189,187	199,704	-	-

28. OPERATING PROFIT

Operating profit has been arrived at:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	RM'000	RM'000	RM'000
After charging:				
Amortisation of intangible assets	1,396	1,497	-	-
Auditors' remuneration				
- statutory audit services:				
- current financial year	946	947	100	100
- under/(over) provision in prior years	22	2	9	(6)
- non-statutory audit services	9	9	9	9
Inventories written down	3	14	-	-
Bad debts written off	4	186	-	-
Depreciation of property, plant and equipment	5,838	5,631	9	8
Depreciation of right-of-use assets	9,425	-	-	-
Directors' remuneration:				
- fees	802	328	315	306
- other emoluments	3,870	2,817	1,902	1,791
Expense relating to short-term lease	466	-	170	-
Impairment loss on:				
- development expenditure	-	37	-	-
- goodwill	-	1,497	-	-
- investment in subsidiaries	-	-	3,150	-
- property, plant and equipment	2,247	-	-	-
- trade and other receivables	-	1,210	-	-
Fair value change in:				
- held for trading investments	-	49	-	-
- foreign currency held for trading	1	2	-	-
- investment property	-	1,060	-	-
- investment in associates	7,810	927	-	-
Lease rental	-	10,201	-	-
Net loss on foreign exchange:				
- realised	7	-	-	-
- unrealised	2,524	426	-	-
Property, plant and equipment written off	1,534	1,035	-	-
Provision for retirement benefits plan	318	332	-	-
Rental expenses:				
- equipment	-	196	-	-
- premises	-	1,629	-	170
- others	-	211	-	-
Staff cost:				
- salaries and wages	42,662	39,532	3,488	3,204
- defined contribution plan	6,712	5,257	507	453
- other employee benefits	4,467	4,297	21	39

28. OPERATING PROFIT (CONTINUED)

Operating profit has been arrived at (Continued):

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	RM'000	RM'000	RM'000
And crediting:				
Insurance claim compensation	17,649	-	-	-
Gain on disposal of:				
- property, plant and equipment	90,281	23	-	-
- an associate	830	5,239	-	-
- fair value through profit or loss investment securities	-	231	-	-
Fair value change in:				
- unquoted investment securities designated at fair value to profit or loss	8,687	5,852	-	-
Net gain on foreign exchange:				
- realised	-	13	-	-
- unrealised	-	-	359	-
Dividend income	-	804	-	-
Interest income:				
- short term deposits	2,727	2,198	410	29
- other investment	217	222	-	-
Rental income	948	1,122	-	-
Reversal of impairment losses on trade and other receivables	4	-	-	-

29. FINANCE COSTS

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	RM'000	RM'000	RM'000
Interest expenses				
- bank overdrafts	5	86	-	-
- finance leases	248	1,203	-	-
- hire purchases	-	9	-	-
- ICULS	-	4	-	4
- term loans	5,733	4,778	4,137	2,849
- lease liabilities	3,511	-	-	-
- others	1	85	-	-
	9,498	6,165	4,137	2,853

30. INCOME TAX EXPENSE

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	RM'000	RM'000	RM'000
Income tax				
Current year				
- In Malaysia	5,516	4,834	112	6
- Outside Malaysia	4,930	308	-	-
Prior years	(849)	(1,674)	(4)	-
Real property gain tax				
Current year	8,159	-	-	-
Deferred tax (Note 14)				
Current year	(3,471)	(1,969)	-	-
Prior years	-	(10)	-	9
	14,285	1,489	108	15

The income tax is calculated at the statutory rate of 24% (2018: 24%) of the estimated assessable profit for the year.

An indirect subsidiary of the Company in Malaysia, Postpay Technology Sdn. Bhd., has been granted pioneer status as Multimedia Super Corridor ("MSC") company under the Malaysia Promotion of Investment Act, 1986. The benefits to a company having MSC status include a five-year pioneer status tax exemption on profits generated from the MSC qualifying activities during the same period. The MSC status of Postpay Technology Sdn. Bhd. commenced from 21 December 2015 and will expire on 20 December 2020.

In addition, another indirect subsidiary of the Company, Unified Communications (OHQ) Sdn. Bhd. received the Malaysia Industry Development Authority's approval in October 2009 of its Operational Headquarters ("OHQ") status to provide certain approved OHQ services to the group entities. This OHQ status is granted for 10 years with certain tax incentives, expired in 2019.

30. INCOME TAX EXPENSE (CONTINUED)

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

	Group		Company	
	2019	2018	2019	2018
	%	%	%	%
Applicable tax rate	24	24	24	24
Tax effects arising from				
- Non allowable expenses	8	1,767	97	62
- Non taxable income	(29)	(685)	(118)	(86)
- Utilisation of previously unrecognised tax losses and capital allowances	(2)	(956)	-	-
- Deferred tax assets not recognised in the year	4	1,295	-	-
- Different tax rate in foreign jurisdiction	-	249	-	-
- Crystalisation of deferred tax liabilities	-	(16)	-	-
- Real property gain tax	9	-	-	-
- Share of tax of associates included in share of profit of associates	-	(149)	-	-
- Utilisation of group relief	-	(456)	-	-
	14	1,073	3	-
- under/(over) provision in prior years	1	(644)	-	-
Average effective tax rate	15	429	3	-

31. EARNINGS/(LOSS) PER ORDINARY SHARE

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

Basic earnings/(loss) per ordinary share are based on the profit/(loss) attributable to the owner of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	2019	2018
	RM'000	RM'000
Profit/(Loss) attributable to owners of the Company	74,944	(4,897)
	'000 Units	'000 Units
Weighted average number of ordinary shares in issue	929,195	911,990
	Sen	Sen
Basic earnings/(loss) per share	8.07	(0.54)

31. EARNINGS/(LOSS) PER ORDINARY SHARE (CONTINUED)

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

The basic and diluted earnings/(loss) per share are reported to be the same for the current year and last year as the Company has no dilutive potential shares.

32. DIVIDENDS

	Company	
	2019	**2018**
	RM'000	RM'000
Final single tier dividend of 0.25 sen per share in respect of financial year ended 31 December 2018, paid on 15 August 2019	2,323	-
Final single tier dividend of 0.25 sen per share in respect of financial year ended 31 December 2017, paid on 15 August 2018	-	2,323

In addition, the Directors have recommended a final single tier dividend of 0.35 sen per share amounting to RM3,252,182 in respect of the financial year ended 31 December 2019 and payable upon approval by shareholders at the forthcoming Annual General Meeting.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the next financial year ending 31 December 2020.

33. CONTINGENT LIABILITIES

	Group	
	31.12.2019	**31.12.2018**
	RM'000	RM'000
Litigation	6,388	6,376

On 19 November 2013, Unified Telecom Private Limited ("UTPL"), a joint venture of Unified Communications Pte Ltd ("UCPL"), filed a petition to the High Court of Delhi, New Delhi in India under Section 9 of India Arbitration and Conciliation Act, 1996 to obtain interim relief on the protection of assets currently under the custody of a former customer, a mobile telecoms network operator and service provider in India (the "Telco"), and to deny the penalty claims by the Telco against UTPL.

33. CONTINGENT LIABILITIES (CONTINUED)

The Telco had via a letter issued in July 2013 alleged that UTPL is liable for a sum of INR10.7 crore (approximately SGD2.2 million or RM6.7 million) for damages and expenditure incurred in connection with the contract during its currency.

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

As announced by the Company on 16 January 2015, the hearing on the petition filed by UTPL which was originally scheduled to be heard on 23 April 2014, having been adjourned on several occasions, was dismissed by the High Court, as the Telco had initiated the arbitration proceedings before a tribunal. The High Court was of the view that the matter should be resolved through arbitration proceedings since the tribunal had already been constituted.

In 2015, UTPL commenced an application pursuant to Section 17 of the Indian Arbitration and Conciliation Act 1996 for, amongst others, the return of the Assets. However, the learned Arbitrator dismissed the application, but directed Telco to ensure the safety of and protect the Assets from any damage during the period the Assets is lying in Telco's premises.

A number of procedural hearings have been held by the Arbitrator to cross examine the affidavits of the admissions and denial documents relating to the aforesaid claim and counterclaims throughout the years. The case is currently at the stage of evidence. On 22 August 2019, the Arbitrator allowed UTPL's application for inspection and production of the documents referred to by the Telco's witness in the course of cross examination in which to be produced by the Telco on 5 September 2019.

On 5 September 2019, the Telco raised a procedural objection under the Indian Arbitration and Conciliation Act 2015, which is pending determination by the Arbitrator before cross examination of witnesses may proceed.

In the opinion of management, no material losses are expected to arise pertaining to the aforesaid contingent matter.

34. MATERIAL LITIGATION

The Company announced that a lawsuit was instituted against PT Diwangkara Holiday Villa Bali ("PT Diwangkara")(an indirect subsidiary of the Company which was given the right to operate and manage Diwangkara Holiday Villa Beach Resort & Spa Bali ("Hotel")), arising from a claim dated 14 April 2015 made by PT Diwangkara Jaya Makmur ("PT Jaya Makmur") against PT Diwangkara and CV Telabah Nasional Traiding Company ("CV Telabah") which was read on 28 July 2015 at the Denpasar District Court, Indonesia.

34. MATERIAL LITIGATION (CONTINUED)

PT Jaya Makmur's claims principally included among others to invalidate the lease under Deed No. 38 and No. 39 between the PT Diwangkara and CV Telabah for PT Diwangkara to lease the Hotel and for PT Diwangkara to pay actual and general losses suffered by the PT Jaya Makmur. PT Jaya Makmur and PT Diwangkara attempted to resolve their disputes by way of mediation, but to no avail and PT Diwangkara then filed a counterclaim to repudiate the claims alleged by PT Jaya Makmur.

The Denpasar District Court gave its decision on 3 May 2016 ("Denpasar District Court's Decision") which principally states as follows:

(a) PT Jaya Makmur's lawsuit is declined by Denpasar District Court and PT Jaya Makmur has conducted an unlawful act by taking over the Hotel and office building and the management of the Hotel from PT Diwangkara prior to the expiry of the lease under Deed No. 38 and No. 39;

(b) PT Jaya Makmur shall return the operations of the Hotel to PT Diwangkara; and

(c) PT Jaya Makmur to pay material and immaterial losses of PT Diwangkara in the amount of Rp5,384,507,763 (equivalent of approximately RM1.7 million) plus costs incurred in the amount of Rp1,706,000 (equivalent of approximately RM530).

Following the Denpasar District Court's Decision, PT Jaya Makmur and PT Diwangkara then filed an appeal to the High Court of Denpasar, Indonesia, and on 3 October 2017, the High Court of Denpasar upheld the Denpasar District Court's Decision. Subsequent to the High Court of Denpasar's decision, both parties submitted a cassation appeal ("Cassation Proceedings") in the Supreme Court of the Republic of Indonesia.

