



SANBUMI HOLDINGS BERHAD  
(8386-P)

Annual Report

2017

# Forty-Eighth

## Annual General Meeting

### Venue

Conference Room,  
Second Floor, Wisma EMC,  
972 Jalan Baru, 13700 Prai,  
Penang

### Time

Friday,  
15 September 2017  
at 10.00 a.m.



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**SANBUMI HOLDINGS BERHAD** (8386-P)

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# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Forty-Eighth Annual General Meeting of Sanbumi Holdings Berhad will be held at the Conference Room, Second Floor, Wisma EMC, 972 Jalan Baru, 13700 Prai, Penang on Friday, 15 September 2017 at 10.00 a.m. for the following purposes:-

## AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 March 2017 together with the Directors' and Auditors' Reports thereon.

Please refer to  
Note A

## AS ORDINARY BUSINESS

2. To re-elect the following Directors retiring in accordance with Article 93 of the Company's Articles of Association:-

Datuk Wira Rahadian Mahmud bin Mohammad Khalil  
Ms Lee See Hong

(Resolution 1)  
(Resolution 2)

3. To re-elect Mr Chu Yoke Loong retiring in accordance with Article 100 of the Company's Articles of Association.

(Resolution 3)

4. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to determine their remuneration.

(Resolution 4)

## AS SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modifications the following resolutions:-

### Ordinary Resolutions

5. To approve the payment of Directors' fees of RM198,000 for the financial year ended 31 March 2017.

(Resolution 5)

6. To approve the payment of Directors' benefits of up to RM13,000 in accordance with Section 230(1) of the Companies Act 2016 with effect from 1 January 2017 until the next Annual General Meeting of the Company.

(Resolution 6)

7. **Authority to continue in office as Independent Non-Executive Directors**

"THAT authority be and is hereby given to Dato' Ir. Zainurin bin Karman who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting."

(Resolution 7)

"THAT subject to the passing of Resolution 1, authority be and is hereby given to Datuk Wira Rahadian Mahmud bin Mohammad Khalil who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years with intervals, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting."

(Resolution 8)

# Notice of Annual General Meeting

8. To transact any other business of the Company of which due notice shall have been received.

By Order of the Board

**MOLLY GUNN CHIT GEOK (MAICSA 0673097)**

**LIM CHOO TAN (LS 0008888)**

Company Secretaries

Penang

Date: 31 July 2017

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## Note A

This Agenda Item is meant for discussion only as the provision of Section 244(2)(a) of the Companies Act 2016 does not require a formal approval of the shareholders and hence is not put forward for voting.

## NOTES

1. A member entitled to attend and vote at the Annual General Meeting shall be entitled to appoint not more than two (2) proxies to attend, participate, speak and vote in his/her stead at the same meeting. A proxy need not be a member of the Company.
2. Where a member appoints two (2) proxies, the appointments shall be invalid unless the percentage of the holding to be represented by each proxy is specified.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee 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.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at Wisma EMC, 972, Jalan Baru, 13700 Prai, Penang not less than forty-eight (48) hours before the time set for holding the Annual General Meeting or any adjournment thereof.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting in accordance with Section 333 of the Companies Act, 2016.
8. Only members registered in the Record of Depositors as at 7 September 2017 shall be eligible to attend the meeting or appoint proxies and vote on their behalf.

# Notice of Annual General Meeting

## EXPLANATORY NOTES ON SPECIAL BUSINESS

1. **Resolution 5 – To approve the payment of Directors’ fees of RM198,000 for the financial year ended 31 March 2017**

The Ordinary Resolution proposed under item 5 of the agenda, if passed, will authorise the payment of the Directors’ fees for the financial year ended 31 March 2017 amounting to RM198,000.

2. **Resolution 6 – To approve the payment of Directors’ benefits of up to RM13,000 in accordance with Section 230(1) of the Companies Act 2016 with effect from 1 January 2017 until the next Annual General Meeting of the Company**

The Ordinary Resolution proposed under item 6 of the agenda, if passed, will authorise the payment of Directors’ benefits of up to RM13,000 in accordance with Section 230(1) of the Companies Act 2016 with effect from 1 January 2017 until the next Annual General Meeting of the Company.

3. **Resolution 7 - Authority to continue in office as an Independent Non-Executive Director**

The Board of Directors has via the Nomination Committee conducted an annual performance evaluation and assessment of Dato’ Ir. Zainurin bin Karman who has served as an Independent Non-Executive Director for a cumulative term of more than nine years. Dato’ Ir. Zainurin bin Karman has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements and the Board considers him to be independent and believes that he should be re-appointed and retained as Independent Non-Executive Director, in particular his experience and contributions to the Board.

4. **Resolution 8 - Authority to continue in office as an Independent Non-Executive Director**

The Board of Directors has via the Nomination Committee conducted an annual performance evaluation and assessment of Datuk Wira Rahadian Mahmud bin Mohammad Khalil who has served as an Independent Non-Executive Director for a cumulative term of more than nine years with intervals. Datuk Wira Rahadian Mahmud bin Mohammad Khalil has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements and the Board considers him to be independent and believes that he should be re-appointed and retained as Independent Non-Executive Director, in particular his experience and contributions to the Board.

## Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

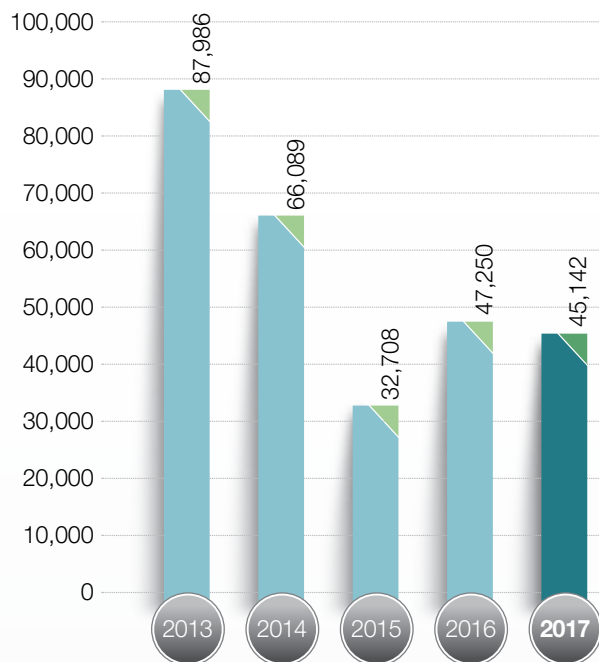
There are no individuals who are standing for election as Director (excluding Directors standing for re-election) at the forthcoming Annual General Meeting.

# Financial Highlights

The Group's Five Year Financial Highlights

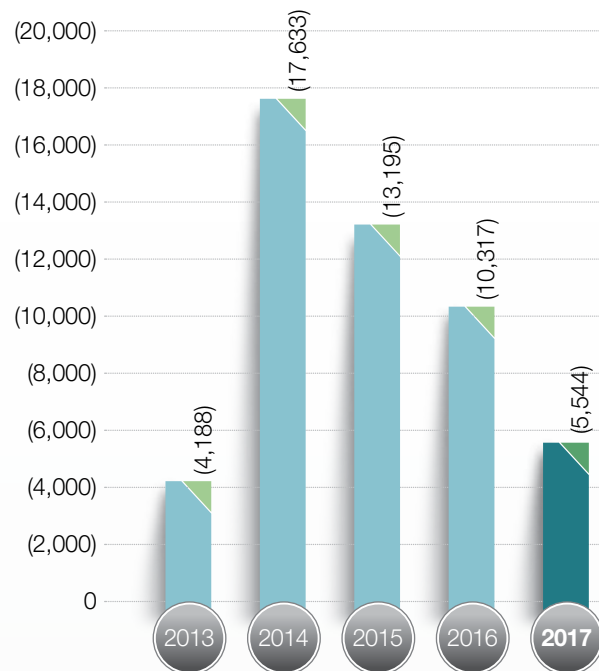
## TURNOVER

(RM'000)



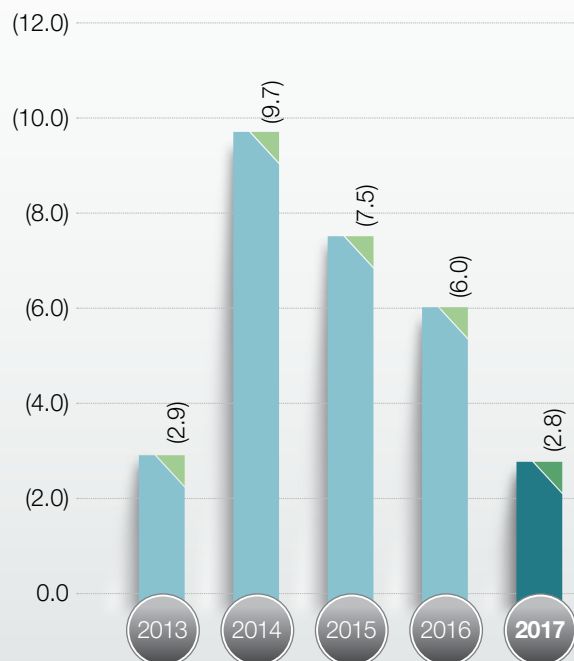
## LOSS BEFORE TAXATION

(RM'000)



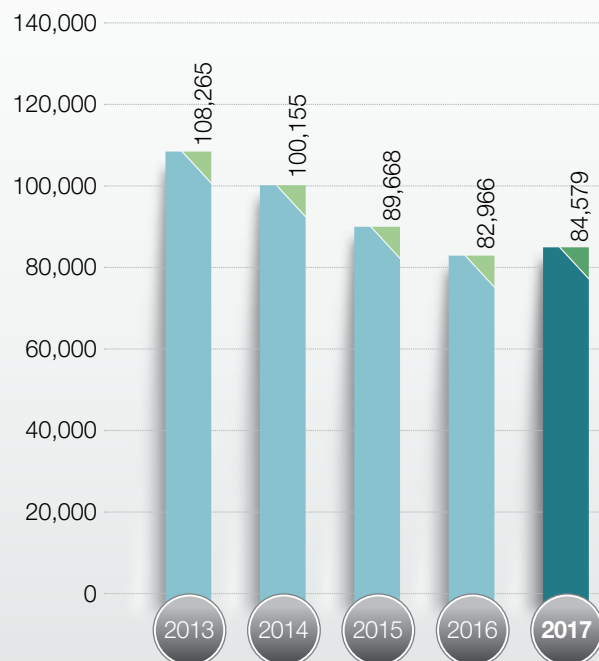
## LOSS PER SHARE

(Sen)



## SHAREHOLDERS' EQUITY

(RM'000)



## BOARD OF DIRECTORS

### Chairman / Independent Non-Executive Director

DATO' Ir. ZAINURIN BIN KARMAN *(Appointed on 26/08/2005)*

### Managing Director

DATO' CHUA TIONG MOON *(Appointed on 23/02/2001)*

### Executive Director

CHU YOKE LOONG *(Appointed on 19/09/2016)*

### Independent Non-Executive Director

DATUK WIRA RAHADIAN MAHMUD BIN MOHAMMAD KHALIL *(Appointed on 23/02/2001)*

LIM THIAN LOONG *(Appointed on 08/12/2010)*

LEE SEE HONG (Ms) *(Appointed on 22/02/2013)*

## AUDIT COMMITTEE

### Chairman

LIM THIAN LOONG

### Members

DATO' Ir. ZAINURIN BIN KARMAN

LEE SEE HONG (Ms)

## NOMINATION COMMITTEE

### Chairman

DATO' Ir. ZAINURIN BIN KARMAN

### Members

LIM THIAN LOONG

LEE SEE HONG (Ms)

## REMUNERATION COMMITTEE

### Chairman

DATO' Ir. ZAINURIN BIN KARMAN

### Members

LIM THIAN LOONG

LEE SEE HONG (Ms)

## COMPANY SECRETARIES

MOLLY GUNN CHIT GEOK (Ms)

(MAICSA 0673097)

LIM CHOO TAN (Ms)

(LS 0008888)

## REGISTERED OFFICE

WISMA EMC

972, JALAN BARU

13700 PRAI

PENANG

TEL : 604-390 3699

FAX : 604-397 9311, 604-390 3636

## SHARE REGISTRAR

TRICOR INVESTOR & ISSUING HOUSE

SERVICES SDN BHD (11324-H)

UNIT 32-01, LEVEL 32, TOWER A

VERTICAL BUSINESS SUITE

AVENUE 3, BANGSAR SOUTH

NO. 8, JALAN KERINCHI

59200 KUALA LUMPUR

TEL : 603-2783 9299

FAX : 603-2783 9222

## AUDITORS

CROWE HORWATH

Kuala Lumpur Office

(Chartered Accountants)

LEVEL 16 TOWER C

MEGAN AVENUE II

12 JALAN YAP KWAN SENG

50450 KUALA LUMPUR

## PRINCIPAL BANKERS

MALAYAN BANKING BERHAD

HONG LEONG BANK BERHAD

## STOCK EXCHANGE LISTING

MAIN MARKET OF BURSA

MALAYSIA SECURITIES BERHAD

STOCK NAME : SANBUMI

STOCK CODE : 9113



# Corporate Structure

As at 31 July 2017



SANBUMI HOLDINGS BERHAD (8386-P)



# Profile of the Board of Directors

## **DATO' Ir. ZAINURIN BIN KARMAN**

Chairman

Gender : Male • Age : 53 • Nationality : Malaysian

Dato' Ir. Zainurin bin Karman is a qualified Civil Engineer graduated from Syracuse University of New York, U.S.A. He is registered as a Professional Engineer with the Board of Engineers, Malaysia, a member of the Institution of Engineers Malaysia and also a member of the Malaysian Water Association. He is currently the Managing Director of RE Consultant Sdn Bhd and he also sits on the Board of Zat Global Sdn Bhd and several other private limited companies.

Dato' Ir. Zainurin bin Karman does not hold any directorship in other public companies and has no conflict of interest with the Company. He does not have any family relationship with any other Directors and/or substantial shareholders of the Company and has no record of convictions for offences within the past five years other than traffic offences, if any.