Prior to the outcome of the Cassation Proceedings, PT Diwangkara filed a lawsuit dated 22 May 2019 ("PT Diwangkara's Lawsuit") in the Denpasar District Court against the heirs of the owner of the Hotel and shareholders of CV Telabah and PT Jaya Makmur (collectively as the "Defendants") for breach of contract and other incidental claims.

On 24 December 2019, the Company announced that pursuant to the decision stated in the Minutes of the Notification of Cassation Verdict of the Supreme Court of the Republic of Indonesia, the petition for cassation from PT Jaya Makmur was rejected by the Supreme Court of the Republic of Indonesia and therefore, the Denpasar District Court's Decision is upheld.

As of 31 December 2019, PT Diwangkara's Lawsuit is actively ongoing in the Denpasar District Court. However, there have been significant events subsequent to the end of financial year as disclosed in Note 41 to the financial statements.

35. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identification of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

(i) subsidiaries;
(ii) associates;
(iii) joint venture;
(iv) entities in which the directors have a substantial financial interest; and
(v) key management personnel of the Group and the Company, comprise of persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions and balances

Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	RM'000	RM'000	RM'000
Income				
(i) Dividends receivable from subsidiaries				
- Alangka-Suka Hotels & Resorts Sdn. Bhd.	-	-	14,100	7,346
- Worldwide Matrix Sdn. Bhd.	-	-	-	485
- Diversified Gain Sdn. Bhd.	-	-	-	2,700
- Advance Synergy Realty Sdn. Bhd.	-	-	2,200	1,451
(ii) Rental receivable from a company of which a director has deemed interest:				
- SJ Securities Sdn. Bhd.	469	469	-	-

35. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(b) Significant related party transactions and balances (Continued)

Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows (Continued):

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Expenses				
(i) Rental payable to a subsidiary				
- AESBI Power Systems Sdn. Bhd.	-	-	170	170
(ii) Purchase of goods and services from a subsidiary				
- Orient Escape Travel Sdn. Bhd.	-	-	2	-
(iii) Lease rental payable to a company of which a director has deemed interest:				
- Leeds Property Limited	4,673	4,734	-	-
(iv) Directors' emoluments:				
- fees	802	328	315	306
- salaries and bonuses	3,870	2,817	1,902	1,791
- benefit-in-kind	104	115	97	108

(c) Remuneration of key management personnel

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

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Fees	1,007	707	315	306
Emoluments and benefits	7,288	4,874	2,176	2,124
Contributions to defined contribution plan	707	554	261	239
	9,002	6,135	2,752	2,669
Benefit-in-kind	134	139	103	115

Included in the employee benefits of the Executive Directors' remuneration of the Company amounting to RM1,949,480 (2018: RM1,838,540) for the Group and RM1,902,320 (2018: RM1,791,080) for the Company.

36. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 *Operating Segments* and on the basis of internal reports on the Group's strategic business units which are regularly reviewed by the Group Managing Director in order to allocate resources to the segments and to assess their performances.

The Group's operating and reportable segments are business units engaged in providing different products or services and business units operating in different geographical locations. These businesses are managed and assessed separately as each requires a differentiated strategy focused on the specific products and services. The Group Managing Director reviews the internal management reports on a quarterly basis in order to assess their performance.

There are varying levels of integration among Investment Holding segment and Travel and Tours segment with the other segments. This integration includes rental of properties, corporate support and provision of travel-related service. Inter-segment pricing is determined on a negotiated basis.

Segment results

Segment performance is used to measure performance as Group Managing Director believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets

The total segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group Managing Director. Segment total asset is used to measure the return on assets of each segment.

Segment liabilities

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

The Group's operating segments are as follows:

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

36. SEGMENT INFORMATION (CONTINUED)

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

Travel and tours	:	Travel and tour agent, money services business and provision of travel related services.
Others	:	Businesses involving design, building and fabrication of coaches and bus maintenance and related services, payment card issuing and acquiring and related services and owns and operates language centre and related services.

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

31.12.2019	Investment holding RM'000	Property development RM'000	Hotels and resorts RM'000	Information and communications technology RM'000	Travel and tours RM'000	Others RM'000	Elimination RM'000	Notes	Total RM'000
Revenue									
External	1,162	699	55,798	72,362	135,565	9,931	-		275,517
Inter-segment	17,698	-	-	-	259	-	(17,957)	(a)	-
	18,860	699	55,798	72,362	135,824	9,931	(17,957)		275,517
Results									
Segment results	87,578	(913)	5,759	10,803	2,853	(10,133)	(737)	(b)	95,210
Share of results of associates	413	-	4	-	(13)	-	-		404
Consolidated profit/ (loss) before tax	87,991	(913)	5,763	10,803	2,840	(10,133)	(737)		95,614
Income tax expense	(8,266)	-	(3,463)	(2,099)	(417)	(40)	-		(14,285)
Profit for the financial year									81,329
Attributable to:									
Non-controlling interests									6,385
Owners of the Company									74,944

36. **SEGMENT INFORMATION (CONTINUED)**

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

31.12.2019	**Invest-ment holding** RM'000	**Property develop-ment** RM'000	**Hotels and resorts** RM'000	**Information and commu-nications technology** RM'000	**Travel and tours** RM'000	**Others** RM'000	**Elimi-nation** RM'000	**Notes**	**Total** RM'000
Other information									
Segment assets	61,485	98,645	290,000	213,016	22,845	44,489	-		730,480
Investment in associates and a joint venture	12,504	-	112	-	355	-	-		12,971
Unallocated corporate assets									9,585
Total assets									753,036
Segment liabilities	11,513	37,170	92,408	25,037	7,456	17,993	-		191,577
Unallocated corporate liabilities									10,691
Total liabilities									202,268
Additions to non-current assets (other than financial instruments and deferred tax assets)									
- Property, plant and equipment	645	1	3,344	2,014	76	3,297	-		9,377
- Software development expenditure	-	-	-	926	-	-	-		926
Income:									
Interest income	701	27	1,649	453	114	-	-		2,944
Reversal of impairment loss on receivables	-	-	-	4	-	-	-		4
Gain on disposal of:									
-an associate	830	-	-	-	-	-	-		830
-property, plant and equipment	90,281	-	-	-	-	-	-		90,281
Fair value change in:									
-investment securities designated at fair value through profit or loss	1,742	-	-	8,108	(1,163)	-	-		8,687
Insurance claim compensation	-	-	17,649	-	-	-	-		17,649

36. SEGMENT INFORMATION (CONTINUED)

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

31.12.2019	Invest-ment holding RM'000	Property develop-ment RM'000	Hotels and resorts RM'000	Information and commu-nications technology RM'000	Travel and tours RM'000	Others RM'000	Elimi-nation RM'000	Notes	Total RM'000
Other information (Continued)									
Expense:									
Amortisation of intangible assets	-	-	-	1,396	-	-	-		1,396
Depreciation on property, plant and equipment	558	25	2,951	1,816	107	381	-		5,838
Depreciation on right-of-use assets	-	-	8,778	173	207	267	-		9,425
Finance cost	5,274	-	3,657	425	48	94	-		9,498
Fair value change in:									
-foreign currency held for trading	-	-	-	-	1	-	-		1
-investment in associates	1,028	-	-	6,782	-	-	-		7,810
Impairment loss on:									
-property, plant and equipment	-	-	1,577	670	-	-	-		2,247
Write down on inventories	-	-	-	3	-	-	-		3
Bad debts written off	-	-	-	4	-	-	-		4
Property, plant and equipment written off	3	-	1,394	-	-	137	-		1,534
Staff costs:									
- salaries and wages	4,883	630	12,329	15,964	4,096	4,760	-		42,662
- defined contribution plan	676	74	2,602	2,255	545	560	-		6,712
- other employee benefits	97	25	1,830	1,578	769	168	-		4,467

36. SEGMENT INFORMATION (CONTINUED)

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

31.12.2018	Invest-ment holding RM'000	Property develop-ment RM'000	Hotels and resorts RM'000	Information and commu-nications technology RM'000	Travel and tours RM'000	Others RM'000	Elimi-nation RM'000	Notes	Total RM'000
Revenue									
External	1,560	38	54,298	94,232	122,744	10,711	-		283,583
Inter-segment	13,622	-	-	-	302	-	(13,924)	(a)	-
	15,182	38	54,298	94,232	123,046	10,711	(13,924)		283,583
Results									
Segment results	4,540	(2,210)	3,354	10,795	2,081	(9,527)	(10,845)	(b)	(1,812)
Share of results of associates	2,230	-	4	-	(75)	-	-		2,159
Consolidated profit/ (loss) before tax	6,770	(2,210)	3,358	10,795	2,006	(9,527)	(10,845)		347
Income tax expense	(15)	-	128	(875)	(756)	29	-		(1,489)
Loss for the financial year									(1,142)
Attributable to:									
Non-controlling interests									3,755
Owners of the Company									(4,897)

36. SEGMENT INFORMATION (CONTINUED)

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

31.12.2018	Investment holding RM'000	Property development RM'000	Hotels and resorts RM'000	Information and communications technology RM'000	Travel and tours RM'000	Others RM'000	Elimination RM'000	Notes	Total RM'000
Other information									
Segment assets	75,261	91,019	234,125	211,282	24,493	35,973	-		672,153
Investment in associates and a joint venture	36,459	-	112	6,848	362	-	-		43,781
Unallocated corporate assets									9,413
Total assets									725,347
Segment liabilities	32,530	38,532	102,798	37,827	8,501	13,424	-		233,612
Unallocated corporate liabilities									4,844
Total liabilities									238,456
Additions to non-current assets (other than financial instruments and deferred tax assets)									
- Property, plant and equipment	41	3	6,305	2,116	174	268	-		8,907
- Software development expenditure	-	-	-	1,199	-	-	-		1,199
- Licenses	-	-	-	-	-	99	-		99
Income:									
Interest income	150	161	1,718	293	98	-	-		2,420
Gain on disposal of:									
-an associate	-	-	5,239	-	-	-	-		5,239
-investment securities designated at fair value through profit or loss	-	-	-	231	-	-	-		231
-property, plant and equipment	3	-	20	-	-	-	-		23
Fair value change in:									
-investment securities designated at fair value through profit or loss	3,524	-	-	3,492	(1,164)	-	-		5,852
Expense:									
Amortisation of intangible assets	-	-	-	1,444	-	53	-		1,497

36. SEGMENT INFORMATION (CONTINUED)

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

31.12.2018	Invest-ment holding RM'000	Property develop-ment RM'000	Hotels and resorts RM'000	Information and commu-nications technology RM'000	Travel and tours RM'000	Others RM'000	Elimi-nation RM'000	Notes	Total RM'000
Other information (Continued)									
Expense (Continued):									
Depreciation on property, plant and equipment	669	25	2,840	1,577	105	415	-		5,631
Finance cost	4,716	-	1,281	82	86	-	-		6,165
Fair value change in:									
-held for trading investments	-	-	49	-	-	-	-		49
-foreign currency held for trading	-	-	-	-	2	-	-		2
-investment in associates	96	-	-	831	-	-	-		927
-investment property	-	-	-	1,060	-	-	-		1,060
Impairment loss on:									
-development expenditure	-	-	-	37	-	-	-		37
-goodwill	-	-	-	1,497	-	-	-		1,497
-receivables	-	-	863	-	-	347	-		1,210
Write down on inventories	-	-	-	14	-	-	-		14
Bad debts written off	-	-	76	-	110	-	-		186
Property, plant and equipment written off	-	-	1,035	-	-	-	-		1,035
Lease rental	-	-	10,201	-	-	-	-		10,201
Staff costs:									
- salaries and wages	4,231	656	10,015	16,046	3,716	4,868	-		39,532
- defined contribution plan	619	79	1,371	2,171	490	527	-		5,257
- other employee benefits	206	21	1,158	1,826	754	332	-		4,297

36. **SEGMENT INFORMATION (CONTINUED)**

Notes Nature of elimination to arrive at amounts reported in the consolidated financial statements:

(a) Inter-segment revenues are eliminated on consolidation; and

(b) Inter-segment expenses are eliminated on consolidation.