## **DATO' CHUA TIONG MOON**

Managing Director

Gender : Male • Age : 58 • Nationality : Malaysian

Dato' Chua Tiong Moon is a businessman and has been involved in the timber industry for over 39 years with extensive experience in timber extraction, sawmilling and plywood operations. Besides the timber industry, he has also vast experience being primarily responsible for the operations and financial management of companies involved in property development, manufacturing, quarry business, hospitality services and tourism services. He also sits on the Board of several other private limited companies.

Dato' Chua Tiong Moon has no conflict of interest with the Company. He does not have any family relationship with any other Directors and/or substantial shareholders of the Company and has no record of convictions for offences within the past five years other than traffic offences, if any. He also sits on the Board of Permaju Industries Berhad as Managing Director.

## **CHU YOKE LOONG**

Executive Director

Gender : Male • Age : 48 • Nationality : Malaysian

Chu Yoke Loong is a businessman and has been involved in the construction industry for over 10 years with extensive experience and well developed skills in the operations and management of companies involved in building construction and renovation works. Besides the construction industry, he also has experience in the furniture manufacturing and the timber industries. He is currently the Managing Director of Vital Talent Sdn Bhd and he also sits on the Board of several other private limited companies.

Chu Yoke Loong does not hold any directorship in other public companies and has no conflict of interest with the Company. He does not have any family relationship with any other Directors of the Company and has no record of convictions for offences within the past five years other than traffic offences, if any.

Chu Yoke Loong is the brother of Chu Yoke Fong, a substantial shareholder of the Company.

## **DATUK WIRA RAHADIAN MAHMUD BIN MOHAMMAD KHALIL**

Director

Gender : Male • Age : 43 • Nationality : Malaysian

Datuk Wira Rahadian Mahmud bin Mohammad Khalil is a businessman. He has vast experience being involved in various industries throughout his career with active participation in the construction, property development, timber and manufacturing sectors. He also sits on the Board of several other private limited companies.

Datuk Wira Rahadian Mahmud bin Mohammad Khalil has no conflict of interest with the Company. He does not have any family relationship with any other Directors and/or substantial shareholders of the Company and has no record of convictions for offences within the past five years other than traffic offences, if any. He also sits on the Boards of Permaju Industries Berhad as Chairman, KYM Holdings Berhad, Magna Prima Berhad and AppAsia Berhad.

# Profile of the Board of Directors

## LIM THIAN LOONG

Director

Gender : Male • Age : 53 • Nationality : Malaysian

Lim Thian Loong is an accountant by profession. He is a graduate member of The Chartered Institute of Management Accountants (CIMA), London. He is also a member of the Chartered Global Management Accountants (CGMA), Malaysian Institute of Accountants (MIA) and the Chartered Tax Institute of Malaysia (CTIM). He has over 15 years experience in accounting, auditing and taxation and has been practicing as a sole practitioner under his own firm since 2002. He also sits on the Board of several other private limited companies.

Lim Thian Loong has no conflict of interest with the Company. He does not have any family relationship with any other Directors and/or substantial shareholders of the Company and has no record of convictions for offences within the past five years other than traffic offences, if any. He also sits on the Board of Grand Central Enterprises Berhad.

## LEE SEE HONG (Ms)

Director

Gender : Female • Age : 48 • Nationality : Malaysian

Ms Lee See Hong is a businesswoman with extensive professional and entrepreneurial experiences. She graduated with a Bachelor of Commerce from Flinders University, Australia. She started her career as an Export Manager Trainee in the Omega Lubricant Division of Magna Industrial Co. Ltd. in 1994 and subsequently set up her own business distributing specialized lubricants as well as lubricators that help reduce plant operating costs and provide solutions to various types of lubrication-related problems faced by various major industries throughout Malaysia. She has also successfully set up and operate a lubricant business in Vietnam. She also sits on the Board of several other private limited companies.

Ms Lee See Hong does not hold any directorship in other public companies and has no conflict of interest with the Company. She does not have any family relationship with any other Directors and/or substantial shareholders of the Company and has no record of convictions for offences within the past five years other than traffic offences, if any.

# Profile of Key Senior Management

## **DATO' CHUA TIONG MOON**

Managing Director

Gender : Male • Age : 58 • Nationality : Malaysian

Dato' Chua Tiong Moon was appointed as the Managing Director on 23 February 2001 and has since been primarily responsible for the business operations and financial management of the Company and all its subsidiary companies.

Dato' Chua Tiong Moon is a businessman and has been involved in the timber industry for over 39 years with extensive experience in timber extraction, sawmilling and plywood operations. Besides the timber industry, he has also vast experience being primarily responsible for the operations and financial management of companies involved in property development, manufacturing, quarry business, hospitality services and tourism services.

He sits on the Board of Permaju Industries Berhad as Managing Director and several other private limited companies.

Dato' Chua Tiong Moon has no conflict of interest with the Company. He does not have any family relationship with any other Directors and/or substantial shareholders of the Company and has no record of convictions for offences within the past five years other than traffic offences, if any.

A portrait of Dato' Ir. Zainurin Bin Karman, the Chairman of Sanbumi Holdings Berhad. He is a middle-aged man with short dark hair, wearing glasses, a light-colored suit jacket, a white shirt, and a striped tie. He has his arms crossed and is looking directly at the camera with a slight smile. The background is a blurred office setting.

# Chairman's Statement

On behalf of the Board of Directors of **Sanbumi Holdings Berhad**, I present the Annual Report and the Audited Financial Statements of the Group and of the Company for the financial year ended 31 March 2017.

**DATO' Ir. ZAINURIN BIN KARMAN**  
Chairman / Independent Non-Executive Director

# Chairman's Statement

## GENERAL OVERVIEW

The year 2016 was reported to have recorded the lowest growth since the last Global Financial Crisis. The moderation in growth was driven by subdued investment activities and weak commodity prices with sustainable recoveries an elusive goal amid heightened political and policy uncertainties in the major economies. [Source: BNM Annual Report 2016]

The Malaysian economy was reported to have recorded a commendable growth of 4.2% in 2016 (2015: 5.0%) amid the confluence of a challenging global economic landscape, higher cost of living, weakening consumer sentiments and the high volatility and prolonged underperformance of the ringgit. Nonetheless, the strong fundamentals and diverse source of growth within the Malaysian economy had accorded it the ability to weather the adverse impact. [Source: BNM Annual Report 2016]

As for the Malaysian tourism industry, 2016 showed signs of recovery with tourist arrivals reported to have grown by 4%. The ASEAN region continued to be the largest contributor with 75.8% share of the total arrivals. China remained as one of the top 10 tourist generating markets to Malaysia with an approximate 2.1 million (2015: 1.6 million) tourist arrivals. Improved flight accessibility and travel facilitation as well as favourable foreign exchange rates mainly contributed towards the stronger performance. [Source: Media Centre of Tourism Malaysia]

## GROUP FINANCIAL PERFORMANCE OVERVIEW

The tourism business segment remained as the core business of the Sanbumi Group for the financial year ended 31 March 2017. The tourism business segment of the Sanbumi Group is and has been since its inception almost entirely designed and structured to cater for inbound tourists from China.

The financial year ended 31 March 2017 was relatively encouraging but continued to be challenging for the Sanbumi Group as its core tourism business experienced a fluctuating tourist arrival pattern. Despite reports of increase in total arrival volume of China tourists to Malaysia, the immense pressure of competition within the industry made it difficult in securing these group arrivals.





# Chairman's Statement



The Sanbumi Group's revenue for the current financial year stood at approximately RM45.14 million with a total arrival volume of 219,310 persons as compared to approximately RM47.25 million with a total arrival volume of 225,311 achieved in the preceding corresponding financial year. The 'Tourism' segment continued to be the core segment contributing 98.89% (2016: 98.85%) to the total revenue with the 'Others' segment providing the remainder. The decline in revenue for the current financial year was directly attributed by the drop in tourist arrival volume to the Sanbumi Group.

The Sanbumi Group's loss before tax for the current financial year stood at RM5.54 million (2015: RM10.32 million) with rental, depreciation and staff costs as its major components of expenditures. The lower loss before tax for the current financial year was mainly attributed by the decrease in the major expenditure components coupled with nil impairment losses recognized on property, plant and equipment.

## OUTLOOK

The challenging global economic and financial landscape will be a key factor that will influence the prospects of the Malaysian economy in 2017. The Malaysian economy will remain affected by growth prospects of its key trading partners, major commodity prices, conditions within the financial markets and the state of investor and consumer confidence. Nonetheless the Malaysian economy is expected to grow by 4.3% - 4.8% (2016: 4.0% - 4.5%) in 2017 with services sector and manufacturing sector remain as key drivers of overall growth. [Source: BNM Annual Report 2016].

The Sanbumi Group, despite all the challenges, has remained resilient and is confident that this persistence will continue help it to remain focused. With the tourist arrivals from China showing continued signs of improvements, Sanbumi Group hopes that this will provide a window of opportunity for it to improve further the financial performances of its tourism segment in the next financial year. Similarly, in moving forward Sanbumi Group hopes that all efforts put in the drive towards venturing into the property development and investment business will materialize soon and it will help reduce the high dependence on the tourism business segment.



## CORPORATE RESPONSIBILITY

As a responsible corporate citizen, Sanbumi Group is aware of the possible adverse impact, if any, arising from its operations to the society and is committed to work towards minimising any adversities without compromising the interests of its shareholders, customers and employees. Through proper corporate governance, Sanbumi Group works to ensure that its businesses are conducted in compliance with all applicable legal and regulatory requirements. Despite the challenges, Sanbumi Group continues to work towards adding value to investments for its shareholders, fulfilling customer demands and provide for its employee needs within its means. Sanbumi Group provides fair opportunity to all employees and does not subscribe to discrimination in any form against gender, race, religion or age throughout the organization.

In the spirit of fulfilling its social responsibility to the community, Sanbumi Group extends financial support by way of sponsorships and donations towards community related activities, education and charity. The Group is also committed to participate in the scholarship award programme called Project CHange administered by Messrs Crowe Horwath with the sponsor of RM10,000 per annum towards the cost of tuition fee to one deserving student undertaking a study course in a local institute of higher learning.

## APRECIATION

On behalf of the Board, I wish to express my sincere gratitude to the management team and all employees of the Company and the Group for their commitment and dedication in performing their duties and responsibilities.

I would also wish to thank our shareholders, bankers, customers and business associates for all the support and cooperation extended and look forward to their continued support.

**Dato' Ir. Zainurin bin Karman**  
Chairman



# Management Discussion and Analysis

Sanbumi Holdings Berhad (“SHB or Company”) is principally engaged in the business of investment holding. The principal activities of SHB and its subsidiary companies (“Sanbumi Group”) are generally organized into the following two distinct business segments:-

<ul style="list-style-type: none"> <li>• Tourism Services</li> </ul>	Comprises of businesses in the hospitality services, inbound and outbound tours and ticketing services and tourism related retail outlets.
<ul style="list-style-type: none"> <li>• Others</li> </ul>	Comprises of investment holding, trading of timber products and other trading and services, neither of which is of a sufficient size to be reported separately.

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

## BUSINESS OVERVIEW AND GROUP FINANCIAL PERFORMANCE

The tourism business segment remained as the core business segment of Sanbumi Group throughout the financial year ended 31 March 2017. The tourism business segment is and has been since its inception almost entirely designed and structured to cater for inbound tourists from China.

The financial year ended 31 March 2017 (“FY2017”) was relatively encouraging as Sanbumi Group managed to reduce its reported pre-tax losses to RM5.54 million as compared to the pre-tax losses of RM10.32 million reported in the preceding year. FY2017 continued to be a challenging year for Sanbumi Group as its core tourism business experienced a fluctuating tourist arrival pattern despite reports of increase in total arrival volume of China tourists to Malaysia. The impact of the regional economic conditions had led to immense pressure of competition within the industry, making it extremely challenging and difficult to secure the tourist arrivals.



## OPERATIONS REVIEW

### Tourism Services Segment

The ‘Tourism Services’ segment, being the core business segment for Sanbumi Group contributed 98.89% (2016: 98.85%) of the total revenue with the ‘Others’ segment providing the remainder. The Tourism Services segment registered a revenue from external sales of approximately RM44.6 million at the backdrop of a total arrival volume of 219,310 persons for the current financial year as compared to approximately RM46.7 million with a total arrival volume of 225,311 persons registered in the preceding financial year. The immense pressure of competitions within the industry had directly attributed to the drop in tourist arrival volume to Sanbumi Group resulting in decline in revenue for the current financial year.

Despite the lower revenue, the Tourism Services segment managed to record a lower pre-tax loss of approximately RM4.4 million for the current financial year as opposed to the pre-tax loss of approximately RM8.5 million recorded in the preceding financial year. The lower pre-tax loss was mainly attributable to the decrease in the major expenditure components such as depreciation and staff costs coupled with no impairment losses recognized on property, plant and equipment which collectively accounted for a charge of approximately RM8.0 million (2016: RM11.9 million) to the segments statement of comprehensive income.

# Management Discussion and Analysis

## OPERATIONS REVIEW (CONT'D)

### Others Segment

This segment comprises of other businesses of the Group, neither of which are of a sufficient size to be reported separately. The Group's Others Segment registered an annual revenue from external sales of approximately RM0.5 million (2016: RM0.5 million) and a pre-tax loss of approximately RM1.1 million (2016: RM1.8 million) for the current financial year.

## CORPORATE DEVELOPMENT

On 28 June 2016, the Company announced that the issue price for the Private Placement of 52,240,000 new shares of RM0.10 each in the Company was fixed at RM0.115 per placement share. On 13 July 2016, the Company announced that the Private Placement was completed following the listing and quotation of the placement shares on the Main Market of Bursa Malaysia Securities Berhad. The 52,240,000 placement shares raised a total capital of RM6,007,600 for the Company and is to be allocated in accordance with the approved utilisation plan.

As at the date of this statement the Company has no other corporate proposals announced, issued or pending completion.



## MOVING FORWARD

Sanbumi Group has weathered the storm over the years and is aware of the challenges in the global economic and financial landscape and the possible impact that may arise due to its uncertainties. Despite the forthcoming challenges, Sanbumi Group is confident that its resilience and persistence will continue and help it to remain focused. With the tourist arrivals from China showing continued signs of improvements, Sanbumi Group hopes that this will provide a window of opportunity for its core Tourism Services segment to improve further its financial performances in the next financial year.

Moving forward, Sanbumi Group also hopes that efforts put in the drive towards venturing into the property development and investment business will enable Sanbumi Group to be ready and able to take full advantage of the impending improvements in the property market sentiments and provide a new platform for revenue generation and help eliminate or reduce the risks of high dependence on the Tourism Services business segment.

# Corporate Governance Statement

The Malaysian Code on Corporate Governance 2017 (“the Code”) which took effect on 26 April 2017, takes on a new approach to promote greater internalization of corporate governance culture.

The Board of Directors (“the Board”) of Sanbumi Holdings Berhad has always been supportive of the adoption of the principles as set out in the Code. The Board is committed to ensure that the highest standards of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders’ value and the performance of the Company.

The Board is pleased to report to shareholders on the manner the Group has applied the (3) main principles known as Board Leadership and Effectiveness (Principle A), Effective Audit and Risk Management (Principle B) and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders (Principle C) throughout the financial year ended 31 March 2017.

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## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### Board Responsibilities

#### **1.0 Every company is headed by a Board, which assumes responsibility for the company’s leadership and is collectively responsible for meeting the objectives and goals of the company.**

- (i) The Board consists of members from different backgrounds and diverse expertise in leading and directing the Group’s business operation. The Board is responsible for the control and proper management of the Company. The Board has delegated specific responsibilities to three main committees namely the Audit, Remuneration and Nomination Committees, which operate within the defined constitution or terms of reference approved by the Board. These Committees have the authority to examine particular issues and report to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however lies with the entire Board.
- (ii) The roles of the Chairman and the Managing Director as well as the terms of reference of the committees are mentioned in detail in the Board Charter which is made available in the Company’s website [www.sanbumi.com.my](http://www.sanbumi.com.my).
- (iii) The Group is led and controlled by an experienced Board, many of whom have intimate knowledge of the business. There is a clear division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority. The management of the Group’s business and implementation of policies and day-to-day running of the business is delegated to the Executive Directors. The Independent Non-Executive Directors provide unbiased and independent views to safeguard the interests of shareholders.

The Chairman and the Group Managing Director are held by different individuals. The Chairman is an Independent Non-Executive Member of the Board.

The role of the Chairman and the Group Managing Director are clearly distinct for effective balance of power and authority because the positions are held by two different individuals. The Chairman is primarily responsible for ensuring Board’s effectiveness and conduct. He ensures that all relevant issues and quality information to facilitate decision making and effective running of the Group’s business are included in the meeting agenda.

The Group Managing Director is responsible for the daily management of the Group’s operations and implementation of the Board’s policies and decisions. He is responsible for communicating matters relating to the Group’s business affairs and issues to the Board. His vast experience, business knowledge and skills contributed significantly towards the attainment of the Group’s goals and objectives.

The role of the Chairman and the Managing Director are mentioned in details in the Board Charter which is made available in the Company’s website [www.sanbumi.com.my](http://www.sanbumi.com.my).

# Corporate Governance Statement

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Board Responsibilities (Cont'd)

#### 1.0 Every company is headed by a Board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company. (Cont'd)

- (iv) The Board is supported by qualified and experienced named company secretaries who facilitate overall compliance with the Main Market Listing Requirements of Bursa Securities ("MMLR") and other relevant laws and regulations.

One Company Secretary is a Fellow of the Malaysian Institute of Chartered Secretaries and Administrators while the other is licensed by the Companies Commission of Malaysia.

The company secretaries play important roles by ensuring adherence to the Board policies and procedures from time to time.

The Company Secretaries carry out the following tasks:

- Attend and ensure proper conduct and procedures at all Board Meetings, Board Committee Meetings, Annual General Meeting ("AGM"), Extraordinary General Meeting ("EGM") and any other meetings that require the attendance of Company Secretary and ensure that meetings are properly convened;
  - Ensure that the quarterly financial results, audited financial statements, annual reports, circulars, etc and all relevant announcements are announced to Bursa Malaysia and Securities Commission on a timely basis;
  - Ensure that deliberations at the meetings are well captured and minuted, and subsequently communicated to the relevant Management personnel for necessary actions;
  - Ensure that the Company complies with the Main Market Listing Requirements and the requirements of the relevant authorities;
  - Inform and keep the Board updated of the latest enhancement in corporate governance, changes in the legal and regulatory framework, new statutory requirements and best practices;
  - Keep the Directors and principal officers informed of the closed period for trading in the Company's shares; and
  - Ensure proper record and maintenance of the Company's proceedings, resolutions, statutory records, register books and documents.
- (v) The Board meets on a quarterly basis and additionally as and when required. All Directors are provided with an agenda and a set of board papers issued at least seven (7) days from the date of Board Meetings by courier service as well as e-mails where specifically requested so as to ensure that the Directors can appreciate the issues to be deliberated and to obtain further explanations, where necessary.

In addition, there is a schedule of matters reserved specifically for the Board's decision, including amongst others, the approval of corporate policies and procedures, Group operational plan and budget, acquisitions and disposals of undertakings and properties that are material to the Group, major investments, changes to management and control structure of the Group, including key policies, procedures and authority limits.

In exercising their duties, the Directors have access to all information within the Company. All Directors have access to the advice and services of the Company Secretaries and are updated on new statutory regulations or requirements concerning their duties and responsibilities. They may obtain independent professional advice at the Company's expense in furtherance of their duties.

The Board also ensures that the minutes of meetings accurately reflect the deliberations and decisions of the board, including whether any director abstained from voting or deliberating on a particular matter. Upon conclusion of the meeting, the Board also ensures the minutes are circulated in a timely manner.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Board Responsibilities (Cont'd)

#### **2.0 There is demarcation of responsibilities between the Board, Board Committees and Management. There is clarity in the authority of the Board, its Committees and individual directors.**

The Board has formally established a Board Charter that clearly sets out the roles and responsibilities, composition and processes related to key governance activities. The Board will periodically review the Board Charter which is published on the corporate website: [www.sanbumi.com.my](http://www.sanbumi.com.my). The Board last reviewed the Board Charter on 11 July 2016.

#### **3.0 The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The Board, Management, Employees and other Stakeholders are clear on what is considered acceptable behaviour and practice in the company.**

- (i) The Board has formalised a Code of Conduct for its directors which is incorporated in the Board Charter. The Board would periodically review the said Code of Conduct.
- (ii) The Board encourages employees to report genuine concerns in relation to breach of a legal obligation (including negligence, criminal activity, breach of contract and breach of law), miscarriage of justice, danger to health and safety or to the environment.

The Group has established a Whistleblowing Policy underlining its objectives, scope of policy, Policy Statement, reporting procedures and action in the Board Charter.

- (iii) The Company also gives attention to the environment, social and governance (ESG) aspects of doing business in the future to ensure long-term viability and sustainability of the Company's business.

### Board Composition

#### **4.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights.**

- (i) The Board currently consists of two Executive Directors and four Independent Non-Executive Directors. The composition of the Board complies with paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB").

The Group is led and controlled by an experienced Board, many of whom have vast knowledge of the business. There is a clear division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority. The management of the Group's business and implementation of policies and day-to-day running of the business is delegated to the Executive Directors. The Independent Non-Executive Directors provide unbiased and independent views to safeguard the interests of shareholders.

The Board considers that the current size of the Board is adequate and facilitates effective decision-making. The Nomination Committee has reviewed the present composition of the Board and the three main existing committees and is satisfied that they have adequately carried out their functions within their scope of work.

The Board will take steps to ensure their compliance with the code requirements to have at least half of the board comprises of the Independent Director.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Board Composition (Cont'd)

#### 4.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights. (Cont'd)

- (ii) The Board is aware of the tenure of an Independent Director which should not exceed a cumulative term of nine (9) years and upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the Board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval.

If the Board continues to retain the independent director after the twelfth year, the Board should seek annual shareholders' approval through a two-tier voting process. For resolution(s) requiring 'two-tier voting' process, the effective date will be for resolution(s) to be tabled at general meetings after 1 January 2018.

Presently, there are two Independent Directors of the Company, namely Datuk Wira Rahadian Mahmud bin Mohammad Khalil and Dato' Ir Zainurin bin Karman whose tenure have exceeded a cumulative term of twelve (12) years each.

Letters of support from the Managing Director recommending Datuk Wira Rahadian Mahmud bin Mohammad Khalil and Dato' Ir Zainurin bin Karman who have served on the Board as Independent Non-Executive Directors of the Company to be retained as Independent Non-Executive Directors of the Company were tabled at the Nomination Committee Meeting held on 27 May 2016. The Nomination Committee members reviewed the letters of support and were satisfied that Datuk Wira Rahadian Mahmud bin Mohammad Khalil and Dato' Ir Zainurin bin Karman still maintain their independency despite their long service extended to the Company and recommended to the Board to seek for shareholders' approval at the Annual General Meeting held on 15 September 2017.

- (iii) The Board also recognises the importance of independence and objectivity in the decision-making process. The Board is committed to ensure that the independent directors are capable to exercise independent judgment and act in the best interests of the Group.

The Independent Directors of the Company fulfill the criteria of "Independence". They act independently of management and are not involved in any other relationship with the Group that may impair their independent judgment and decision making.

Each Director has a continuing responsibility to determine whether he has a potential or actual conflict of interest in relation to any material transactions. Such a situation may arise from external associations, interests or personal relationships.

The Director is required to immediately disclose to the Board and to abstain from participating in discussions, deliberations and decisions of the Board on the respective matters.

The Board, via Nomination Committee has developed the criteria to assess independence and formalised the current independence assessment practice.

Each independent director completed their own Independent Director checklist. The Nomination Committee carried out the assessment of the Independent Directors at its meeting on 27 May 2016. Each independent director abstained from deliberation on his own assessment. The Nomination Committee was satisfied that the Independent Directors still maintain their independence.



## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Board Composition (Cont'd)

#### 4.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights. (Cont'd)

- (iv) The Board appoints its members through a formal and transparent selection process, which is consistent with the Articles of Association of the Company. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the Nomination Committee after taking into consideration the candidates' skills, knowledge, expertise, experience, professionalism and integrity and women candidates shall be sought as part of its recruitment exercise. For the position of independent non-executive directors, the Nomination Committee will evaluate the candidates' ability to discharge such responsibilities as expected from independent non-executive directors. The Nomination Committee shall also consider candidates for directorships proposed by the Managing Director and within the bounds of practicality, by any other senior management or any director or shareholder. The Nomination Committee will then recommend the candidates to be approved and appointed by the Board. The Company Secretaries will ensure all appointments are properly made and that legal and regulatory requirements are met.
- (v) The re-election of the Board also done in accordance with the Company's Articles of Association, one-third (1/3) of the Directors for the time being or, if their number is not a multiple of three (3), the number nearest to one-third (1/3) with minimum of one (1), shall retire from office and an election of Directors shall take place. The Articles further provide that each Director shall retire once in every three (3) years but shall be eligible for re-election.

Newly appointed directors shall hold office only until the next annual general meeting and shall be eligible for re-election.

The election of each director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meetings attendance and their shareholdings in the Group of each Director standing for election are furnished in the Annual Report accompanying the Notice of Annual General Meeting ("AGM").

The Nomination Committee is also responsible for recommending to the Board those Directors who are eligible to stand for re-election/re-appointment. The Nomination Committee assessed and was satisfied and made recommendations to the Board for their re-election/re-appointment with regards to the re-election of the two (2) directors, namely Datuk Wira Rahadian Mahmud bin Mohammad Khalil and Ms Lee See Hong who are due for retirement but shall be eligible for re-election pursuant to Article 93 of the Company's Articles of Association at the forthcoming AGM. Mr Chu Yoke Loong who was appointed on 19 September 2016 would also be due for retirement but shall be eligible for re-election pursuant to Article 100 of the Company's Articles of Association.

The profiles of these Directors are set out on pages 8 to 9 of the Annual Report.

- (vi) The Board acknowledges the importance of boardroom diversity and is supportive of the recommendation of MCCG 2017. The Board currently has one female director.

The Company currently does not have any gender, ethnicity and age policy or target. The evaluation of the suitability of candidates as the new Board member is based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Company. Nevertheless, the Board is supportive of gender diversity in the boardroom as recommended by the Code to promote the representation of women in the composition of the Board. The Board will endeavor to ensure that gender, ethnicity and age diversity will be taken into account in nominating and selecting new Directors to be appointed to the Board.

# Corporate Governance Statement

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Board Composition (Cont'd)

#### 4.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights. (Cont'd)

- (vii) All directors of the Company do not hold more than 5 directorships under paragraph 15.06 of the Main Market Listing Requirements.

The annual calendar of at least four (4) meetings is agreed at the beginning of each year, with additional meetings convened as and when necessary. Besides Board meetings, the Board also exercises control on matters that require Board's approval through Directors' Circular Resolutions. Amongst others, key matters such as approval of annual and quarterly results, financial statements, major acquisitions and disposals, major investments, appointment of Directors are discussed and decided by the Board.

The dates scheduled for Board meetings, Board Committee meetings and Annual General Meeting are set in advance and circulated to the Directors to facilitate the Directors' time planning. The Directors' Circular Resolutions are used for determination of urgent matters arising in between meetings. In accordance with Article 103 of the Articles of Association of the Company, a signed and approved resolution by the majority of the Directors shall be valid and effectual as if it had been passed at a meeting of the Directors.