Geographical Information

The Group operates mainly in Malaysia, Singapore, Africa and the Middle East, Europe and Australia. In determining the geographical segments of the Group, revenue is based on the geographical locations of customers. Segment assets and capital expenditure are based on the geographical location of the assets. The composition of each geographical segment is as follows:

Malaysia	:	Investment holding and providing full corporate and financial support to the Group, property development, owner and operator of hotels and resorts, travel and tours and related services, money services, payment card issuing and acquiring and related services, design and development of telecommunications software applications and systems and the provision of solutions and services for the telecommunications industry, design, building and fabrication of coaches, and bus maintenance and related services and owns and operates language centre.
Singapore	:	Design and development of telecommunications software applications and systems and the provision of solutions and services for the telecommunications industry, provision of management and investment holdings.
Africa and the Middle East	:	Operate and manage hotels and resorts, design and development of telecommunications software applications and systems and the provision of solutions and services for the telecommunications industry.
Europe	:	Operate and manage hotels and resorts.
Others	:	Operate and manage hotels and resorts, design and development of telecommunications software applications and systems and the provision of solutions and services for the telecommunications industry.

36. SEGMENT INFORMATION (CONTINUED)

Geographical segments

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

	Revenue		Segment assets		Additions to non-current assets (other than financial instruments and deferred tax assets)	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	240,617	249,603	514,855	517,267	8,641	8,308
Singapore	2,088	1,227	25,970	34,280	234	395
Africa & Middle East	6,041	5,625	8,750	3,532	216	66
Europe	12,864	12,535	73,085	47,634	71	206
Others	13,907	14,593	107,820	69,440	1,141	1,230
	275,517	283,583	730,480	672,153	10,303	10,205

Major customers

There are no major customers with revenue equal or more than 10% of the Group total revenue.

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) **Financial instruments that are not carried at fair value and whose carrying amounts are reasonably approximated to fair value**

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Financial Assets	
Trade and other receivables	16
Cash and bank balances and short term deposits	19
Financial Liabilities	
Trade and other payables	25
Borrowings	22

The carrying amount of these financial assets and liabilities is reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

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

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

37. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair value hierarchy

The following are classes of financial instruments that are carried at fair value, by valuation method. The different levels have been defined as follows:

(i) Level 1 - Unadjusted quoted prices in an active market for identical financial instruments

(ii) Level 2 - Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly

(iii) Level 3 - Inputs that are not based on observable market data

37. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair value hierarchy (Continued)

The following table provides fair value measurement hierarchy of the Group's financial instruments:

		Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
Group		**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Fair value**	**Carrying amount**
31.12.2019	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial Assets											
Investment securities:	13										
- Fair value through other comprehensive income financial assets		6,433	-	1,709	8,142	-	-	-	-	8,142	8,142
- Fair value through profit or loss financial assets		-	-	47,647	47,647	-	-	-	-	47,647	47,647
- Held for trading investments		1,400	-	-	1,400	-	-	-	-	1,400	1,400
Foreign currency held for trading	18	462	-	-	462	-	-	-	-	462	462
Financial Liabilities											
Borrowings:	22										
- Term loans		-	-	-	-	-	-	38,614	38,614	38,614	38,614

37. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair value hierarchy (Continued)

The following table provides fair value measurement hierarchy of the Group's financial instruments (Continued):

		Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
Group		**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Fair value**	**Carrying amount**
31.12.2018	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial Assets											
Investment securities:	13										
- Fair value through other comprehensive income financial assets		6,515	-	2,872	9,387	-	-	-	-	9,387	9,387
- Fair value through profit or loss financial assets		-	-	37,636	37,636	-	-	-	-	37,636	37,636
- Held for trading investments		410	-	-	410	-	-	-	-	410	410
Foreign currency held for trading	18	317	-	-	317	-	-	-	-	317	317
Financial Liabilities											
Borrowings:	22										
- Hire purchase payable		-	-	-	-	-	-	71	71	71	71
- Term loans		-	-	-	-	-	-	67,715	67,715	67,715	67,715

37. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair value hierarchy (Continued)

Policy on transfer between levels

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

Fair value hierarchy

Level 1 fair value

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

Financial instrument carried at fair value

The fair value of quoted investments are estimated based on their quoted market prices as at the end of the reporting period.

Level 2 fair value

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

Level 3 fair value

Level 3 fair value is estimated using unobservable input for the financial assets with the respective valuation technique.

Financial instrument carried at fair value

Valuation process applied by the Group

The Group adopted the following valuation methodologies in estimating the fair values of the financial assets designated at fair value through profit or loss:

(i) Option Pricing Model ("OPM"): The OPM, which applies the Black-Scholes formula for option pricing, is a generally accepted valuation methodology used in estimating fair values of early stage companies, in particular those with different classes of shares. In applying the OPM to determine the fair value of an investee, management considers terms such as level of seniority among the securities, dividend policy, conversion ratios, and cash allocations of the various stockholders' agreements with the investee that would affect the distributions to each class of equity upon a liquidity event. In addition, the method implicitly considers the effect of the liquidation preference as of the future liquidation date, not as of the valuation date.

(ii) Implied Enterprise Value ("Implied EV"): The implied EV model estimates the enterprise value based on an adjusted implied EV/Revenue multiple and applies the OPM model based on Black-Scholes model, to allocate the estimated enterprise value to various classes of shares.

37. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair value hierarchy (Continued)

(ii) The key assumptions used in applying the Black-Scholes formula which are unobservable inputs, are as follows:

Unobservable inputs	31.12.2019	31.12.2018	Sensitivity of inputs to fair value
Risk free rates (range)	1.53%–3.10%	1.9%–8.16%	Increase (decrease) the inputs would result in decrease (increase) in fair values
Asset volatility (range)	24.21%–119.46%	51.46%–60.34%	
Expected terms (years)	0.55 to 5	3 to 5	

The Group has the policy to regularly assess and evaluate the appropriate valuation methodologies in ascertaining the fair value of the investments.

Financial instruments not carried at fair value

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

Transfer between levels of fair values hierarchy

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

38. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

(i) fair value through profit or loss ("FVPL");
(ii) designated fair value through profit or loss ("DFVPL");
(iii) amortised cost;
(iv) fair value through other comprehensive income ("FVOCI"); and
(v) designated fair value through other comprehensive income ("DFVOCI").

38. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (Continued)

31.12.2019	Carrying amount RM'000	Amortised cost RM'000	FVPL RM'000	DFVPL RM'000	FVOCI RM'000	DFVOCI RM'000
Group						
Financial Assets						
Investment securities	57,189	-	1,400	47,647	-	8,142
Trade and other receivables	102,461	102,461	-	-	-	-
Foreign currency held for trading	462	-	-	462	-	-
Cash and bank balances and short term deposits	127,820	127,820	-	-	-	-
	287,932	230,281	1,400	48,109	-	8,142
Company						
Financial Assets						
Trade and other receivables	999	999	-	-	-	-
Cash and bank balances and short term deposits	26,952	26,952	-	-	-	-
	27,951	27,951	-	-	-	-
Group						
Financial Liabilities						
Borrowings	48,777	48,777	-	-	-	-
Trade and other payables	77,214	77,214	-	-	-	-
	125,991	125,991	-	-	-	-
Company						
Financial Liabilities						
Trade and other payables	306,477	306,477	-	-	-	-

38. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (Continued)

31.12.2018	Carrying amount RM'000	Amortised cost RM'000	FVPL RM'000	DFVPL RM'000	FVOCI RM'000	DFVOCI RM'000
Group						
Financial Assets						
Investment securities	47,433	-	410	37,636	-	9,387
Trade and other receivables	108,420	108,420	-	-	-	-
Foreign currency held for trading	317	-	-	317	-	-
Cash and bank balances and short term deposits	141,240	141,240	-	-	-	-
	297,410	249,660	410	37,953	-	9,387
Company						
Financial Assets						
Trade and other receivables	144	144	-	-	-	-
Cash and bank balances and short term deposits	6,808	6,808	-	-	-	-
	6,952	6,952	-	-	-	-
Group						
Financial Liabilities						
Borrowings	143,911	143,911	-	-	-	-
Trade and other payables	74,802	74,802	-	-	-	-
	218,713	218,713	-	-	-	-
Company						
Financial Liabilities						
Trade and other payables	232,240	232,240	-	-	-	-

(b) Financial risk management

The operations of the Group and of the Company are exposed to a variety of financial risks, including credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Group and the Company have formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

38. **FINANCIAL INSTRUMENTS (CONTINUED)**

(b) **Financial risk management (Continued)**

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(i) **Credit Risk**

Credit risk is the risk of financial loss that may arise on outstanding financial instruments should a counter party default on its obligation. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. It is the Group's and the Company's policy to monitor the financial standing of these receivables on an ongoing basis to ensure that the Group and the Company are exposed to minimal credit risk.

Cash deposits and trade receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted.

Trade and other receivables

As at the end of the financial year, the Group has no significant concentration of credit risk other than an amount owing from a debtor of RM9.79 million (2018: RM3.68 million). The Group does not anticipate the carrying amounts as at the end of the financial year to be significantly different from the values that would eventually be received.

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

<u>Credit risk concentration profile</u>

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

	Group					
	31.12.2019		**31.12.2018**		**1.1.2018**	
	RM'000	% of total	RM'000	% of total	RM'000	% of total
			(restated)		(restated)	
By industry sectors:						
Investment holding	32	0.1%	34	0.1%	33	0.0%
Property development	1	0.0%	1	0.0%	699	0.9%
Hotels and resorts	8,959	14.2%	6,245	9.7%	8,384	11.3%
Information and communications technology	30,122	47.5%	33,632	52.5%	31,582	42.8%
Travel and tours	8,373	13.2%	8,726	13.6%	13,675	18.5%
Others	15,795	25.0%	15,484	24.1%	19,633	26.5%
	63,282	100.0%	64,122	100.0%	74,006	100.0%

38. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit Risk (Continued)

The Group apply the simplified approach to trade receivables and general approach to other receivables measuring expected credit losses which permits the use of the lifetime expected credit losses provision for all trade receivables.

The ageing analysis of the Group's trade receivables is as follows:

	Group		
	31.12.2019	**31.12.2018**	**1.11.2018**
	RM'000	RM'000 (restated)	RM'000 (restated)
Neither past due nor impaired	36,637	44,178	45,922
Past due 0 to 3 months	11,765	9,240	14,013
Past due 3 to 9 months	11,097	8,840	12,387
Past due over 9 months	3,783	1,864	1,684
	26,645	19,944	28,084
Credit impaired (individually assessed)	2,211	2,211	1,419
	65,493	66,333	75,425

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

Receivables that are past due but not impaired

Included in the Group's trade and other receivable balances are receivables with carrying values of RM26.6 million (2018: RM19.9 million) which are past due but not impaired at the end of the financial year. The Group has not made any allowances for impairment for these receivables since there has not been a significant change in the credit quality of these receivables and the amounts owing are still considered as recoverable.

The trade receivables that were past due but not impaired relate to customers where there is no expectation of default. The directors are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been significant change in the credit quality and the balances are still considered fully recoverable.

38. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit Risk (Continued)

Receivables that are impaired

The receivables of the Group's that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group			
	Trade receivables		Other receivables	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
At 1 January	2,211	1,419	1,861	1,514
Charge for the financial year				
- individually assessed	-	863	-	347
Written off	-	(71)	(4)	-
Exchange differences	-	-	(1)	-
At 31 December	2,211	2,211	1,856	1,861

Other receivables

For other receivables, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

The Group and the Company consider those financial assets to have low credit risk.

Refer to Note 3.12(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

38. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit Risk (Continued)

Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

The maximum exposure to credit risk amounts to RM43.49 million (2018: RM114.26 million) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantees are provided as credit enhancement to the subsidiaries' secured borrowings.

(ii) Liquidity Risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

38. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(ii) Liquidity Risk (Continued)

Maturity analysis

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

			Contractual cash flows			
31.12.2019	**Carrying Amount**	**Contractual interest rate**	**On demand or within 1 Year**	**Between 1 - 5 Years**	**More than 5 Years**	**Total**
Group	RM'000	%	RM'000	RM'000	RM'000	RM'000
Financial Liabilities						
Trade and other payables	77,214	-	77,214	-	-	77,214
Bank overdrafts	2,815	8.06	2,815	-	-	2,815
Term loans	45,962	4.40-8.60	5,122	19,449	33,180	57,751
Lease liabilities	56,937	5.50	11,204	30,360	33,285	74,849
Company						
Financial Liabilities						
Other payables	306,477	-	306,477	-	-	306,477
31.12.2018						
Group						
Financial Liabilities						
Trade and other payables	74,802	-	74,802	-	-	74,802
Revolving credit	41,000	5.77-5.80	41,000	-	-	41,000
Finance lease payable	23,017	5.50	23,599	-	-	23,599
Hire purchase payables	134	2.70	68	74	-	142
Bank overdrafts	2,404	8.57	2,404	-	-	2,404
Term loans	76,456	4.55-8.50	12,808	29,255	66,496	108,559
Bankers' acceptance	900	3.66	900	-	-	900
Company						
Financial Liabilities						
Other payables	232,240	-	232,240	-	-	232,240

(iii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

38. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(iii) Interest Rate Risk (Continued)

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and is managed through the use of fixed and floating rate debts. The Group does not use derivative financial instruments to hedge its risk.

The Company manages the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. Management does not enter into interest rate hedging transactions since it considers that the cost of such instruments outweighs the potential risk of interest rate fluctuation.

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

		31.12.2019		31.12.2018	
		Weighted Average Effective Interest Rate	Carrying Amount	Weighted Average Effective Interest Rate	Carrying Amount
Fixed Rate	Note	%	RM'000	%	RM'000
Group					
Financial Assets					
Short term deposits	19	2.74	79,898	3.16	73,872
Financial Liabilities					
Finance lease payable	22(c)	-	-	5.50	23,017
Hire purchase payables	22(d)	-	-	5.10	134
Bankers' acceptance		-	-	3.66	900
Term loan	22(e)	8.60	4,498	8.50	5,228
			4,498		29,279
Company					
Financial Assets					
Short term deposits	19	2.17	26,148	2.70	6,550
Floating Rate					
Group					
Financial Liabilities					
Bank overdrafts	22(a)	8.06	2,815	8.57	2,404
Revolving credit	22(b)	-	-	5.80	41,000
Term loans	22(e)	5.69	41,464	5.46	71,228
			44,279		114,632

38. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(iii) Interest Rate Risk (Continued)

Sensitivity analysis for interest rate risk

(a) **Fair value sensitivity analysis for fixed rate instruments**

The Group and the Company do not account for any fixed rate financial assets at fair value through profit or loss and equity. Therefore, a change in interest rates at the reporting date would not affect profit or loss and equity.

(b) **Cash flow sensitivity analysis for variable rate instruments**

At the reporting date, if interest rates had been 100 basis points lower/higher, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM0.27 million and RM0.20 million higher/lower respectively, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings and higher/lower interest income from floating rate fixed deposits. The assumed movement in basis points for interest rate sensitivity analysis is based on a prudent estimate of the current market environment.

(iv) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's and the Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's and the Company's operating activities (when sales, purchases and borrowings that are denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

The Group and the Company ensure that the net exposure to this risk is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. Management does not enter into currency hedging transactions since it considers that the cost of such instruments outweighs the potential risk of exchange rate fluctuations.

The unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows:

	← Functional currencies →			
	Ringgit	**US**	**Singapore**	
Group	**Malaysia**	**Dollar**	**Dollar**	**Total**
31.12.2019	RM'000	RM'000	RM'000	RM'000
Financial assets and liabilities not held in functional currencies				
Investment securities				
Renminbi	-	1,693	-	1,693

38. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(iv) Foreign Currency Risk (Continued)

The unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows (Continued):

	← Functional currencies →			
Group	**Ringgit Malaysia**	**US Dollar**	**Singapore Dollar**	**Total**
31.12.2019	RM'000	RM'000	RM'000	RM'000
Financial assets and liabilities not held in functional currencies				
Trade receivables				
US Dollar	120	-	800	920
Australia Dollar	8,282	-	-	8,282
Others	210	-	-	210
	8,612	-	800	9,412
Other receivables				
US Dollar	6	-	55	61
Financial assets held for trading				
Australia Dollar	32	-	-	32
Euro	109	-	-	109
Hong Kong Dollar	14	-	-	14
Pound Sterling	13	-	-	13
Singapore Dollar	23	-	-	23
US Dollar	107	-	-	107
Others	164	-	-	164
	462	-	-	462
Cash and bank balances				
Australia Dollar	3	-	-	3
Euro	21	6	-	27
Pound Sterling	8,043	9	-	8,052
Singapore Dollar	3	289	-	292
US Dollar	4,977	-	1,241	6,218
Others	5	-	-	5
	13,052	304	1,241	14,597

38. **FINANCIAL INSTRUMENTS (CONTINUED)**

(b) **Financial risk management (Continued)**

(iv) **Foreign Currency Risk (Continued)**

The unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows (Continued):

	← Functional currencies →			
Group	**Ringgit Malaysia**	**US Dollar**	**Singapore Dollar**	**Total**
31.12.2019	RM'000	RM'000	RM'000	RM'000
Financial assets and liabilities not held in functional currencies				
Trade payables				
US Dollar	2,758	-	326	3,084
Australia Dollar	476	-	-	476
Euro	371	-	-	371
Others	286	-	36	322
	3,891	-	362	4,253

	← Functional currencies →				
Group	**Ringgit Malaysia**	**US Dollar**	**Singapore Dollar**	**Pound Sterling**	**Total**
31.12.2018	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets and liabilities not held in functional currency					
Investment securities					
Renminbi	-	1,693	-	-	1,693
Trade receivables					
US Dollar	7,381	-	905	-	8,286
Australia Dollar	673	-	-	-	673
Others	43	-	-	-	43
	8,097	-	905	-	9,002
Other receivables					
US Dollar	6	-	82	-	88

38. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(iv) Foreign Currency Risk (Continued)

The unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows (Continued):

	← Functional currencies →				
Group	**Ringgit Malaysia**	**US Dollar**	**Singapore Dollar**	**Pound Sterling**	**Total**
31.12.2018	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets and liabilities not held in functional currency					
Financial assets held for trading					
Australia Dollar	17	-	-	-	17
Euro	23	-	-	-	23
Hong Kong Dollar	11	-	-	-	11
Pound Sterling	12	-	-	-	12
Singapore Dollar	19	-	-	-	19
US Dollar	104	-	-	-	104
Others	132	-	-	-	132
	318	-	-	-	318
Cash and bank balances					
Australia Dollar	3	-	-	-	3
Euro	34	5	-	-	39
Pound Sterling	3	-	-	-	3
Singapore Dollar	-	289	-	-	289
US Dollar	5,198	-	3,522	13	8,733
Others	5	-	-	-	5
	5,243	294	3,522	13	9,072
Trade payables					
US Dollar	1,671	-	319	-	1,990
Euro	380	-	-	-	380
Others	373	-	-	-	373
	2,424	-	319	-	2,743

38. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(iv) Foreign Currency Risk (Continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's total profit to a reasonably possible change in the USD, AUD and GBP exchange rate against the respective functional currencies of the Group entities, with all other variables held constant.

Group **31.12.2019**		**Effect on profit for the financial year** RM'000
GBP/RM	- strengthened 10%	806
	- weakened 10%	(806)
AUD/RM	- strengthened 10%	(784)
	- weakened 10%	784
USD/RM	- strengthened 10%	(245)
	- weakened 10%	245
Group **31.12.2018**		
RMB/USD	- strengthened 10%	169
	- weakened 10%	(169)
USD/SGD	- strengthened 10%	419
	- weakened 10%	(419)
USD/RM	- strengthened 10%	1,102
	- weakened 10%	(1,102)

(v) Market Price Risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments in Malaysia are listed on Bursa Securities. These instruments are classified as held for trading or available-for-sale financial assets. The Group does not have exposure to commodity price risk.

38. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(v) Market Price Risk (Continued)

Sensitivity analysis for equity price risk

This analysis assumes that all other variables remain constant and the Group's equity investments moved in correlation with FTSE Bursa Malaysia KLCI ("FBMKLCI").

A 10 percent strengthening in FBMKLCI at the end of the reporting period would have increased equity by RM0.64 million (2018: RM0.65 million) and post tax profit or loss by RM0.03 million (2018: RM0.04 million). A 10 percent weakening in FBMKLCI would have had equal but opposite effect on equity and profit or loss respectively.