During the financial year ended 31 March 2017, five (5) Board Meetings were held. The attendance record of each Director is as follows:-

Board of Directors' Meeting		May '16	Jul '16	Aug '16	Nov '16	Feb '17	Total	%
Directors	Position	Attendance						
Dato' Ir. Zainurin bin Karman	Chairman	•	•	•	•	•	5/5	100
Dato' Chua Tiong Moon	Managing Director	•	•	•	•	•	5/5	100
Lim Thian Loong	Director	•	•	•	•	•	5/5	100
Datuk Wira Rahadian Mahmud bin Mohammad Khalil	Director	X	•	•	•	•	4/5	80
Lee See Hong	Director	•	•	•	•	•	5/5	100
Chu Yoke Loong (Appointed on 19 September 2016)	Executive Director				•	•	2/2	100

Total number of meetings held:

5



# Corporate Governance Statement

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Board Composition (Cont'd)

#### 4.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights. (Cont'd)

- (viii) As required under the Main Market Listing Requirements of Bursa Securities, all the Directors have attended the Directors' Mandatory Accreditation Programme. The Directors will continue to attend various professional programmes necessary to enhance their professionalism in the discharge of their duties.

During the financial year ended 31 March 2017, the Directors have evaluated their own training needs on a continuous basis and attended the following:-

<b>Dato' Chua Tiong Moon</b>	
• Positioning A Strong Board Risk Oversight Role Beyond Financial Performance	26 August 2016
<b>Datuk Wira Rahadian Mahmud bin Mohammad Khalil</b>	
• Positioning A Strong Board Risk Oversight Role Beyond Financial Performance	26 August 2016
<b>Dato' Ir. Zainurin bin Karman</b>	
• Positioning A Strong Board Risk Oversight Role Beyond Financial Performance	26 August 2016
<b>Lim Thian Loong</b>	
• Future of Auditor Reporting - The Game Changer for Boardroom	27 June 2016
• Positioning A Strong Board Risk Oversight Role Beyond Financial Performance	26 August 2016
<b>Lee See Hong</b>	
• Future of Auditor Reporting - The Game Changer for Boardroom	27 June 2016
• Positioning A Strong Board Risk Oversight Role Beyond Financial Performance	26 August 2016
<b>Chu Yoke Loong</b>	
• Mandatory Accreditation Programme	7-8 November 2016

- (ix) The Nomination Committee of the Company consists of not less than three (3) members and all members are Non-Executive Directors and are independent. The present members of the Nomination Committee are Dato' Ir. Zainurin bin Karman (Independent Non-Executive Director) who is the Chairman, Mr Lim Thian Loong (Independent Non-Executive Director) and Ms Lee See Hong (Independent Non-Executive Director).

The Nomination Committee assists the Board on the following functions:

- (1) to review regularly, and at least not less than once a year, the structure, size and composition of the Board and make recommendation to the Board as regards any changes that may, in their view, be beneficial to the company as well as review on its compositions;
- (2) to review the required mix of skills, experience and core competencies which Non-Executive Directors bring to the Board;
- (3) to implement a process, to be carried out annually, to assess the effectiveness of the Board as a whole, committees of the Board and the contribution of individual directors. Every Board member carried out self-assessment on their respective evaluation;
- (4) to be responsible for identifying and recommending to the Board candidates to fill Board vacancies;
- (5) to recommend to the Board directors who are retiring by rotation to be put forward for re-election;

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Board Composition (Cont'd)

#### 4.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights. (Cont'd)

- (6) to do an annual assessment of independence of its Independent directors and also ensure that the tenure of the Independent Directors do not exceed a cumulative term of nine years and to recommend to the Board to seek shareholders' approval at the forthcoming AGM for a Director who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years to continue to be an Independent Non-Executive Director; and
- (7) to conduct annual review on the Board members and Managing Director on the required mix of skills, character, experience, integrity, competence and time to effectively discharge their roles.

#### 5.0 Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

The Company conducts an Annual Assessment to evaluate the board effectiveness as well as the Committees and each individual Director.

- (1) Every Board member carried out his/her own self-assessment by completing a Director's Performance Evaluation Self-Assessment Form to assess their own level of competencies in integrity, commitment and ethics, governance, business acumen, judgement and decision making, communication, strategic perspective, teamwork and leadership. The Board member would give positive feedback and comment which could assist the Board as a whole and its members in their performance in the areas of competencies, conformance and/or compliance and improve effectiveness. The Board member would identify their key industry knowledge or skills which they could contribute to the Company. The Nomination Committee evaluated the Director's Self-Assessment Forms at the Nomination Committee Meeting held on 27 May 2016.
- (2) The Audit Committee and the Remuneration Committee each carried out its evaluation with the view to maximize the performance of the individual committees in the interest of the Company. Each Chairman of the committee completed the assessment forms which cover the purpose, composition and process of the respective committees. The Nomination Committee evaluated both committees at the Nomination Committee Meeting held on 27 May 2016.
- (3) The Nomination Committee reviewed the terms of office and performance of the Audit Committee and each of its members at its meeting held on 27 May 2016. As the members of the Nomination Committee and Audit Committee comprise the same members, each member abstained from their own deliberation as members of the Audit Committee. The Nomination Committee was satisfied with the performance of the Audit Committee and hence, all the existing Audit Committee remains status quo.

# Corporate Governance Statement

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Board Composition (Cont'd)

#### 5.0 Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors. (Cont'd)

During the financial year, the Nomination Committee had assisted the Board on the following functions:

- (1) reviewed the terms of reference;
- (2) reviewed the structure, size and composition of the Board and made recommendation to the Board as regards any changes that may, in their view, be beneficial to the Company;
- (3) reviewed the required mix of skills, experience and core competencies which Non-Executive Directors bring to the Board;
- (4) implemented a process, assessed the effectiveness of the Board as a whole, committees of the Board and the contribution of individual directors;
- (5) recommended to the Board directors who are retiring by rotation to be put forward for re-election;
- (6) reviewed and recommended to the Board to seek shareholders' approval at the forthcoming AGM for a Director who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years to continue to be an Independent Non-Executive Director;
- (7) assessed the independence of each of the existing Independent Directors with each director abstaining from deliberation on his own assessment; and
- (8) reviewed the terms of office and performance of the Audit Committee and each of its members.

During the financial year ended 31 March 2017, the Nomination Committee had two (2) meetings:

Nomination Committee Meeting		May '16	Aug '16		
Directors	Position	Attendance		Total	%
Dato' Ir. Zainurin bin Karman	Chairman	•	•	2/2	100
Lim Thian Loong	Member	•	•	2/2	100
Lee See Hong	Member	•	•	2/2	100

Total number of meetings held:

2

# Corporate Governance Statement

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Remuneration

**6.0 The level and composition of remuneration of Directors and Senior Management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives. The Remuneration policies and decisions are made through a transparent and independent process.**

(i) Remuneration Committee

The Remuneration Committee comprises Dato' Ir. Zainurin bin Karman (Independent Non-Executive Director) who is the Chairman, Mr Lim Tian Loong (Independent Non-Executive Director) and Ms Lee See Hong (Independent Non-Executive Director).

During the financial year ended 31 March 2017, the Remuneration Committee had two (2) meetings:

Remuneration Committee Meeting		Nov '16	Feb '17		
Directors	Position	Attendance		Total	%
Dato' Ir. Zainurin bin Karman	Chairman	•	•	2/2	100
Lim Tian Loong	Member	•	•	2/2	100
Lee See Hong	Member	•	•	2/2	100

(ii) Remuneration Policy

The Remuneration Committee determines and agrees with the Board the broad policy for remuneration of the Company's Managing Director, Executive Directors and senior members of the Company as the Committee is directed to consider. The Remuneration Committee also determines and recommends to the Board any performance related pay schemes for Executive Directors.

# Corporate Governance Statement

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### 7.0 Stakeholders are able to assess whether the remuneration of Directors and Senior Management is commensurate with their individual performance, taking into consideration the Company's performance.

#### (i) Directors' Remuneration

The aggregate remuneration of the Directors received from the Company and the Group for the financial year ended 31 March 2017 is set out below:-

#### A. Aggregate Remuneration

	Company		Group	
	Executive Directors RM	Non-Executive Directors RM	Executive Directors RM	Non-Executive Directors RM
Salary	390,000	-	450,000	-
Fees	54,000	144,000	54,000	144,000
Bonus	25,000	-	25,000	-
Other emoluments	74,421	-	82,065	-
<b>Total</b>	<b>543,421</b>	<b>144,000</b>	<b>611,065</b>	<b>144,000</b>

#### B. Band (RM)

Band (RM)	Company		Group	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
RM50,000 and below	-	4	-	4
RM50,001 - RM100,000	-	-	-	-
RM100,001 - RM150,000	1	-	-	-
RM150,001 - RM200,000	-	-	1	-
RM200,001 - RM250,000	-	-	-	-
RM250,001 - RM300,000	-	-	-	-
RM300,001 - RM350,000	-	-	-	-
RM350,001 - RM400,000	-	-	-	-
RM400,001 - RM450,000	1	-	1	-
<b>Total</b>	<b>2</b>	<b>4</b>	<b>2</b>	<b>4</b>

The Board is of the opinion that it is inappropriate to disclose the remuneration of individual Directors and has opted not to do so.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### Audit Committee

#### **8.0 There is an effective and independent Audit Committee. The Board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.**

- (i) The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements and quarterly announcement of financial results. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.
- (ii) The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their results and cash flows for the financial year then ended. In preparing the financial statements, the Directors have ensured that Applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 2016 and the Listing Requirements of the Bursa Securities have been applied.

In preparing the financial statements, the Directors have selected and applied consistently appropriate accounting policies and made reasonable and prudent judgments and estimates where applicable.

The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Board is satisfied that it has met its obligation to present a balanced and comprehensive assessment of the Company's position and prospects in the Directors' Report and the Financial Statements of this Annual Report.

- (iii) An internal compliance framework exists to ensure that the Group meets its obligations relating to related party transactions under the Listing Requirements. The Board through its Audit Committee, reviews and reports to the Board any related party transactions (including recurrent related party transactions) and conflict of interest situations that may arise within the Company or Group. A Director who has an interest in a transaction must abstain from deliberation and voting on the relevant resolution in respect of such transaction at the Board and any general meeting convened to consider such matters.

# Corporate Governance Statement

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

### Audit Committee (Cont'd)

#### 8.0 There is an effective and independent Audit Committee. The Board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information. (Cont'd)

- (iv) The Audit Committee assesses the suitability and independence of the external auditors on an annual basis. Areas of assessment including amongst others, the external auditor's objectivity and independence, audit fees, size and competency of the audit team, audit strategy, audit reporting and partner involvement. The inputs / opinions from the Company's personnel who had constantly contacted the external audit team throughout the year would also be used as a tool in the judgement of the suitability of the external auditor.

The External Auditors, in supporting their independence, will provide the Audit Committee with a written assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. The External Auditors have provided such declaration in their annual audit plan presented to the Audit Committee of the Company during the financial year.

The external auditors of the Company fulfill an essential role on behalf of Company's shareholders in giving an assurance to the shareholders on the reliability of the financial statements of the Company and the Group.

The external auditors have an obligation to bring to the attention of the Board of Directors, the Audit Committee and Company management any significant defects in the Group's systems of reporting, internal control and compliance with Applicable Approved Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The external auditors of the Company are invited to attend at least two (2) meetings with the Audit Committee a year to discuss their audit plan and audit findings on the Company's yearly financial statements. In addition, the Audit Committee will also have private sessions with the external auditors without the presence of the management to enable exchange of views on issues requiring attention.

During the financial year, the amount of audit fee and non-audit fee paid to the External Auditors by the Company and the Group for the financial year ended 31 March 2017 were as follows:-

	Group (RM)	Company (RM)
Audit Fees	188,000	55,000
Non-Audit Fees	3,000	3,000

The non-audit fees were in respect of annual review of the Risk Management and Internal Control Statement.

In considering the nature and scope of non-audit fees, the Audit Committee was satisfied that they were not likely to create any conflict or impair the independence and objectivity of the External Auditors.

The Audit Committee and the Board are satisfied with the performance, competence and independence of the external auditors and the Board had recommended their re-appointment for shareholders' approval at the forthcoming Annual General Meeting.

The key features underlying the relationship of the Audit Committee with external auditors are included in the Audit Committee's terms of reference as detailed in Audit Committee section of this Annual Report.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

### Risk Management and Internal Control Framework

**9.0 Company makes informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives. The Board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.**

- (i) The Board continues to review and evaluate the effectiveness of the Group's systems of internal control to safeguard the shareholders' investment and the Group's assets. These controls provide reasonable but not absolute assurance against material misstatement, loss or fraud.
- (ii) The Company has in place an on-going process for identifying, evaluating and managing key risks that may affect the achievement of the business objectives of the Group. Towards cultivating a sustainable risk management culture, risk management principles and practices are embedded into existing key processes across different functions within the Group.

**10.0 Company has an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.**

- (i) The Group's internal audit function is carried out by outsourced external consultants who assist the Audit Committee and Board in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's governance, risk management and internal control processes.

The information on the Group's internal control is presented in the Statement on Risk Management & Internal Control set out on pages 39 to 40 of this Annual Report.

- (ii) The Board ensures that the disclosure of material information pertaining to the Group's performance and operations to the public is in accordance with the disclosure requirements under the MMLR of Bursa Securities and other applicable laws and regulations. Confidential information is restricted to top management only. Selected members of top management are responsible for making disclosures and responding to market rumours and queries.
- (iii) The Board has established a dedicated section for corporate information on the Company's website where information on the Company's announcements, financial information, share prices and analysts' reports can be accessed.

Shareholders and members of the public are invited to access the Company's website at [www.sanbumi.com.my](http://www.sanbumi.com.my) and Bursa Securities website at [www.bursamalaysia.com](http://www.bursamalaysia.com) to obtain the latest information on the Group.



## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### Communication with Stakeholders

#### **11.0 There is continuous communication between the Company and Stakeholders to facilitate mutual understanding of each other's objectives and expectations. Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.**

The Company recognises the importance of timely and thorough dissemination of information on all material business and corporate developments to shareholders and investors.

The Company keeps shareholders informed by announcements and timely release of quarterly financial results through Bursa Link, press releases, annual report and circular to shareholders.