39. CAPITAL MANAGEMENT

The Group actively and regularly reviews and manages its capital structure with the objectives of ensuring that the Group will be able to continue as a going concern while maximising the return to stakeholders. These reviews take into consideration future capital requirements of the Group, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and strategic investment opportunities.

The capital structure of the Group consists of debt which includes borrowings (Note 22 to the financial statements), cash and cash equivalents (Statements of Cash Flows), and equity attributable to equity holders of the Company.

The Group's overall capital management strategy remains unchanged from 2018 and this includes maintaining a healthy gearing ratio taking into consideration the objectives of the Group. As at the reporting date, the gearing ratio calculated as total borrowings divided by total equity is as follows:

	Group	
	31.12.2019	**31.12.2018**
	RM'000	RM'000
Total borrowings	48,777	143,911
Less : Cash and cash equivalents	(90,619)	(94,438)
Subtotal	(41,842)	49,473
Total equity	550,768	486,891
Debt-to-equity ratio	*	0.10

* Not applicable

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

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are as follows:

(a) On 21 December 2018, 57-59 Philbeach Gardens Limited ("PGL"), a wholly-owned subsidiary incorporated in the United Kingdom, of Arosa, a 65%-owned indirect subsidiary of the Company, entered into a Share Sale Agreement to acquire 100% equity interest (represented by 1,100 ordinary shares of GBP1.00 each) in Beaver Hotels Limited ("Beaver") for a cash consideration of GBP10.25 million (equivalent to approximately RM55.63 million). Upon completion of the proposed acquisition on 21 February 2019, Beaver became an indirect 65%-owned subsidiary of the Company held via PGL.

(b) The Company announced on 8 August 2019 that Cherating Holiday Villa Berhad ("CHV"), an indirect wholly-owned subsidiary of the Company, had on 8 August 2019 entered into a Sale and Purchase Agreement with Amanah Raya Berhad for CHV to buyback a resort hotel consisting of an administration building, hotel/apartment blocks, standard and individually designed chalets and villas and other ancillary buildings and structures known as Holiday Villa Cherating, measuring in aggregate area of approximately 42,634.7875 square metres for a buyback price of RM22,965,600.00 only free from all encumbrances and on an "as is where is" basis ("Proposed CHV Buyback"). Barring any unforeseen circumstances, the Proposed CHV Buyback is expected to be completed in the second half of year 2029.

(c) On 10 May 2019, AESBI Power Systems Sdn. Bhd. ("AESBI"), a wholly-owned subsidiary of Advance Synergy Capital Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company, had on 10 May 2019 entered into a conditional Sale and Purchase Agreement ("SPA") with Symphony Warehouse Sdn. Bhd. ("Purchaser") for the proposed disposal of all that piece of freehold land held under GRN 177486, Lot 38271, Pekan Baru Hicom, Daerah Petaling, Negeri Selangor (the "Land") together with that the buildings and structures erected on the Land and fixtures and fittings (excluding those which are listed by AESBI and given to the Purchaser prior to completion of the SPA) erected and affixed thereon ("Property") for a cash consideration of Ringgit Malaysia One Hundred and Twenty Four Million (RM124,000,000) only, subject to the terms and conditions as stipulated in the SPA ("Proposed Disposal").

    The Proposed Disposal was completed on 8 November 2019.

41. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(a) On 23 January 2020, the Board of Directors of the Company has resolved to restructure the current group structure by re-organising four existing inactive wholly-owned subsidiaries to be 70%-owned by Advance Synergy Realty Sdn. Bhd. ("ASR"), a wholly-owned subsidiary of the Company, and 30%-owned by Kibar Konsep Sdn. Bhd. ("KK") to operate the new serviced office business and food & beverage ("F&B") business at two buildings owned jointly by ASR and KK. ASR has 70% in each of the buildings with the remaining interest of 30% held by KK. The two buildings are located at No. 17, Jalan Yap Ah Shak, 50300 Kuala Lumpur and No. 9, Jalan Kajibumi U1/70, Seksyen U1, Temasya Glenmarie, 40150 Shah Alam, Selangor.

    The aforesaid four existing inactive subsidiaries are Yap Ah Shak House Sdn. Bhd. (formerly known as Advansa Sdn. Bhd.) and Temasya House Sdn. Bhd. (formerly known as Cosmocourt.com (Malaysia) Sdn. Bhd.) which will be the operating companies for the serviced offices, while Osteria Gamberoni Sdn. Bhd. (formerly known as Rewardstreet.com (Malaysia) Sdn. Bhd.) and Primo Espresso Sdn. Bhd. (formerly known as Bornion Sawmill Sdn. Bhd.) will operate the F&B business.

41. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR (CONTINUED)

(a) The aforesaid restructuring of the four inactive subsidiaries are pending completion of the transfers of the total issued share capital in each company for a nominal value of RM10.00 to ASR and KK in the proportion of their shareholding of 70% and 30% respectively.

(b) Reference is made to Note 34 to the financial statements, in early March 2020, while PT Diwangkara's Lawsuit is ongoing in the Denpasar District Court, PT Diwangkara received a settlement offer from the Defendants.

On 19 March 2020, both parties reached a mutual agreement to settle all court cases cited in Note 34 to the financial statements and entered into a Settlement Agreement ("Settlement Agreement") with a cash settlement sum of Rp.6,000,000,000 ((equivalent of approximately RM1.7 million) to PT Diwangkara which is enumerated as follows:

(i) Rp.5,450,000,000 (equivalent of approximately RM1.5 million) being the full and final settlement sum for the aforesaid court cases; and

(ii) Rp.550,000,000 (equivalent of approximately RM0.2 million) being the legal fees, costs and other incidental expenses incurred in regard to the Settlement Agreement.

Following the signing of the Settlement Agreement, all legal disputes and court cases have come to an end and dissolved amicably.

(c) Coronavirus outbreak

On 11 March 2020, the World Health Organisation declared the Coronavirus ("Covid-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the Covid-19 outbreak in Malaysia. The Covid-19 outbreak also resulted in travel restrictions, lockdown and other precautionary measures imposed in various countries. The emergence of the Covid-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group and the Company operate.

For the Group's and the Company's financial statements for the financial year ended 31 December 2019, the Covid-19 outbreak and the related impacts are considered non-adjusting events in accordance with MFRS 110 Events after the Reporting Period. Consequently, there is no impact on the recognition and measurement of assets and liabilities as at 31 December 2019.

The Group and the Company are unable to reasonably estimate the financial impact of Covid-19 for the financial year ending 31 December 2020 to be disclosed in the financial statements as the situation is still evolving and the uncertainty of the outcome of the current events. It is however certain that the local and worldwide measures against the spread of the Covid-19 will have adverse effects on the Group's sales, operations and supply chains. The Group and the Company will continuously monitor the impact of Covid-19 on its operations and its financial performance. The Group and the Company will also be taking appropriate and timely measures to minimise the impact of the outbreak on the Group's and the Company's operations.

42. RECLASSIFICATION AND COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the presentation of the current year's financial statements. The reclassification is pertaining to the reclassification of costs incurred to obtain or fulfil an information technology contract as disclosed in Note 17 to the financial statements. The reclassifications included the following:

Group	**Before reclassification**	**Reclassifications**	**After reclassification**
31.12.2018	RM'000	RM'000	RM'000
Statements of financial position			
Current assets			
Trade and other receivables	119,059	(10,639)	108,420
Other assets	15,944	10,639	26,583
Group			
1.1.2018			
Statements of financial position			
Current assets			
Trade and other receivables	124,069	(14,382)	109,687
Other assets	21,730	14,382	36,112

As required by financial reporting standard on the presentation of financial statements, the third statement of financial position at the beginning of the preceding year is presented. Relevant notes relating to the above balances that were reclassified in the statements of financial position are presented. Apart from these disclosures, other balances and notes are not impacted by the reclassifications.

Statement By Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, **LEE SU NIE** and **YONG TECK MING**, being two of the directors of ADVANCE SYNERGY BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 99 to 241 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

LEE SU NIE
Director

YONG TECK MING
Director

Selangor Darul Ehsan
Date: 21 May 2020

Statutory Declaration

Pursuant to Section 251(1) of the Companies Act 2016

I, **LEE SU NIE**, being the director primarily responsible for the financial management of ADVANCE SYNERGY BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 99 to 241 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

LEE SU NIE

Subscribed and solemnly declared by the abovenamed at Shah Alam, Selangor Darul Ehsan on 21 May 2020.

Before me,
SITI MARYAM KAMARUDIN
No.: B498

Commissioner for Oaths
Malaysia

Independent Auditors' Report

to the Members of Advance Synergy Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Advance Synergy Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 99 to 241.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Group

Impairment of goodwill (Notes 4(a) and 9 to the financial statements)

Risk:
The carrying amount of the goodwill relating to the information and communications technology ("ICT") cash generating unit ("CGU") amounted to RM83,684,000. The recoverable amount of the CGU was determined based on its value in use ("VIU"). Cash flow projections used in the VIU calculation were based on financial budgets and forecasts approved by management covering a five-year period using a discount rate and forecasted growth rate. Significant judgements arise over the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates and gross profit margins.

Our audit response:
Our audit procedures focus on evaluating the cash flow projections and the Group's projection procedures which included, among others:
- assessing the methodology adopted by the Group;
- comparing the actual results with previous cash flow projections to assess the performance of the business and historical accuracy of the projections;
- testing the mathematical accuracy of the impairment assessment;
- performing a sensitivity analysis around the key inputs that are expected to be most sensitive to the recoverable amount; and
- comparing the Group's assumptions to externally derived data as well as our assessments in relation to key inputs such as discount rates, forecast growth rates and gross profit margins.

Right-of-use assets and lease liabilities (Notes 4(b), 6 and 23 to the financial statements)

Risk:
During the financial year, the Group adopted MFRS 16 *Leases* and has recognised right-of-use ("ROU") assets and lease liabilities on the date of initial application. We focused on this area because the measurement of the right-of-use assets and its corresponding lease liabilities requires the application of significant judgement by the Group in determining the lease terms, lease payments and incremental borrowing rates.

Our audit response:
Our audit procedures included, among others:
- evaluating the Group's assessment on the MFRS 16 impact arising from initial application;
- reading the salient terms of the agreements;
- obtaining an understanding on the judgement and estimates made by the Group on key inputs in the computation of ROU assets and lease liabilities; and
- testing the mathematical accuracy of the computation of the ROU assets and lease liability.

Key Audit Matters (Continued)

Group

Fair value of unquoted investment (Notes 4(c) and 13 to the financial statements)

Risk:
The carrying amount of unquoted investments amounted to RM49,356,000. The unquoted investments are not traded in an active market and the quoted price is not readily and regularly available. The fair value is established by using valuation techniques that are appropriate in circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The fair value measurement requires the selection among a range of different valuation methodologies, making estimates about expected future cash flows and discounted rates.