Any query and concern regarding the Group may be conveyed to the following person:-

Dato' Ir. Zainurin bin Karman	:	Senior Independent Non-Executive Director
Telephone number	:	04-390 3699
Facsimile number	:	04-397 9311

### Conduct of General Meetings

#### **12.0 Shareholders are able to participate, engage the Board and Senior Management effectively and make informed voting decisions at General Meetings.**

- (i) The Annual General Meeting ("AGM") is the principal forum for dialogue and interaction with individual shareholders and investors where they may seek clarifications on the Group's businesses. Shareholders are notified of the meeting and provided with a copy of the Company's Annual Report 21 days before the meeting. All Directors are available to provide responses to questions from shareholders during this meeting. External Auditors are also present to provide their professional and independent clarification on issues and concerns raised by shareholders. In the event that an answer cannot be readily given at the meeting, the Chairman will undertake to provide a written reply to the shareholder.
- (ii) All resolutions set out in the notice of general meetings will be carried out by poll voting. The Board makes an announcement of the detailed results showing the number of votes cast for and against each resolution at general meetings for shareholders' information.

This Statement was approved by the Board of Directors on 6 July 2017.

# Additional Compliance Information

## During the financial year:

### a) Utilisation of proceeds raised from Corporate Proposal

On 13 July 2016, the Company completed the Private Placement of 52,240,000 new ordinary shares of RM0.10 each at a placement price of RM0.115 each. The total capital raised from the placement of shares amounted to RM6,007,600 and the proceeds are to be allocated and utilised in accordance with the approved utilisation plan. The status of the utilisation as at 31 March 2017 was as follows:

Purpose	Utilisation		Intended Timeframe for Utilisation	Deviation	
	Proposed RM'000	Actual RM'000		RM'000	%
Expenses in relation to Corporate Proposals	300	298	Within 1 month	2	0.7
Funding for Proposed Development	5,000	2,128	Within 24 months		
Working capital requirements of the group	708	621	Within 12 months		
	6,008	3,047			

### b) Non-audit fees

The fee payable by the Company to the external auditors for non-audit services provided during the financial year ended 31 March 2017 amounted to RM3,000. There were no fees payable by the Group to a company affiliated to the external auditors for non-audit services provided during the financial year ended 31 March 2017.

### c) Material contracts

Save as disclosed below, there were no contracts of the Company or its subsidiary companies, which are or may be material, involving directors and major shareholders' interest still subsisting as at the end of the financial year ended 31 March 2017:

- (i) Service Agreement dated 11 July 2016 between Sanbumi Holdings Berhad ("the Company") and Dato' Chua Tiong Moon whereby the Company agrees to employ Dato' Chua Tiong Moon as the Managing Director of the Company for a term of 3 years with effect from 1 July 2016. The remuneration of the Managing Director shall be a fixed salary of RM25,000.00 per month (or such higher rate as the Company may, in its discretion from time to time decide or award) inclusive of any directors' fees payable to him under the Articles of Association of the Company, payable in arrears.
- (ii) Service Agreement dated 13 December 2016 between Sanbumi Holdings Berhad ("the Company") and Mr. Chu Yoke Loong whereby the Company agrees to employ Mr. Chu Yoke Loong as the Executive Director of the Company for a term of 3 years with effect from 1 October 2016. The remuneration of the Executive Director shall be a fixed salary of RM15,000.00 per month (or such higher rate as the Company may, in its discretion from time to time decide or award) inclusive of any directors' fees payable to him under the Articles of Association of the Company, payable in arrears.

## Additional Compliance Information

### c) Material contracts (Cont'd)

- (iii) Service Agreement dated 13 December 2016 between Sanbumi Sawmill Sdn Bhd, a wholly-owned subsidiary company of Sanbumi Holdings Berhad (“the Subsidiary Company”) and Mr. Chu Yoke Loong whereby the Subsidiary Company agrees to employ Mr. Chu Yoke Loong as the Executive Director for a term of 3 years with effect from 1 October 2016. The remuneration of the Executive Director shall be a fixed salary of RM10,000.00 per month (or such higher rate as the Company may, in its discretion from time to time decide or award) inclusive of any directors’ fees payable to him under the Articles of Association of the Company, payable in arrears.

### d) Recurrent related party transactions

There were no recurrent party transactions entered into by the Company or its subsidiary companies with related parties during the financial year ended 31 March 2017.

# Audit Committee Report

## Chairman

Lim Thian Loong  
(Independent Non-Executive Director)

## Members

Dato' Ir. Zainurin bin Karman  
(Independent Non-Executive Director)

Lee See Hong  
(Independent Non-Executive Director)

## TERMS OF REFERENCE

The Terms of Reference of the Audit Committee are incorporated in the Board Charter and can be viewed in the Company's website at [www.sanbumi.com.my](http://www.sanbumi.com.my).

## DETAILS OF ATTENDANCE OF MEMBERS AT AUDIT COMMITTEE MEETINGS

During the financial year ended 31 March 2017, there were five (5) Audit Committee Meetings held. The details of the attendance of each member are as follows:-

Audit Committee Meeting		May '16	Jul '16	Aug '16	Nov '16	Feb '17		
Committee Members	Position	Attendance					Total	%
Lim Thian Loong	Chairman	•	•	•	•	•	5/5	100
Dato' Ir. Zainurin bin Karman	Member	•	•	•	•	•	5/5	100
Lee See Hong	Member	•	•	•	•	•	5/5	100

Total number of meetings held:

5

## SUMMARY OF WORK OF THE AUDIT COMMITTEE

In discharging its functions and duties in accordance with its Terms of Reference, the Audit Committee ("AC") had carried out the following work during the financial year ended 31 March 2017:-

1. At their Meetings held on 27 May 2016 and 11 July 2016, the AC met with the external auditors in the absence of the Executive Board Members to discuss on any significant audit issues which may have arisen in the course of their audit of the Group. At the meeting on 27 May 2016, the external auditors reported to the AC that some documents requested were provided to them quite late especially from the Tourism Division. Subsequently at the meeting on 11 July 2016, the external auditors reported that all issues raised at the earlier meeting had been addressed and there were no new issues.

## SUMMARY OF WORK OF THE AUDIT COMMITTEE (CONT'D)

2. At their Meeting held on 27 May 2016, the AC reviewed and discussed the following:
  - a. The unaudited condensed interim financial report of the Group for the fourth financial quarter and the financial year ended 31 March 2016. The AC noted that the condensed interim financial report had been prepared in accordance with all applicable Malaysian Financial Reporting Standard (“MFRS”) 134: “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board and Paragraph 9.22 and Appendix 9B of Chapter 9 Part K of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and were in compliance with the accounting standards and other legal requirements. There were no items or incidences of an unusual nature not otherwise dealt with which may or has substantially affect the value of assets, liabilities, equity, net income or cash flows of the Group for the current financial quarter under review and the financial period to date. After deliberation the AC agreed that recommendations are made to the Board of Directors for the approval of the unaudited condensed interim financial report of the Group for the fourth financial quarter and financial year ended 31 March 2016;
  - b. The external auditors presented the Audit Review Memorandum (ARM) dated 27 May 2016 in respect of their audit of Sanbumi Group for the financial year ended 31 March 2016. After due deliberation the AC was satisfied with the ARM and requested the auditors to proceed and report accordingly;
  - c. The AC received and discussed the performance of the Group against the Budget for the financial year ended 31 March 2016. The AC also reviewed and discussed the Business Plan and Budget for the financial year ending 31 March 2017 and after due deliberation agreed to recommend to the Board of Directors for approval.
3. At their Meeting held on 11 July 2016, the AC reviewed the Audit Review Memorandum (Closing Meeting) presented by the external auditors setting out the status update on the ARM presented on 27 May 2016 and the final draft audited financial statements of the Group and of the Company for the financial year ended 31 March 2016. The external auditors confirmed the following:
  - a. That all issues raised at the last meeting had been satisfactorily addressed and there were no new issues;
  - b. That there was no audit qualification in their report on the financial statements of the Group and the Company for the financial year ended 31 March 2016 and the Group had complied with all the required accounting standards; and
  - c. There was no material deviation between the actual results of the Group and the unaudited results announced previously for the financial year ended 31 March 2016.
4. At their Meeting held on 11 July 2016, the AC also addressed the following:
  - a. Reviewed and discussed the revised Business Plan and Budget for the financial year ending 31 March 2017 and after due deliberation agreed to recommend to the Board of Directors for approval;
  - b. Considered and recommended to the Board of Directors the re-appointment and remuneration of the external auditors. The AC assessed the efficiency and quality of work of the external auditors and made enquiries with the management as to whether there has been or were any pertinent issues with the external auditors that may affect their independence. After deliberation, the AC agreed to recommend the re-appointment of the external auditors at a remuneration to be negotiated and agreed upon by the management; and

# Audit Committee Report

## SUMMARY OF WORK OF THE AUDIT COMMITTEE (CONT'D)

- c. Tabled and approved the Audit Committee Report for inclusion in the 2016 Annual Report; and
  - d. Reviewed and determined that the scope, functions, competency and resources of the internal audit function were adequate. The AC made enquiries with the management on these matters and were satisfied that the existing internal audit function was adequate.
5. At their Meetings held on 26 August 2016, 25 November 2016 and 24 February 2017, the AC reviewed and discussed the Group's unaudited first, second and third quarterly results for the financial year ended 31 March 2017 together with the relevant reports and made recommendations to the Board of Directors for approval. The condensed interim financial reports which were unaudited and had been prepared in accordance with all applicable Malaysian Financial Reporting Standard ("MFRS") 134: "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board and Paragraph 9.22 and Appendix 9B of Chapter 9 Part K of the of the MMLR of Bursa Securities were in compliance with the accounting standards and other legal requirements. There were no items or incidences of an unusual nature not otherwise dealt with in this report which may or has substantially affected the value of assets, liabilities, equity, net income or cash flows of the Group for the respective financial quarters under review and the financial period to date.
6. At their Meeting held on 24 February 2017, the AC reviewed and discussed the Audit Planning Memorandum for the financial year ending 31 March 2017 presented by the external auditors. The external auditors highlighted that matters that require significant auditors' attention would be included in the Auditors' Report. They also explained that their audit would be focused on key significant areas and explained in detail on the areas of audit emphases and the audit approaches to be carried out by them.
7. At their Meeting held on 24 February 2017, the external auditors Messrs Crowe Horwath declared to the AC that they will continuously comply with the ethical requirements regarding independence with respect to the audit of Sanbumi Group in accordance with the International Federation of Accountants' Code of Ethics for Professional Accountants and the Malaysian Institute of Accountants' By-laws (on Professional Ethics, Conduct and Practice). They also declared that they were not aware of any relationship between them and Sanbumi Group that might reasonably be thought to impair their independence.
8. At their Meeting held on 25 November 2016, the AC reviewed and discussed the Internal Audit Strategy and Planning Memorandum presented by the internal auditors setting out the following internal audit work to be carried out on the Sanbumi Group for the financial year ending 31 March 2018:-
- |   |   |                             |
|---|---|-----------------------------|
| a. Internal Audit Planning                                  | : | November 2016               |
| b. Presentation of Audit Strategic Plan to Audit Committee  | : | November 2016               |
| c. Field Work   | : | June & September 2017       |
| d. Internal Audit Report                                    | : | August 2017 & November 2017 |
| e. Presentation of Internal Audit Report to Audit Committee | : | August 2017 & November 2017 |
9. The AC receives and discusses the Internal Audit Reports containing the audit findings and recommendations made by the internal auditors on weaknesses in the systems of internal control and the Management responses on those issues. The AC monitors the progress on the corrective actions taken by the Management on a quarterly basis until it is satisfied that the weaknesses identified had been adequately addressed. During the financial year ended 31 March 2016, the Internal Audit Report in relation to the review of the internal control systems on the Expenses and Payments Processing of 7 auditable entities was tabled on 26 August 2016 by the internal auditors to the AC.

## SUMMARY OF WORK OF THE AUDIT COMMITTEE (CONT'D)

10. At every quarterly meeting, there would be an agenda to discuss on related party transactions (if any). During the financial year ended 31 March 2017, the AC noted that there were no related party transactions.
11. At every quarterly meeting, the schedule showing the advances made to the subsidiaries of the Company would be tabled to the AC for notation and discussion.
12. The AC is kept abreast on the Group's compliance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements, Financial Reporting Standards issued by the Malaysian Accounting Standards Board and other relevant legal and regulatory requirements through updates received from the external auditors and the company secretary.

## SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Group has outsourced the Internal Audit function to Messrs IBDC (Malaysia) Sdn. Bhd. for the financial year ended 31 March 2017. The responsibility of the Internal Auditors is to review the Group's system of internal control and report its adequacy, effectiveness and efficiency to the AC. The Internal Auditors adopt a risk based audit approach in auditing objectively to provide the assurance that risks were mitigated to acceptable levels. This approach would draw the Internal Auditors' attention towards gaining an understanding of the Group's interaction with external forces, changes in the strength of the relationships during the period under audit, and the risk of potential future changes presented by the external forces. Their approach would entail understanding on how the business risks translate to audit risks, and communicating value added input to the management through the audit process. Whenever required, the Internal Auditors would make reference to the Group's policies and procedures, established practices, listing requirements and recommended industry practices.

During the financial year ended 31 March 2017, then internal audit work carried out for Sanbumi Group was in relation to the review of the internal control systems on the Expenses and Payments Processing of 7 auditable entities.

In the internal audit report, the findings arising from the audit field work were highlighted together with suitable recommendations for improvement to the management for review and further action where necessary. These findings were not limited to matters relating to the financial and accounting controls but also cover certain key operational and management control areas.

During the quarterly meetings, the Internal Auditors also go through with the AC the update status on the implementation of their recommendations by the Management.

# Directors' Responsibility Statement

(Pursuant to paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

The Directors are required to prepare financial statements for the financial year to give a true and fair view of the state of affairs of the Group and the Company in accordance with the Financial Reporting Standards and the requirement of the Companies Act 2016. In preparing the financial statements, the Directors have:-

- adopted and used accounting policies consistently in dealing with items which are considered material in relation thereto;
- made appropriate accounting estimates where applicable that are prudent, just and reasonable; and
- ensured that the Company and the Group have taken reasonable and appropriate steps to detect and/or prevent fraud and other irregularities.



# Statement on Risk Management and Internal Control

(Pursuant to paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

## 1. REGULATORY FRAMEWORK

Sanbumi Group is committed to embrace the Malaysian code on Corporate Governance 2012 and the Main Market Listing requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

This Statement describes the risk management and internal control system practised throughout the business operations of the Group in general, and the processes that made up the framework in particular.

## 2. ACCOUNTABILITY OF THE BOARD

The Board has overall responsibility for the Group’s system of risk management and internal control and for reviewing its adequacy and integrity.

In establishing the Group’s system of risk management and internal control, the following criteria are taken into consideration:-

- Systems can only be designed to manage rather than eliminate the risk of failure to achieve business objectives. This system, by its nature, can only provide reasonable but not absolute assurance against material misstatement or loss.
- The system is a continuous process for identifying, evaluating and managing the significant risks faced by the Group.

The Board delegates to the senior management, the implementation of the systems of risk management and internal control within an established framework throughout the Group. The Management together with the internal auditors are in the process of updating the Group’s Enterprise Risk Management framework periodically.

## 3. AN INTEGRATED RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The main features of the Group’s risk management and internal control system are as follows:-

- 3.1 Financial reports are presented to the Audit Committee and the Board on a quarterly basis for review and if necessary corrective action to be taken.
- 3.2 Budgets for all active operating units are prepared annually and periodic review is carried out together with the Management. The results are communicated to the Board on a timely basis.
- 3.3 A defined organisational and hierarchical structure outlining the line of reporting and job responsibilities at the operational level.
- 3.4 In ensuring that each operating unit is functioning efficiently, emphasis is placed on personnel employed where the integrity and competence of personnel are ensured through recruitment evaluation process.
- 3.5 The Board, Audit Committee and Management regularly review the internal audit reports and monitor the status of the implementation of recommendations to address any internal control weaknesses identified.
- 3.6 Regular reporting made to the Board at its meetings on corporate and accounting developments, in turn facilitates the prioritisation of risk related issues for the Sanbumi Group to plan its resources and address the risk accordingly.

# Statement on Risk Management and Internal Control

(Pursuant to paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

## 4. INTERNAL AUDIT

The Internal audit function highlights issues to executive and operational management on areas for improvement and subsequently reviews the extent to which its recommendations have been implemented. The extent of compliance is reported to the audit Committee on a regular basis. The Audit Committee in turn reviews the adequacy and effectiveness of the system of risk management and internal control in operation and reports the results thereon to the Board.

The Internal Audit function of the Group is outsourced to IBDC (Malaysia) Sdn. Bhd. for the financial year ended 31 March 2017. Internal audits were conducted on the internal control system of the expenses and payments processing and inventory management of the Group's tourism business operations for the financial year ended 31 March 2017.

The cost incurred for the internal audit function in respect of the financial year ended 31 March 2017 was RM28,779.00.

## 5. EFFECTIVENESS OF THE SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL

The Board is of the view that the existing system of risk management and internal control is sound and adequate to safeguard the Group's assets at the existing level of operations. Consequently, there were no material internal control aspects of any significance that had arisen during the financial year and up to the date of this report.

The Board has received assurance from the Managing Director and the Finance Manager that the Group's risk management and internal control system is operating adequately, in all material aspects, based on the risk management and internal control framework of the Group.

## 6. REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, the external Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the 2017 Annual Report. Their review was performed in accordance with recommended Practice Guide (RPG) 5 (revised): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers to be set out, nor is factually inaccurate.

# Financial Report

**SANBUMI HOLDINGS BERHAD** (8386-P)

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# Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2017.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## RESULTS

	The Group RM'000	The Company RM'000
Loss after taxation for the financial year	(5,868)	(2,183)
Attributable to:-		
Owners of the Company	(5,870)	(2,183)
Non-controlling interests	2	-
	<u>(5,868)</u>	<u>(2,183)</u>

## DIVIDENDS

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

## ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) the Company increased its issued and paid-up share capital from RM17,413,385 to RM22,637,385 by way of an issue of 52,240,000 new ordinary shares for a cash consideration of RM0.115 each pursuant to the approved Corporate Proposals for purpose of private placement to approved individuals.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

- (b) there were no issue of debentures by the Company.

## OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

## BAD AND DOUBTFUL DEBTS

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

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

## CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain 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, have 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 methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

## CONTINGENT AND OTHER LIABILITIES

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

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

No contingent or other liability of the Group and 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, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations 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 AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, 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.

## DIRECTORS

The names of directors of the Company in office from the beginning of the financial year and up to the date of this report are as follows:-

Dato' Ir. Zainurin Bin Karman  
Dato' Chua Tiong Moon\*  
Datuk Wira Rahadian Mahmud Bin Mohammad Khalil\*  
Lim Thian Loong  
Lee See Hong  
Chu Yoke Loong\* (Appointed on 19.9.2016)

## DIRECTORS (CONT'D)

\* Directors of the Company and its subsidiaries.

The names of directors of the Company's subsidiaries who served during the financial year until the date of this report, not including those directors mentioned above, are as follows:-

Chai Kim Chong  
 Chua Yin Seng  
 Lee Meow Soon  
 Selvakumaran A/L P. Sathasivam  
 Tan Sri Datuk Chai Kin Kong (Resigned on 19.9.2016)  
 Ng Sun Ho (Resigned on 3.7.2017)

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares and debentures of the Company during the financial year are as follows:-

	At 1.4.2016/ Date of appointment	Number of Ordinary Shares		At 31.3.2017
		Bought	Sold	
<i>Direct Interest in the Company</i>				
Dato' Chua Tiong Moon	11,250,362	13,060,000	-	24,310,362
Chu Yoke Loong	13,060,000	-	-	13,060,000
<i>Indirect Interest in the Company</i>				
Dato' Chua Tiong Moon <sup>#</sup>	2,198,113	-	-	2,198,113

<sup>#</sup> Deemed interest by virtue of his direct substantial shareholding in Equal Accord Sdn Bhd.

By virtue of their shareholdings in the Company, Dato' Chua Tiong Moon and Chu Yoke Loong are deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interests in shares and debentures in the Company or its related corporations during the financial year.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) 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.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose 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.

## DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year disclosed in Note 28 to the financial statements.

## INDEMNITY AND INSURANCE COST

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Company were RM3,000,000 and RM12,085 respectively.

## SUBSIDIARIES

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

## SIGNIFICANT EVENTS

The significant events are disclosed in Note 39 to the financial statements.

## AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 25 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors as part of terms of its audit engagement against any claims by third parties arising from the audit. No payment has been made to indemnify the auditors during or since the financial year.

Signed in accordance with a resolution of the directors dated 6 July 2017.

**Dato' Ir. Zainurin Bin Karman**

**Dato' Chua Tiong Moon**



# Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Dato' Ir. Zainurin Bin Karman and Dato' Chua Tiong Moon, being two of the directors of Sanbumi Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 52 to 114 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 of 31 March 2017 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 40, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 6 July 2017.

**Dato' Ir. Zainurin Bin Karman**

**Dato' Chua Tiong Moon**

# Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Dato' Chua Tiong Moon, being the director primarily responsible for the financial management of Sanbumi Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 52 to 115 are, to the best of my knowledge and belief, 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.

Subscribed and solemnly declared by  
Dato' Chua Tiong Moon,  
at Kuala Lumpur in the Federal Territory  
on this 6 July 2017

**Dato' Chua Tiong Moon**

Before me

**Lai Din (No. W-668)**  
Commissioner for Oaths

Kuala Lumpur

# Independent Auditors' Report

To the Members of Sanbumi Holdings Berhad (Incorporated in Malaysia)  
Company No : 8386-P

## REPORT ON THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Sanbumi Holdings Berhad, which comprise the statements of financial position as at 31 March 2017 of the Group and of the Company, and the statements of profit or loss and other 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 52 to 114.

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 March 2017, and of their financial performance and their 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and Other Ethical Responsibilities

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.

### 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.

# Independent Auditors' Report

To the Members of Sanbumi Holdings Berhad (Incorporated in Malaysia)  
Company No : 8386-P

## Key Audit Matters (Cont'd)

We have determined the matters described below to be the key audit matters to be communicated in our report.

<b>Impairment of property, plant and equipment</b> Refer to Note 5 in the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>We focus on this area because the determination of whether property, plant and equipment ("PPE") is impaired may involve subjective judgement made by the Directors. PPE of the Group comprised mainly of freehold land and buildings.</p> <p>As disclosed in Note 5 to the financial statements, the Group's freehold land and buildings are stated at fair value.</p> <p>The fair value of the freehold land and buildings were determined by an independent firm of professional valuer appointed by the Group.</p>	<ul style="list-style-type: none"> <li>• Our procedures in relation to management's impairment assessment included:-                             <ul style="list-style-type: none"> <li>- Evaluating the independence, capabilities and objectivity of the professional valuer;</li> <li>- Assessing the appropriateness of the valuation model, property related data, including estimates used by the professional valuer; and</li> <li>- Assessing the reasonableness of the assumptions used in the valuation and judgements made.</li> </ul> </li> </ul>

<b>Recoverability of trade receivables</b> Refer to Note 12 in the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>We focused on this area because there are indications of impairment in relation to the recoverability of receivables.</p> <p>The Group assesses at the end of each reporting period whether there is any objective evidence that a receivable is impaired, by considering the factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments; and expectations of future cash flows arising from the receivable.</p>	<ul style="list-style-type: none"> <li>• Our procedures in relation to management's impairment assessment included:-                             <ul style="list-style-type: none"> <li>- Circularisation of receivables for confirmation of balances.</li> <li>- Reviewing the ageing analysis of receivables and testing the reliability thereof;</li> <li>- Reviewing subsequent cash collections for major receivables and overdue amounts; and</li> <li>- Testing the adequacy of the Group's allowance for impairment losses on trade receivables by assessing the Group's policy.</li> </ul> </li> </ul>

# Independent Auditors' Report

To the Members of Sanbumi Holdings Berhad (Incorporated in Malaysia)  
Company No : 8386-P

## 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 Directors' 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 Directors' Report 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 Directors' Report and, in doing so, consider whether the Directors' Report 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.

## 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 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.

## 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.

# Independent Auditors' Report

To the Members of Sanbumi Holdings Berhad (Incorporated in Malaysia)  
Company No : 8386-P

- 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.

## Other Reporting Responsibilities

The supplementary information set out in Note 40 on page 115 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as Issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

## 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 content of this report.

### Crowe Horwath

Firm No: AF 1018  
Chartered Accountants

6 July 2017

Kuala Lumpur

### Ung Voon Huay

Approval No: 03233/09/2018J  
Chartered Accountant

# Statements of Financial Position

At 31 March 2017

	Note	The Group		The Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>ASSETS</b>					
NON-CURRENT ASSETS					
Property, plant and equipment	5	<b>71,111</b>	68,764	<b>14,347</b>	13,372
Prepaid lease payments	6	<b>740</b>	973	-	-
Investment properties	7	<b>6,120</b>	5,835	<b>6,120</b>	5,835
Investments in subsidiaries	8	-	-	<b>32,692</b>	33,415
Investment in an associate	9	-	-	-	-
Amount owing by subsidiaries	10	-	-	-	-
		<b>77,971</b>	75,572	<b>53,159</b>	52,622
CURRENT ASSETS					
Inventories	11	<b>1,918</b>	2,004	-	-
Trade receivables	12	<b>4,523</b>	3,512	<b>60</b>	17
Other receivables, deposits and prepayments	13	<b>6,446</b>	5,201	<b>230</b>	240
Amount owing by subsidiaries	10	-	-	<b>25,827</b>	17,415
Amount owing by an associate	14	<b>4</b>	-	<b>4</b>	-
Current tax assets		<b>146</b>	115	<b>38</b>	44
Fixed deposits with licensed banks	15	<b>6,767</b>	10,162	<b>5,500</b>	8,800
Cash and bank balances		<b>2,809</b>	2,390	<b>97</b>	297
		<b>22,613</b>	23,384	<b>31,756</b>	26,813
<b>TOTAL ASSETS</b>		<b>100,584</b>	98,956	<b>84,915</b>	79,435

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

# Statements of Financial Position

At 31 March 2017

	Note	The Group		The Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>EQUITY AND LIABILITIES</b>					
EQUITY					
Share capital	16	<b>22,637</b>	17,413	<b>22,637</b>	17,413
Retained profits		<b>21,417</b>	27,287	<b>30,879</b>	33,062
Other reserves	17	<b>40,525</b>	38,266	<b>28,976</b>	27,195
Equity attributable to owners of the Company		<b>84,579</b>	82,966	<b>82,492</b>	77,670
Non-controlling interests		<b>89</b>	87	-	-
<b>TOTAL EQUITY</b>		<b>84,668</b>	83,053	<b>82,492</b>	77,670
NON-CURRENT LIABILITIES					
Term loan	18	<b>3,818</b>	4,048	-	-
Deferred tax liabilities	19	<b>3,747</b>	3,605	<b>830</b>	764
		<b>7,565</b>	7,653	<b>830</b>	764
CURRENT LIABILITIES					
Trade payables	20	<b>1,157</b>	1,145	-	-
Other payables and accruals	21	<b>6,833</b>	6,801	<b>485</b>	487
Amount owing to subsidiaries	10	-	-	<b>1,108</b>	514
Hire purchase payables		-	18	-	-
Term loan	18	<b>227</b>	207	-	-
Current tax liabilities		<b>134</b>	79	-	-
		<b>8,351</b>	8,250	<b>1,593</b>	1,001
<b>TOTAL LIABILITIES</b>		<b>15,916</b>	15,903	<b>2,423</b>	1,765
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>100,584</b>	98,956	<b>84,915</b>	79,435