Our audit response:
As the unquoted investments are held in a component where we are not the auditors, we performed our review of the work of the component auditors in accordance with ISA 600 *Special Considerations - Audits of Group Financial Statements* (including the Work of Component Auditors) and their audit procedures performed included, among others:

- discussing with management the basis used in determining the fair values;
- reviewing work of in-house specialist, especially in determining whether such valuation methodology is consistent with market practice;
- ensuring that the assumptions used and key inputs used has been assessed by the component auditors;
- testing the mathematical accuracy of the valuation methodology used; and
- reviewing the adequacy of the disclosures made in the financial statements in compliance with MFRS 7 Financial Instruments.

Company

Investment in a subsidiary (Note 10 to the financial statements)

Risk:
The Company has significant balance of investment in a subsidiary, namely Advance Synergy Capital Sdn. Bhd. The Company has assessed whether there is any indication that the cost of investment in the subsidiary is impaired at the end of each reporting date. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use ("VIU").

We focused on this area because the Company's assessment of the recoverable amount involved significant judgement. The recoverable amount of investment in the subsidiary was determined based on VIU. Cash flow projections used in the VIU calculation is based on financial budgets with business plan and forecasts which approved by management covering a five-year period using a discount rate and forecasted growth rate in the recoverable amount calculation. The assumption supporting the underlying cash flow projections which include future sales, gross profit margin and operating expenses.

Company

Investment in a subsidiary (Note 10 to the financial statements) (Continued)

Our audit response:
Our audit procedures focus on evaluating the cash flow projections which included, among others:

- comparing the Company's assumptions to our assessments in relation to key assumptions to assess their reasonableness and achievability of the projections;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 10 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng PLT
LLP0019411-LCA & AF 0117
Chartered Accountants

Heng Fu Joe
No. 02966/11/2020 J
Chartered Accountant

Kuala Lumpur
Date: 21 May 2020

This page has been intentionally left blank

OTHER INFORMATION

Contents

List of Properties

The top 10 properties of the Group as at 31 December 2019 are as follows:

Location	Description	Approx. land area	Approx. age of building (Years)	Tenure	Carrying Amount (RM'000)	Date of last revaluation / acquisition
57 & 58 Philbeach Gardens - LN69764 59 Philbeach Gardens - LN205767 57 - 59 Philbeach Gardens Earl Courts, London SW5 9ED	Land with hotel building	1,118 sq. m.	> 140	Freehold	56,180	21.02.2019
GM1126 Lot 1301, GM424 Lot 1302, GM857 Lot 1303, GM405 Lot 1305, HS(M) 1096 PT 1300 & HS(M) 1082 PT 1303 Mukim Sungai Karang Cherating Pahang Darul Makmur	Land with hotel building, recreational facilities, restaurants and apartment block	15 acres.	26.5 - 32	Freehold	41,500	06.01.2020
Geran 85, Lot 2034 69, Jalan Haji Hussein 50300 Kuala Lumpur	18 storey hotel building	3,214 sq. m.	44	Freehold	25,750	06.01.2020
9, Jalan Kajibumi U1/70 Seksyen U1 Temasya Glenmarie 40150 Shah Alam Selangor Darul Ehsan	Four storey commercial building	3,314 sq. m.	2	Freehold	24,437	30.11.2018
17, Jalan Yap Ah Shak 50300 Kuala Lumpur	Five storey commercial building	722 sq. m.	2	Freehold	20,897	30.11.2018

The top 10 properties of the Group as at 31 December 2019 are as follows (Continued):

Location	Description	Approx. land area	Approx. age of building (Years)	Tenure	Carrying Amount (RM'000)	Date of last revaluation / acquisition
Oberseepromenade Postfach 289 CH 7050 Arosa Switzerland	Land	1,606 sq. m.	-	Freehold	19,044	30.09.2016
Suite No. 3A-5-1 Level 5, Block 3A Plaza Sentral Jalan Stesen Sentral 5 Kuala Lumpur	Office Suite	749 sq. m. (floor area)	16	Freehold	7,000	12.01.2011
GRN 49945, Lot 39472 Mukim of Petaling District of Kuala Lumpur 20, Jalan Menara Gading 1 Taman Connaught, Cheras 56000 Kuala Lumpur	Three storey mid terrace shop office	164 sq. m.	14	Freehold	2,659	20.12.2013
B-16-8, Megan Avenue II 12 Jalan Yap Kwan Seng 50450 Kuala Lumpur	Office	364 sq. m. (floor area)	21	Freehold	1,887	10.01.2013
GRN 232740, Lot 3063 Pekan Kinrara District of Petaling 167, Jalan Kenari 23A Bandar Puchong Jaya 47170 Puchong Selangor Darul Ehsan	Three and a half storey mid terrace shop office	156 sq. m.	10	Freehold	1,711	20.09.2013

Statement on Directors' Interests in the Company

and related corporations as at 5 June 2020

	Ordinary shares	
	Number	**Percentage**
Direct Interest in the Company		
Dato' Ahmad Sebi Bakar *	76,810,009	8.27
Aryati Sasya Dato' Ahmad Sebi	22,308,000	2.40
Kam Kin Foong	900,000	0.10
Deemed Interest in the Company		
Dato' Ahmad Sebi Bakar *	①139,391,853	15.00
Anton Syazi Dato' Ahmad Sebi	②30,467,000	3.28
Lee Su Nie	③365,000	0.04
Puan Sri Datin Masri Khaw Abdullah	④12,000,000	1.20
Direct Interest in related corporation		
Captii Limited ("Captii")		
Anton Syazi Dato' Ahmad Sebi	517,600	1.62
Lee Su Nie	20,000	0.06
Arcylic Synergy Sdn Bhd		
Anton Syazi Dato' Ahmad Sebi	1	negligible
Deemed Interest in related corporation		
Captii		
Kam Kin Foong	⑤55,000	0.17
Segi Koleksi Sdn Bhd ("SKSB")		
Dato' Ahmad Sebi Bakar	⑥105,000	30.00
Anton Syazi Dato' Ahmad Sebi	⑦105,000	30.00
Aryati Sasya Dato' Ahmad Sebi	⑦105,000	30.00
Metroprime Corporation Sdn Bhd ("MCSB")		
Dato' Ahmad Sebi Bakar	⑧350,000	100.00
Anton Syazi Dato' Ahmad Sebi	⑨350,000	100.00
Aryati Sasya Dato' Ahmad Sebi	⑨350,000	100.00
Temasya House Sdn Bhd ("Temasya") *(Formerly known as Cosmocourt.com (Malaysia) Sdn Bhd)*		
Anton Syazi Dato' Ahmad Sebi	⑩150,000	30.00
Aryati Sasya Dato' Ahmad Sebi	⑩150,000	30.00
Yap Ah Shak House Sdn Bhd ("YAS") *(Formerly known as Advansa Sdn Bhd)*		
Anton Syazi Dato' Ahmad Sebi	⑪15,000	30.00
Aryati Sasya Dato' Ahmad Sebi	⑪15,000	30.00
Primo Espresso Sdn Bhd ("Primo") *(Formerly known as Bornion Sawmill Sdn Bhd)*		
Anton Syazi Dato' Ahmad Sebi	⑫600,000	30.00
Aryati Sasya Dato' Ahmad Sebi	⑫600,000	30.00
	Ordinary shares of CHF500.00 each	
Posthotel Arosa AG ("Arosa")		
Anton Syazi Dato' Ahmad Sebi	⑬3,150	35.00
Aryati Sasya Dato' Ahmad Sebi	⑬3,150	35.00

	Ordinary shares	
	Number	Percentage
Deemed Interest in related corporation (continued)		
	Ordinary shares GBP1.00 each	
57-59 Philbeach Gardens Limited ("PGL")		
Anton Syazi Dato' Ahmad Sebi	⑭100	100.00
Aryati Sasya Dato' Ahmad Sebi	⑭100	100.00
Beaver Hotels Limited ("BHL")		
Anton Syazi Dato' Ahmad Sebi	⑮1,100	100.00
Aryati Sasya Dato' Ahmad Sebi	⑮1,100	100.00

Notes:

* By virtue of his interest in ASB, Dato' Ahmad Sebi Bakar is also deemed to be interested in the shares of all investee companies (including subsidiaries) to the extent that ASB has an interest.

① By virtue of his interest in Bright Existence Sdn. Bhd. ("BESB") and Suasana Dinamik Sdn. Bhd. ("SDSB"), Dato' Ahmad Sebi Bakar is also deemed to be interested in the ordinary shares of ASB to the extent that BESB and SDSB have an interest respectively.

② By virtue of his interest in Eighth Review Sdn. Bhd. ("ERSB"), he is also deemed to be interested in the ordinary shares of ASB to the extent that ERSB has an interest.

③ This is her spouse's interest in the ordinary shares of ASB which shall be treated as her interest in the ordinary shares of ASB pursuant to Section 59(11)(c) of the Companies Act 2016 in Malaysia.

④ By virtue of her interest in ASH Holdings Sdn. Bhd. ("ASH"), Puan Sri Datin Masri Khaw Abdullah is deemed to be interested in the ordinary shares of ASB to the extent that ASH has an interest.

⑤ This is her spouse's interest in the ordinary shares of Captii which shall be treated as her interest in the ordinary shares of Captii pursuant to Section 59(11)(c) of the Companies Act 2016 in Malaysia.

⑥ This is the interest of his children (Ms Aryati Sasya Dato' Ahmad Sebi and Mr Anton Syazi Dato' Ahmad Sebi) in SKSB which shall be treated as his interest in the ordinary shares of SKSB pursuant to Section 59(11)(c) of the Companies Act 2016 in Malaysia.

⑦ By virtue of their interest in Pacific Existence Sdn. Bhd. ("PESB"), Ms Aryati Sasya Dato' Ahmad Sebi and Mr Anton Syazi Dato' Ahmad Sebi are also deemed to be interested in the shares to the extent that PESB has an interest in SKSB.

⑧ By virtue of his interest in SKSB pursuant to Section 8 of the Companies Act 2016 in Malaysia, Dato' Ahmad Sebi Bakar is deemed to be interested in the shares to the extent that SKSB has an interest in MCSB.

⑨ By virtue of their interest in SKSB via PESB, Ms Aryati Sasya Dato' Ahmad Sebi and Mr Anton Syazi Dato' Ahmad Sebi are deemed to be interested in the shares to the extent that SKSB has an interest in MCSB.

⑩ By virtue of their interest in Kibar Konsep Sdn. Bhd. ("KKSB"), Ms Aryati Sasya Dato' Ahmad Sebi and Mr Anton Syazi Dato' Ahmad Sebi are also deemed to be interested in the shares to the extent that KKSB has an interest in Temasya.

⑪ By virtue of their interest in KKSB, Ms Aryati Sasya Dato' Ahmad Sebi and Mr Anton Syazi Dato' Ahmad Sebi are also deemed to be interested in the shares to the extent that KKSB has an interest in YAS.

⑫ By virtue of their interest in KKSB, Ms Aryati Sasya Dato' Ahmad Sebi and Mr Anton Syazi Dato' Ahmad Sebi are also deemed to be interested in the shares to the extent that KKSB has an interest in Primo.

⑬ By virtue of their interest in KKSB, Ms Aryati Sasya Dato' Ahmad Sebi and Mr Anton Syazi Dato' Ahmad Sebi are also deemed to be interested in the shares to the extent that KKSB has an interest in Arosa.

⑭ By virtue of their interest in Arosa via KKSB, Ms Aryati Sasya Dato' Ahmad Sebi and Mr Anton Syazi Dato' Ahmad Sebi are also deemed to be interested in the shares to the extent that Arosa has an interest in PGL.

⑮ By virtue of their interest in PGL via Arosa, Ms Aryati Sasya Dato' Ahmad Sebi and Mr Anton Syazi Dato' Ahmad Sebi are also deemed to be interested in the shares to the extent that PGL has an interest in BHL.

Statistics on Shareholdings

as at 5 June 2020

TOTAL NUMBER OF ISSUED SHARES : 929,194,943
ISSUED SHARE CAPITAL : RM381,376,644.99
CLASS OF SHARE : Ordinary Shares
VOTING RIGHT : 1 vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	% of shareholders	No. of shares held	% of issued shares
Less than 100 shares	336	1.80	10,467	negligible
100 - 1,000 shares	4,219	22.63	3,753,243	0.40
1,001 - 10,000 shares	9,040	48.49	40,214,380	4.33
10,001 - 100,000 shares	4,223	22.65	154,162,903	16.59
100,001 - less than 5% of issued shares	823	4.41	514,852,088	55.41
5% and above of issued shares	3	0.02	216,201,862	23.27
	18,644	100.00	929,194,943	100.00

LIST OF TOP 30 SHAREHOLDERS

No.	Name	No. of shares held	Percentage
1.	SJ Sec Nominees (Tempatan) Sdn Bhd Suasana Dinamik Sdn Bhd	80,799,926	8.70
2.	Dato' Ahmad Sebi Bakar	76,810,009	8.27
3.	SJ Sec Nominees (Tempatan) Sdn Bhd Bright Existence Sdn Bhd	58,591,927	6.31
4.	SJ Sec Nominees (Tempatan) Sdn Bhd Eighth Review (M) Sdn Bhd	30,467,000	3.28
5.	Lim Hong Liang	27,190,850	2.93
6.	HSBC Nominees (Asing) Sdn Bhd Exempt an for Bank Julius Baer & Co. Ltd.	25,605,400	2.75
7.	SJ Sec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Aryati Sasya Dato' Ahmad Sebi	22,308,000	2.40
8.	Malpac Capital Sdn Bhd	21,269,150	2.29
9.	Chew Lee Hwa	20,081,500	2.16
10.	ASH Holdings Sdn Bhd	12,000,000	1.29

LIST OF TOP 30 SHAREHOLDERS (continued)

No.	Name	No. of shares held	Percentage
11.	PM Nominees (Tempatan) Sdn Bhd Malpac Management Sdn Bhd	9,874,361	1.06
12.	Goh Boon Seng	7,021,450	0.75
13.	Addeen Trading Sdn Bhd	6,534,600	0.70
14.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Francis Chai Kim Lung	6,000,000	0.65
15.	Tan Pak Nang	6,000,000	0.65
16.	Goh Geok Choo	5,750,300	0.62
17.	Chuah Kim Seng	5,634,300	0.61
18.	Yeoh Swee Leng	5,121,750	0.55
19.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Yoon Sing	5,000,000	0.54
20.	Tay Teck Ho	4,805,000	0.52
21.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tay Hock Soon	4,520,000	0.49
22.	Wong Ten An	4,400,000	0.47
23.	Ng Meng Kee	4,000,000	0.43
24.	Affin Hwang Investment Bank Berhad IVT	3,573,900	0.38
25.	Mohd Jamel Bin Abdul Munin	3,551,100	0.38
26.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Kok Thye	3,500,000	0.38
27.	Maybank Nominees (Tempatan) Sdn Bhd Lay Man Wan @ Lai Mun Wan	3,499,630	0.38
28.	Chang Meei Meei	3,051,825	0.33
29.	Lu Yong Lam	2,981,600	0.32
30.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Lim Soon	2,800,000	0.30
		472,743,578	50.88

SUBSTANTIAL SHAREHOLDERS

Name of substantial shareholders	No. of shares held		% of issued share capital	
	Direct	Deemed	Direct	Deemed
Dato' Ahmad Sebi Bakar	76,810,009	139,391,853	8.27	15.00
Suasana Dinamik Sdn Bhd	80,799,926	-	8.70	-
Bright Existence Sdn Bhd	58,591,927	-	6.31	-

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the **Ninety-Sixth ANNUAL GENERAL MEETING** ("96th AGM") of Advance Synergy Berhad will be conducted fully virtual and entirely via remote participation and electronic voting at the Board Room, Level 3, The Podium, Wisma Synergy, No. 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan ("Webcast Venue") on Thursday, 23 July 2020, at 10.00 a.m. for the following purposes:

1. To receive the audited financial statements for the financial year ended 31 December 2019 and the Directors' and Auditors' reports thereon. **Please refer to Explanatory Note**

2. To declare a single tier dividend of 0.35 sen per ordinary share in respect of the financial year ended 31 December 2019. **Resolution 1**

3. To approve the payment of Directors' fees for the financial year ended 31 December 2019. **Resolution 2**

4. To approve the payment of benefits to the Directors from 24 July 2020 until the conclusion of the next annual general meeting of the Company. **Resolution 3**

5. To re-elect the following Directors:
   5.1 Mr Anton Syazi Dato' Ahmad Sebi **Resolution 4**
   5.2 Mr Yong Teck Ming **Resolution 5**
   5.3 Ms Aryati Sasya Dato' Ahmad Sebi **Resolution 6**

6. To re-appoint Messrs Baker Tilly Monteiro Heng PLT as auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

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

7. **Ordinary Resolution 1 – Retention of Independent Non-Executive Director** **Resolution 8**

   "THAT authority be and is hereby given for Mr Yong Teck Ming who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance."

8. **Ordinary Resolution 2 – Authority to allot and issue securities** **Resolution 9**

   "THAT subject always to the Companies Act 2016, Constitution of the Company and/or approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised and empowered pursuant to Section 75(1) and Section 76(1) of the Companies Act 2016 to allot and issue new shares or convertible securities in the Company, from time to time at such price and upon such terms and conditions, for such purpose and to such person or persons whomsoever as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares or convertible securities to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding any treasury shares) of the Company for the time being AND THAT the Directors be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares or convertible securities so issued from Bursa Malaysia Securities Berhad AND THAT such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company."

9. To transact any other ordinary business of which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN that subject to the approval of the shareholders at the 96th AGM, a first and final single tier dividend of 0.35 sen per ordinary share in respect of the financial year ended 31 December 2019 will be paid on 18 August 2020 to the shareholders whose names appear in the Record of Depositors on 28 July 2020.

A depositor shall qualify for entitlement only in respect of:

a. Shares transferred to the Depositor's Securities Account before 4.30 p.m. on 28 July 2020 in respect of transfer; and

b. Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

HO TSAE FENG
Secretary

Selangor Darul Ehsan
23 June 2020

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 30 June 2020 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this meeting.
2. The 96th AGM will be conducted fully virtual and entirely via remote participation and electronic voting. No member or proxy should be physically present at the Webcast Venue. Members who wish to participate the fully virtual 96th AGM will have to register via the link *https://vps.megacorp.com.my/Sj07tL*. If a member is not able to participate via the fully virtual meeting, the member can appoint the Chair of the meeting or such other person(s) as proxy(ies) and indicate the voting instructions in the proxy form. The appointment of proxy may be done in the manner as detailed below. Please follow the procedures in the Administrative Guide as enclosed for the remote participation access and electronic voting for the 96th AGM of the Company.
3. A member of the Company entitled to attend, speak and vote at the general meeting is entitled to appoint a proxy or proxies to exercise all or any of his/her rights to attend, speak and vote on a show of hands or by poll on any question at this meeting. A proxy need not be a member.
4. A member of the Company may appoint at least one (1) proxy but not more than two (2) proxies to attend, speak and vote in his/her stead. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with shares of the Company standing to the credit of the said securities account. If a member appoints more than one (1) proxy, they must specify the proportion of the member's shareholdings to be represented by each proxy.
5. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy in the case of an individual must be signed by the individual or an attorney who is authorised to act on behalf of the individual and in the case of a corporation, the instrument appointing a proxy must be sealed with the corporation's common seal or signed by an officer of the corporation or an attorney who is authorised to act on behalf of the corporation.

7. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of such power or authority) must be deposited at the Registered Office of the Company at Level 3, East Wing, Wisma Synergy, No. 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any other adjournment thereof in the following manner:

   a. by hand or post, to the extent that is permissible to do so pursuant to the recovery movement control order issued under the Prevention and Control of Infectious Diseases Act 1988; or

   b. electronically via email to *AGM-support.ASB@megacorp.com.my*; or

   c. to register directly at *https://vps.megacorp.com.my/Sj07tL*.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 96th AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 96th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 96th AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

EXPLANATORY NOTES ON ORDINARY BUSINESS

Agenda 1 – Audited Financial Statements for financial year ended 31 December 2019

The audited financial statements for the financial year ended 31 December 2019 are laid in accordance with Section 340(1)(a) of the Companies Act ("CA") 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

Resolution 2 – Directors' Fees
Resolution 3 – Directors' Benefits

The proposed Resolution 2, if passed, will authorise the payment of Directors' fees for the financial year ended 31 December 2019 amounting to RM315,000 (2018: RM306,000).

The proposed Resolution 3, if passed, will authorise the payment of benefits to the Directors if any from 24 July 2020 until the conclusion of the next annual general meeting of the Company as and when incurred. The Board is of the view that it is just and equitable for these benefits to be paid as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company throughout the said period.

Resolutions 4, 5 and 6 – Re-election of Directors

Details of the Directors standing for re-election under proposed Resolutions 4, 5 and 6 are stated in Directors' profile on pages 50, 51 and 53 to 55 of this Annual Report. Their securities holdings in the Company and its subsidiaries are stated on pages 254 to 255 of this Annual Report.

EXPLANATORY NOTES ON SPECIAL BUSINESS

Resolution 8 – Retention of Independent Non-Executive Director

The Nomination Committee had assessed the independence of 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 twelve (12) years, and the Board had discussed and agreed with the recommendation of the Nomination Committee that in his long service to the Company, he has performed very well as an Independent Non-Executive Director and there is no reason to believe that he would 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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad and thus is able to function as a check and balance and to bring an element of objectivity to the Board;

(b) he is a member of the Institute of Chartered Accountants, 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 would enable him to provide the Board with constructive opinion;

(c) he has been with the Company for more than twelve (12) 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 Risk Management Committee.