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

# Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 March 2017

	Note	The Group		The Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
REVENUE	22	<b>45,142</b>	47,250	<b>456</b>	498
COST OF SALES	23	<b>(36,753)</b>	(38,858)	-	-
GROSS PROFIT		<b>8,389</b>	8,392	<b>456</b>	498
OTHER INCOME	24	<b>2,260</b>	2,179	<b>937</b>	699
		<b>10,649</b>	10,571	<b>1,393</b>	1,197
ADMINISTRATIVE EXPENSES	25	<b>(12,044)</b>	(13,024)	<b>(1,796)</b>	(2,082)
OTHER EXPENSES	26	<b>(3,789)</b>	(7,469)	<b>(1,762)</b>	(9,353)
FINANCE COSTS	27	<b>(360)</b>	(395)	<b>(1)</b>	(1)
LOSS BEFORE TAXATION		<b>(5,544)</b>	(10,317)	<b>(2,166)</b>	(10,239)
INCOME TAX EXPENSE	29	<b>(324)</b>	(157)	<b>(17)</b>	28
LOSS AFTER TAXATION		<b>(5,868)</b>	(10,474)	<b>(2,183)</b>	(10,211)
OTHER COMPREHENSIVE INCOME, NET OF TAX	30				
<u>Items that Will Not Be Reclassified Subsequently to Profit or Loss</u>					
Revaluation of properties		<b>1,604</b>	4,583	<b>1,050</b>	1,380
Effects of deferred tax on revaluation of properties		<b>(128)</b>	(809)	<b>(52)</b>	(69)
		<b>1,476</b>	3,774	<b>998</b>	1,311
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR		<b>(4,392)</b>	(6,700)	<b>(1,185)</b>	(8,900)

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



# Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 March 2017

	Note	The Group		The Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>LOSS AFTER TAXATION ATTRIBUTABLE TO:-</b>					
Owners of the Company		<b>(5,870)</b>	(10,476)	<b>(2,183)</b>	(10,211)
Non-controlling interests		<b>2</b>	2	-	-
		<b>(5,868)</b>	(10,474)	<b>(2,183)</b>	(10,211)
<b>TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO:-</b>					
Owners of the Company		<b>(4,394)</b>	(6,702)	<b>(1,185)</b>	(8,900)
Non-controlling interests		<b>2</b>	2	-	-
		<b>(4,392)</b>	(6,700)	<b>(1,185)</b>	(8,900)
<b>LOSS PER SHARE (SEN)</b>					
	31				
- Basic		<b>(2.78)</b>	(6.02)		
- Diluted		<b>(2.78)</b>	(6.02)		

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

# Statements of Changes in Equity

For the financial year ended 31 March 2017

	Non - Distributable				Capital Redemption Reserve RM'000	Distributable (Accumulated Losses)/ Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Capital Reserve RM'000					
The Group									
Balance at 1.4.2015	189,238	14,788	(11,370)	1,582	14,387	(118,957)	89,668	85	89,753
Loss after taxation for the financial year	-	-	-	-	-	(10,476)	(10,476)	2	(10,474)
Other comprehensive income for the financial year:									
- Revaluation of properties	-	-	-	-	4,583	-	4,583	-	4,583
- Effects of deferred tax on revaluation of properties	-	-	-	-	(809)	-	(809)	-	(809)
Total comprehensive expenses for the financial year	-	-	-	-	3,774	(10,476)	(6,702)	2	(6,700)
Balance carried forward	189,238	14,788	(11,370)	1,582	18,161	(129,433)	82,966	87	83,053

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

# Statements of Changes in Equity

For the financial year ended 31 March 2017

	Non - Distributable			Distributable			Total Equity RM'000			
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Capital Reserve RM'000	Revaluation Reserve RM'000	Capital Redemption Reserve RM'000		(Accumulated Losses)/ Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-controlling Interests RM'000
Balance brought forward	189,238	14,788	(11,370)	1,582	18,161	-	(129,433)	82,966	87	83,053
Contributions by and distributions to owners of the Company:										
- Cancellation of treasury shares	(15,105)	(11,370)	11,370	-	-	15,105	-	-	-	-
- Par value reduction	(156,720)	-	-	-	-	-	156,720	-	-	-
Total transactions with owners	(171,825)	(11,370)	11,370	-	-	15,105	156,720	-	-	-
Balance at 31.3.2016	<b>17,413</b>	<b>3,418</b>	<b>-</b>	<b>1,582</b>	<b>18,161</b>	<b>15,105</b>	<b>27,287</b>	<b>82,966</b>	<b>87</b>	<b>83,053</b>

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

# Statements of Changes in Equity

For the financial year ended 31 March 2017

	Non - Distributable				Distributable (Accumulated Losses)/ Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non- controlling Interests RM'000	Total Equity RM'000		
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Capital Reserve RM'000					Revaluation Reserve RM'000	Redemption Reserve RM'000
The Group										
Balance at 31.3.2016/ 1.4.2016	17,413	3,418	-	1,582	18,161	15,105	27,287	82,966	87	83,053
Loss after taxation for the financial year	-	-	-	-	-	-	(5,870)	(5,870)	2	(5,868)
Other comprehensive income for the financial year:										
- Revaluation of properties	-	-	-	-	1,604	-	-	1,604	-	1,604
- Effects of deferred tax on revaluation of properties	-	-	-	-	(128)	-	-	(128)	-	(128)
Total comprehensive expenses for the financial year	-	-	-	-	1,476	-	(5,870)	(4,394)	2	(4,392)
Balance carried forward	17,413	3,418	-	1,582	19,637	15,105	21,417	78,572	89	78,661

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

# Statements of Changes in Equity

For the financial year ended 31 March 2017

	Non - Distributable				Distributable			Total Equity RM'000		
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Capital Reserve RM'000	Revaluation Reserve RM'000	Redemption Reserve RM'000	Capital (Accumulated Losses)/ Retained Profits RM'000		Attributable to Owners of the Company RM'000	Non- controlling Interests RM'000
The Group										
Balance brought forward	17,413	3,418	-	1,582	19,637	15,105	21,417	78,572	89	78,661
Contributions by and distributions to owners of the Company:										
- Issued during the year	5,224	783	-	-	-	-	-	6,007	-	6,007
Total transactions with owners	5,224	783	-	-	-	-	-	6,007	-	6,007
Balance at 31.3.2017	<b>22,637</b>	<b>4,201</b>	<b>-</b>	<b>1,582</b>	<b>19,637</b>	<b>15,105</b>	<b>21,417</b>	<b>84,579</b>	<b>89</b>	<b>84,668</b>

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

# Statements of Changes in Equity

For the financial year ended 31 March 2017

The Company	← Non - Distributable →					Distributable (Accumulated Losses)/ Retained Profits RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Revaluation Reserve RM'000	Capital Redemption Reserve RM'000		
Balance at 1.4.2015	189,238	14,788	(11,370)	7,361	-	(113,447)	86,570
Loss after taxation for the financial year	-	-	-	-	-	(10,211)	(10,211)
Other comprehensive income for the financial year:							
- Revaluation of property	-	-	-	1,380	-	-	1,380
- Effects of deferred tax on revaluation of properties	-	-	-	(69)	-	-	(69)
Total comprehensive expenses for the financial year	-	-	-	1,311	-	(10,211)	(8,900)
Contributions by and distributions to owners of the Company							
- Cancellation of treasury shares	(15,105)	(11,370)	11,370	-	15,105	-	-
- Par value reduction	(156,720)	-	-	-	-	156,720	-
Total transactions with owners	(171,825)	(11,370)	11,370	-	15,105	156,720	-
Balance at 31.3.2016/1.4.2016	17,413	3,418	-	8,672	15,105	33,062	77,670

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

# Statements of Changes in Equity

For the financial year ended 31 March 2017

The Company	Non - Distributable					Distributable (Accumulated Losses)/ Retained Profits	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Revaluation Reserve RM'000	Capital Redemption Reserve RM'000	RM'000	
Balance at 31.3.2016/1.4.2016	17,413	3,418	-	8,672	15,105	33,062	77,670
Loss after taxation for the financial year	-	-	-	-	-	(2,183)	(2,183)
Other comprehensive income for the financial year:							
- Revaluation of property	-	-	-	1,050	-	-	1,050
- Effects of deferred tax on revaluation of properties	-	-	-	(52)	-	-	(52)
Total comprehensive expenses for the financial year	-	-	-	998	-	(2,183)	(1,185)
Contributions by and distributions to owners of the Company							
- Issued during the financial year	5,224	783	-	-	-	-	6,007
Total transactions with owners	5,224	783	-	-	-	-	6,007
Balance at 31.3.2017	<b>22,637</b>	<b>4,201</b>	-	<b>9,670</b>	<b>15,105</b>	<b>30,879</b>	<b>82,492</b>

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

# Statements of Cash Flows

For the financial year ended 31 March 2017

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>CASH FLOWS FOR OPERATING ACTIVITIES</b>				
Loss before taxation	<b>(5,544)</b>	(10,317)	<b>(2,166)</b>	(10,239)
Adjustments for:-				
Amortisation of prepaid lease payments	<b>233</b>	233	-	-
Bad debts written off:				
- third party	<b>287</b>	5	-	-
- amount owing by an associate	-	2	-	2
Depreciation of property, plant and equipment	<b>3,112</b>	4,035	<b>75</b>	75
Impairment loss:				
- property, plant and equipment	-	2,897	-	-
- investments in subsidiaries	-	-	<b>723</b>	1,915
- amount owing by subsidiaries	-	-	<b>964</b>	7,363
- trade receivables	<b>230</b>	56	-	-
Inventories written down	<b>217</b>	205	-	-
Interest expense	<b>360</b>	395	<b>1</b>	1
Property, plant and equipment written off	<b>226</b>	191	-	-
Fair value gain on investment properties	<b>(285)</b>	(300)	<b>(285)</b>	(300)
(Gain)/Loss on disposal of equipment	<b>(31)</b>	1	-	-
Interest income	<b>(401)</b>	(427)	<b>(352)</b>	(388)
Reversal of impairment losses on trade receivables	<b>(4)</b>	-	-	-
Reversal on impairment on amount owing by a subsidiary	-	-	<b>(300)</b>	-
Reversal of inventories written down	<b>(100)</b>	(118)	-	-
Unrealised gain on foreign exchange	-	(15)	-	-
Operating loss before working capital changes	<b>(1,700)</b>	(3,157)	<b>(1,340)</b>	(1,571)
(Increase)/Decrease in inventories	<b>(31)</b>	(60)	-	-
(Increase)/Decrease in trade and other receivables	<b>(2,769)</b>	(1,727)	<b>(33)</b>	177
Increase/(Decrease) in trade and other payables	<b>44</b>	797	<b>(2)</b>	(82)
CASH FOR OPERATIONS/ BALANCE CARRIED FORWARD	<b>(4,456)</b>	(4,147)	<b>(1,375)</b>	(1,476)

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



# Statements of Cash Flows

For the financial year ended 31 March 2017

	Note	The Group		The Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FOR OPERATIONS/ BALANCE BROUGHT FORWARD		<b>(4,456)</b>	(4,147)	<b>(1,375)</b>	(1,476)
Income tax paid		<b>(395)</b>	(373)	<b>(38)</b>	(44)
Income tax refunded		<b>109</b>	103	<b>41</b>	-
Interest paid		<b>(360)</b>	(395)	<b>(1)</b>	(1)
Interest received		<b>401</b>	427	<b>352</b>	388
<b>NET CASH FOR OPERATING ACTIVITIES</b>		<b>(4,701)</b>	(4,385)	<b>(1,021)</b>	(1,133)
CASH FLOWS FOR INVESTING ACTIVITIES					
Advances to subsidiaries		-	-	<b>(9,076)</b>	(4,139)
Advances to an associate		<b>(4)</b>	(2)	<b>(4)</b>	(2)
Purchase of property, plant and equipment		<b>(4,081)</b>	(675)	-	(5)
Proceeds from disposal of equipment		<b>31</b>	9	-	-
Decrease/(Increase) in placement of deposits with licensed banks with maturity of more than three months		<b>3,296</b>	(9,859)	<b>3,300</b>	(8,800)
<b>NET CASH FOR INVESTING ACTIVITIES</b>		<b>(758)</b>	(10,527)	<b>(5,780)</b>	(12,946)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Advances from subsidiaries		-	-	<b>594</b>	453
Proceeds from issuance of shares		<b>6,007</b>	-	<b>6,007</b>	-
Repayment of hire purchase obligations		<b>(18)</b>	(378)	-	(12)
Repayment of term loan		<b>(210)</b>	(190)	-	-
<b>NET CASH FROM/(FOR) FINANCING ACTIVITIES</b>		<b>5,779</b>	(568)	<b>6,601</b>	441
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>320</b>	(15,480)	<b>(200)</b>	(13,638)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		<b>2,693</b>	18,173	<b>297</b>	13,935
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	32	<b>3,013</b>	2,693	<b>97</b>	297

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

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 1. GENERAL INFORMATION

The Company is a public limited liability company and is incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business is at Wisma EMC, 972, Jalan Baru, 13700 Prai, Penang.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 6 July 2017.

## 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## 3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

### **MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

MFRS 14 Regulatory Deferral Accounts

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities – Applying the Consolidation Exception

Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 101: Disclosure Initiative

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants

Amendments to MFRS 127: Equity Method in Separate Financial Statements

Annual Improvements to MFRSs 2012 – 2014 Cycle

The adoption of the above accounting standards and/or interpretation (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 3. BASIS OF PREPARATION (CONT'D)

3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the current financial year:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 ‘Revenue from Contracts with Customers’	1 January 2018
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 140: Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 12: Clarification of the Scope of Standard	1 January 2017
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018

3.2 The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

- (a) MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking ‘expected loss’ impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. The Group is in the process of making an assessment of the financial impact arising from the adoption of MFRS 9 and the extent of the impact has not been determined.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 3. BASIS OF PREPARATION (CONT'D)

3.2 The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows (Cont'd):-

- (b) MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of 'distinct' for the purpose of this accounting standard. In addition, extensive disclosures are required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.
- (c) The amendments to MFRS 107 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application. However, additional disclosure notes on the statements of cash flows may be required.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

#### (a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

#### (b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

#### (c) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value in use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

#### (d) Classification between Investment Properties and Owner-occupied Properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

#### (e) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

#### (f) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

#### (g) Fair Value Estimates for Certain Financial Assets and Financial Liabilities

The Group carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

#### (h) Revaluation of Properties

Certain properties of the Group are reported at valuation which is based on valuations performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining discount rates, estimates of future cash flows, capitalisation rate, terminal year value, market freehold rental and other factors used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.