Resolution 9 – Authority to allot and issue securities

The proposed Resolution 9 is the renewal of the mandate obtained from the members at the last Annual General Meeting. As at the date of this Notice, the Company did not allot any shares pursuant to the mandate granted to the Directors at the Ninety-Fifth Annual General Meeting held on 28 June 2019 as there were no requirements for such fund raising activities.

The proposed Resolution 9, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to further placement of shares or convertible securities for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s), by the issuance of shares or convertible securities in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares or convertible securities issued pursuant to the mandate does not exceed 10% of the total number of issued shares of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

At this juncture, there is no decision to issue new shares or convertible securities. If there should be a decision to issue new shares or convertible securities after the general mandate is obtained, the Company will make an announcement in respect of the purpose and utilisation of proceeds arising from such issue.

Administrative Guide

For the Fully Virtual 96th Annual General Meeting

Day/Date	:	Thursday, 23 July 2020
Time	:	10.00 a.m.
Webcast Venue	:	Board Room, Level 3, The Podium, Wisma Synergy, No. 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan.

Entitlement to participate and vote at the 96th AGM

Only members whose names appear in the Record of Depositors on 30 June 2020 shall be entitled to participate, speak and vote at this virtual meeting.

The 96th AGM will be conducted fully virtual and entirely via remote participation and electronic voting. **No member or proxy shall be allowed to be physically present at the Webcast Venue.**

Members who wish to participate in the fully virtual 96th AGM will have to register and attend remotely. If a member is not able to participate via the fully virtual meeting but wishes to vote, the member must appoint the Chair of the meeting or such other person(s) as proxy(ies) and indicate the voting instructions in the proxy form. Kindly follow the steps below to ensure that you or your proxy(ies) is/are able to participate at the 96th AGM online.

Registration and Digital Ballot Form

1. Pre-registration of attendance by members is required via the link *https://vps.megacorp.com.my/Sj07tL* (please refer to paragraph 4 for further details). After the registration is validated and accepted, members or the appointed proxy(ies) will be sent via email the Digital Ballot Form and the explanatory guide.

2. With the Digital Ballot Form, you may exercise your right as a member of the Company personally or by proxy(ies) to participate and vote during the 96th AGM, at the comfort of your home or from any location.

3. Members or proxies may use the *Questions' Pane* facility (located at the bottom of the screen) to submit questions in real time during the meeting via the Webinar solution. Members may also submit questions **at least 72 hours** before the meeting to *tsaefeng@asb.com.my* in relation to the agenda items for the 96th AGM. The Chair and management will respond to their best endeavours, questions submitted by members or proxies which relate to the matters in the agenda items of the 96th AGM. A summary of the key matters discussed, including responses to the questions submitted, at the 96th AGM will be published on the Company's website.

Procedure for the Digital Ballot Form

4. Kindly follow the steps below to ensure that you or your appointed proxy(ies) are able to obtain the Digital Ballot Form and details to log in to the Webinar session to participate and vote remotely at the 96th AGM online:

   a. Open this link *https://vps.megacorp.com.my/Sj07tL* and submit all details requested **at least 48 hours** before the date of 96th AGM.

   b. Only members are allowed to register their details online. Members can appoint proxy(ies) or the Chair of the meeting as proxy via online, as in step (4a) above. Please ensure that your details are accurate as not being able to receive your Digital Ballot Form.

   c. Alternatively, you may deposit your Proxy Form with the **proxy's email address and mobile phone number** at the Registered Office of the Company at Level 3, East Wing, Wisma Synergy, No. 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan **not less than 48 hours** before the time appointed for holding the meeting or any other adjournment thereof in the following manner:

      i. by hand or post, to the extent that is permissible to do so pursuant to the recovery movement control order issued under the Prevention and Control of Infectious Diseases Act 1988; or

      ii. electronically via email to *AGM-support.ASB@megacorp.com.my*; or

      iii. to register directly at *https://vps.megacorp.com.my/Sj07tL*.

   d. The Poll Administrator, Mega Corporate Services Sdn Bhd, will email a copy of your Digital Ballot Form to you once they have verified your details entered in step (4a) or (4c) above.

   e. There will be explanatory notes in the Digital Ballot Form to guide you to register to "Meeting", "Voting" and to post questions. Please read them for better understanding.

Poll Voting

5. The voting of the 96th AGM will be conducted by poll in accordance with paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Mega Corporate Services Sdn Bhd as Poll Administrator to conduct the poll by way of electronic voting and Cygnus IT Solutions PLT as Scrutineers to verify the poll results.

   For the purpose of this 96th AGM, e-voting will be carried out via your digital devices (e.g. Computer/ Mobile Phone). The guide to e-voting will be contained in the same email that provides the member(s)/ proxy(ies)/corporate representative with the link to the Digital Ballot Form. Please read the instructions carefully and familiarise yourself with the steps needed to exercise your rights at the 96th AGM.

Poll Voting (continued)

6. Members/proxies can proceed to vote on the resolutions and submit your votes during the voting period as stipulated on the Digital Ballot Form. Upon completion of the voting session at the 96th AGM, the Scrutineers will verify the poll results after which the Chair will announce the results of the resolutions.

No door gifts/vouchers

7. No door gift(s) or e-voucher(s) will be distributed this year to member(s)/proxy(ies) who participate in the 96th AGM.

Participation through live streaming and voting at the 96th AGM

8. Please note that no recording or photography of the AGM proceedings is allowed without the prior written permission of the Company.

Communication guidance

9. Members are also reminded to monitor the Company's website and announcements for any changes to the 96th AGM arrangements.

Enquiry

10. If you have any general queries prior to the 96th AGM, please contact the Poll Administrator during office hours (Monday to Friday):-

    Mega Corporate Services Sdn Bhd
    Tel No.: +603-2692 4271
    Email: ***AGM-support.ASB@megacorp.com.my***

Consent to the use of personal data

11. By registering for the Digital Ballot Form registration facilities and/or submitting the instrument appointing a proxy(ies) and/or representative(s), the member of the Company has consented to the collection, use and disclosure of his/her personal data for purposes of processing and administration by the Company or its agents and to comply with any governing laws, listing rules, regulations and/or guidelines and agreed to the Personal Data Privacy terms set out in the Notice of 96th AGM dated 23 June 2020.

PROXY FORM

ADVANCE SYNERGY BERHAD [Company No. 192001000024 (1225-D)]

Proxy Form

I/We ______________________________ Contact No. ______________
(full name in block letters)

NRIC/Company No. ______________________ or CDS Account No. ______________
(for nominee companies only)

of ____
(full address)

being a shareholder/shareholders of ADVANCE SYNERGY BERHAD, hereby appoint:

Full Name in block letters	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Mobile Phone No.			

and / or*

Full Name in block letters	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Mobile Phone No.			

or failing him/her, THE CHAIR OF THE MEETING as my/our proxy to vote for me/us and on my/our behalf at the Ninety-Sixth Annual General Meeting of the Company to be conducted fully virtual and entirely via remote participation and electronic voting at the Board Room, Level 3, The Podium, Wisma Synergy, No. 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan on Thursday, 23 July 2020, at 10.00 a.m. and at any adjournment thereof and thereat to vote as indicated below:

Please indicate with (✓) how you wish to cast your vote. If neither "**FOR**" nor "**AGAINST**" is indicated, the proxy will vote or abstain from voting at his/her discretion.

NO.	RESOLUTION	FOR	AGAINST
1.	Declaration of dividend.		
2.	Approval of the payment of Directors' fees.		
3.	Approval of the payment of benefits to the Directors from 24 July 2020 until the next annual general meeting of the Company.		
4.	Re-election of Mr Anton Syazi Dato' Ahmad Sebi as Director.		
5.	Re-election of Mr Yong Teck Ming as Director.		
6.	Re-election of Ms Aryati Sasya Dato' Ahmad Sebi as Director.		
7.	Re-appointment of Messrs Baker Tilly Monteiro Heng PLT as auditors of the Company and authorisation for the Directors to fix their remuneration.		
8.	Retention of Mr Yong Teck Ming as Independent Non-Executive Director.		
9.	Authorisation for Directors to allot and issue new securities pursuant to Sections 75(1) and 76(1) of the Companies Act 2016.		

Dated this ____________ day of ______________________ 2020

Number of shares held	

____
Signature

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 30 June 2020 shall be entitled to attend, speak and vote at this meeting.
2. The 96th AGM will be conducted fully virtual and entirely via remote participation and electronic voting. No member or proxy should be physically present at the Webcast Venue. Members who wish to attend the fully virtual 96th AGM will have to register via the link *https://vps.megacorp.com.my/Sj07tL* and attend remotely. If a member is not able to participate via the fully virtual meeting, the member can appoint the Chair of the meeting or such other person(s) as proxy(ies) and indicate the voting instructions in the proxy form. The appointment of proxy may be done in the manner as detailed below. Please follow the procedures in the Administrative Guide for the remote participation access and electronic voting at the 96th AGM of the Company.
3. A member of the Company entitled to attend and vote at the general meeting is entitled to appoint a proxy or proxies to exercise all or any of his/her rights to attend, speak and vote on a show of hands or by poll on any question at this meeting. A proxy need not be a member.
4. A member of the Company may appoint at least one (1) proxy but not more than two (2) proxies to attend and vote in his/her stead. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with shares of the Company standing to the credit of the said securities account. If a member appoints more than one (1) proxy, they must specify the proportion of the member's shareholdings to be represented by each proxy.
5. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy in the case of an individual must be signed by the individual or an attorney who is authorised to act on behalf of the individual and in the case of a corporation, the instrument appointing a proxy must be sealed with the corporation's common seal or signed by an officer of the corporation or an attorney who is authorised to act on behalf of the corporation.
7. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of such power or authority) must be deposited at the Registered Office of the Company at Level 3, East Wing, Wisma Synergy, No. 72, Pesiaran Jubli Perak, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any other adjournment thereof either (a) by hand or post, to the extent that is permissible to do so pursuant to the recovery movement control order issued under the Prevention and Control of Infectious Diseases Act 1988; or (b) electronically via email to *AGM-support.ASB@megacorp.com.my*; or (c) to register directly at *https://vps.megacorp.com.my/Sj07tL*.

Personal Data Privacy: *By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 23 June 2020.*

Fold this flap for sealing

Please fold here

AFFIX
STAMP

THE SECRETARY

ADVANCE SYNERGY BERHAD
Level 3, East Wing, Wisma Synergy
No. 72, Pesiaran Jubli Perak
Seksyen 22
40000 Shah Alam
Selangor Darul Ehsan

Please fold here

ADVANCE SYNERGY BERHAD
[Company No. 192001000024 (1225-D)]
Level 3, East Wing, Wisma Synergy, 72 Pesiaran Jubli Perak, Seksyen 22
40000 Shah Alam, Selangor Darul Ehsan, Malaysia