### 4.2 FUNCTIONAL AND FOREIGN CURRENCIES

#### (a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

#### (b) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

### 4.3 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definition in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.3 FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables financial assets, held-to-maturity investments, or available-for-sale financial assets, as appropriate.

##### (i) Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current assets or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that are not held primarily for trading purposes are presented as current assets or non-current assets based on the settlement date.

##### (ii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

##### (iii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.3 FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial Assets (Cont'd)

##### (iv) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

#### (b) Financial Liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### (c) Equity Instruments

Equity instruments classified as equity are measured at cost and are not remeasured subsequently.

##### (i) Ordinary Shares

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.



# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.3 FINANCIAL INSTRUMENTS (CONT'D)

#### (d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity 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 or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### (e) 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 specific 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 liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount initially recognised less cumulative amortisation.

### 4.4 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

The acquisitions resulted in a business combination involving common control entities is outside the scope of MFRS 3. The merger accounting is used by the Group to account for such common control business combination.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.4 BASIS OF CONSOLIDATION (CONT'D)

#### (a) Merger Accounting for Common Control Business Combinations

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current financial year.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party and parties' interests.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The merger deficit is adjusted against suitable reserves of the subsidiaries acquired to the extent that laws or statutes do not prohibit the use of such reserves. The results of the subsidiaries being merged are included for the full financial year.

#### (b) Acquisition Method of Accounting for Non-Common Control Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

#### (c) Non-Controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.4 BASIS OF CONSOLIDATION (CONT'D)

#### (d) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

#### (e) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

### 4.5 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill that forms part of the carrying amount of the equity-accounted associates.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that their carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

### 4.7 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 31 March 2017. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate into profit or loss when the equity method is discontinued.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.8 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and impairment losses, if any.

Freehold land is stated at valuation less impairment losses recognised after the date of the revaluation. Freehold land is not depreciated. Freehold buildings are stated at revalued amount less accumulated depreciation and impairment losses recognised after the date of the revaluation.

Freehold land and buildings are revalued periodically, at least once in every 5 years. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings	2% - 10%
Short-term leasehold land	Over the lease period of 78 years
Mobile cranes and heavy vehicles	5% - 10%
Motor vehicles and forklifts	10% - 20%
Office equipment, renovation, furniture and fittings	10% - 33%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.9 IMPAIRMENT

#### (a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be an objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity into profit or loss.

With the exception of available-for-sale debt instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

#### (b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the assets' fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.9 IMPAIRMENT (CONT'D)

#### (b) Impairment of Non-financial Assets (Cont'd)

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### 4.10 PREPAID LEASE PAYMENTS

Leases of land under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases. Lease prepayment for land use rights is stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged to the profit or loss on a straight-line basis over the remaining lease terms.

### 4.11 INVESTMENT PROPERTIES

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Initially investment properties are measured at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in 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 to owner-occupied property or inventories, the fair value at the date of change becomes the cost for subsequent accounting purposes. If owner-occupied property becomes an investment property, such property shall be accounted for in accordance with the accounting policy for property, plant and equipment up to date of change in use.

### 4.12 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.13 INCOME TAXES

#### (a) Current Tax

Current tax assets and liabilities are expected amount of income taxes recoverable or payable to the taxation authorities.

Current tax are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

#### (b) Deferred Tax

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are 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 the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale.

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 taxable entity and the same taxation authority.

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 transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.



# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.13 INCOME TAXES (CONT'D)

#### (c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST. However, when the GST incurred are related to purchases of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expenses item whichever is applicable.

Receivables and payables are stated with the amount of GST included (where applicable).

The net amount of GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

### 4.14 BORROWING COSTS

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.

### 4.15 CASH AND CASH EQUIVALENTS

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

### 4.16 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

### 4.17 REVENUE RECOGNITION

#### (a) Sale of Goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of goods and services tax, returns, cash and trade discounts.

#### (b) Services

Revenue is recognised upon rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.17 REVENUE RECOGNITION (CONT'D)

#### (c) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

#### (d) Rental and Management Fees

Rental and management fees are recognised on an accrual basis.

### 4.18 EMPLOYEE BENEFITS

#### (a) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

#### (b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

#### (c) Termination Benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits.

### 4.19 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

- (a) A person or a close member of that person's family is related to a reporting entity if that person:-
  - (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the reporting entity.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.19 RELATED PARTIES (CONT'D)

(b) An entity is related to a reporting entity if any of the following conditions applies:-

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including its director (whether executive or otherwise) of that entity.

### 4.20 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the number of ordinary shares issued during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible preference shares and share options granted to employees.

### 4.21 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.22 FAIR VALUE MEASUREMENTS

Fair value is 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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

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

Level 3: Inputs are unobservable inputs for the asset or liability.

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

## 5. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold Land and Buildings RM'000	Short-Term Leasehold Land RM'000	Motor Vehicles and Forklifts RM'000	Office Equipment, Renovation, Furniture and Fittings RM'000	Total RM'000
<b>2017</b>					
<i>Net book value</i>					
At 1.4.2016	52,062	8,800	2,545	5,357	68,764
Additions	4,022	-	-	59	4,081
Revaluation surplus	1,604	-	-	-	1,604
Write off	-	-	-	(226)	(226)
Depreciation charges	(614)	(113)	(893)	(1,492)	(3,112)
At 31.3.2017	57,074	8,687	1,652	3,698	71,111

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	Freehold Land and Buildings RM'000	Short-Term Leasehold Land RM'000	Motor Vehicles and Forklifts RM'000	Office Equipment, Renovation, Furniture and Fittings RM'000	Total RM'000
<b>2016</b>					
<i>Net book value</i>					
At 1.4.2015	50,458	6,600	3,589	9,992	70,639
Additions	-	-	-	675	675
Revaluation surplus	2,218	2,365	-	-	4,583
Disposal	-	-	(2)	(8)	(10)
Write off	-	-	-	(191)	(191)
Impairment loss	-	-	(25)	(2,872)	(2,897)
Depreciation charges	(614)	(165)	(1,017)	(2,239)	(4,035)
At 31.3.2016	52,062	8,800	2,545	5,357	68,764

The Group	Freehold Land and Buildings RM'000	Short-Term Leasehold Land RM'000	Mobile Crane and Heavy Vehicles RM'000	Motor Vehicles and Forklifts RM'000	Office Equipment, Renovation, Furniture and Fittings RM'000	Total RM'000
<b>2017</b>						
At cost	-	-	208	9,440	47,578	57,226
At valuation	59,711	8,800	-	-	-	68,511
Accumulated impairment losses	-	-	(90)	(30)	(22,717)	(22,837)
Accumulated depreciation	(2,637)	(113)	(118)	(7,758)	(21,163)	(31,789)
Net book value	57,074	8,687	-	1,652	3,698	71,111

<b>2016</b>						
At cost	-	-	208	9,585	47,745	57,538
At valuation	54,084	8,800	-	-	-	62,884
Accumulated impairment losses	-	-	(90)	(33)	(22,717)	(22,840)
Accumulated depreciation	(2,022)	-	(118)	(7,007)	(19,671)	(28,818)
Net book value	52,062	8,800	-	2,545	5,357	68,764

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold Land and Buildings RM'000	Motor Vehicle RM'000	Office Equipment, Furniture and Fittings RM'000	Total RM'000
<b>The Company</b>				
<b>2017</b>				
<i>Net book value</i>				
At 1.4.2016	13,319	37	16	13,372
Additions	-	-	-	-
Revaluation surplus	1,050	-	-	1,050
Depreciation charges	(47)	(25)	(3)	(75)
At 31.3.2017	14,322	12	13	14,347
<b>2016</b>				
<i>Net book value</i>				
At 1.4.2015	11,986	62	14	12,062
Additions	-	-	5	5
Revaluation surplus	1,380	-	-	1,380
Depreciation charges	(47)	(25)	(3)	(75)
At 31.3.2016	13,319	37	16	13,372
<b>2017</b>				
At cost	-	125	781	906
At valuation	15,257	-	-	15,257
Accumulated depreciation	(935)	(113)	(768)	(1,816)
Net book value	14,322	12	13	14,347
<b>2016</b>				
At cost	-	125	781	906
At valuation	14,207	-	-	14,207
Accumulated depreciation	(888)	(88)	(765)	(1,741)
Net book value	13,319	37	16	13,372

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) Included in the assets of the Group at the end of the reporting period were motor vehicles with a total net book value of RM358,917 (2016 - RM417,917), which were acquired under hire purchase terms.
- (b) Certain freehold land and buildings of the Group with a total net book value of RM13,800,000 (2016 - RM13,790,000) have been pledged to a licensed bank as security for banking facilities granted to the Group.
- (c) During the financial year, the Group's freehold and leasehold land and buildings have been revalued by an independent professional valuer. The surpluses arising from the revaluations, net of deferred taxation, have been credited to other comprehensive income and accumulated in equity under the revaluation reserve.
- (d) The details of the Group's property, plant and equipment carried at fair value are analysed as follows:-

The Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>2017</b>				
Freehold land and buildings	-	59,711	-	59,711
Short-term leasehold land	-	8,800	-	8,800
	-	68,511	-	68,511
<b>2016</b>				
Freehold land and buildings	-	54,084	-	54,084
Short-term leasehold land	-	8,800	-	8,800
	-	62,884	-	62,884

The level 2 fair values have been determined based on the market comparison approach that reflects recent transaction prices for similar properties. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

There were no transfers between level 1 and level 2 during the financial year.

- (e) In the previous financial year, the Group has carried out a review of the recoverable amount of its plant and equipment because the tourism segment had been persistently making losses. An impairment loss of approximately RM2,897,000, representing the write-down of the plant and equipment to the recoverable amount was recognised in "Other Expenses" line item of the consolidated statement of profit or loss and other comprehensive income as disclosed in Note 26 to the financial statements.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 6. PREPAID LEASE PAYMENTS

	The Group	
	2017 RM'000	2016 RM'000
At cost	<b>2,100</b>	2,100
Accumulated amortisation	<b>(1,360)</b>	(1,127)
Net book value	<b>740</b>	973
Accumulated amortisation:-		
At 1 April 2016/2015	<b>(1,127)</b>	(894)
Amortisation for the financial year	<b>(233)</b>	(233)
At 31 March	<b>(1,360)</b>	(1,127)

The prepaid lease payments of the Group represent lease payments to a third party to carry out trading business in the premises of the third party.

## 7. INVESTMENT PROPERTIES

	The Group/The Company	
	2017 RM'000	2016 RM'000
Freehold land and buildings, at fair value		
At 1 April 2016/2015	<b>5,835</b>	5,535
Fair value adjustment	<b>285</b>	300
At 31 March	<b>6,120</b>	5,835

(a) Investment properties represent commercial properties leased to third parties.

Included in the statements of comprehensive income relating to investment properties during the financial year are the following items:-

	The Group/The Company	
	2017 RM'000	2016 RM'000
Rental income	<b>291</b>	335
Direct operating expenses	<b>69</b>	69



# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 7. INVESTMENT PROPERTIES (CONT'D)

- (b) Investment properties are stated at fair value, which have been determined based on valuations performed by independent valuer at the end of the reporting date using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

The fair values of the investment properties are within level 2 of the fair value hierarchy.

There were no transfers between level 1 and level 2 during the financial year.

## 8. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2017 RM'000	2016 RM'000
Unquoted shares, at cost	<b>136,190</b>	136,190
Accumulated impairment losses:-		
At 1 April 2016/2015	<b>(102,775)</b>	(100,860)
Addition during the financial year	<b>(723)</b>	(1,915)
At 31 March	<b>(103,498)</b>	(102,775)
	<b>32,692</b>	33,415

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:-

Name of Subsidiaries	Effective Equity Interest held by				Principal Activities
	The Company		Subsidiary		
	2017 %	2016 %	2017 %	2016 %	
Sanbumi Sawmill Sdn. Bhd.	<b>100</b>	100	-	-	Timber log traders.
Akalaju Sdn. Bhd.	<b>100</b>	100	-	-	Dormant.
EMC Cranes Sdn. Bhd.	<b>100</b>	100	-	-	Dormant.
EMC Cranes (K.L.) Sdn. Bhd.	<b>78.50</b>	78.50	-	-	Dormant.
EMC Capital Sdn. Bhd.	<b>100</b>	100	-	-	Insurance agent.
EMC Containers Sdn. Bhd.	<b>70</b>	70	-	-	Dormant.
Sanbumi Capital Sdn. Bhd.	<b>100</b>	100	-	-	Investment holding.
EMC Marketing Sdn. Bhd.	<b>100</b>	100	-	-	Trading in industrial supplies and lubricants.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows (Cont'd):-

Name of Subsidiaries	Effective Equity Interest held by				Principal Activities
	The Company		Subsidiary		
	2017	2016	2017	2016	
	%	%	%	%	
<b>Subsidiaries of Sanbumi Sawmill Sdn. Bhd.</b>					
- Sanbumi Development Sdn. Bhd. <i>(formerly known as Sanbumi Wood Processing Sdn. Bhd.)</i>	-	-	100	100	Dormant.
- Mirim Timber Sdn. Bhd.	-	-	100	100	Dormant.
<b>Subsidiaries of Sanbumi Capital Sdn. Bhd.</b>					
- Sanbumi Holiday Sdn. Bhd.	-	-	100	100	Travel agent.
- Sanbumi Air Transport Sdn. Bhd.	-	-	100	100	Carrier, transport provider, and travel agent.
- Pewter Art Industries (M) Sdn. Bhd.	-	-	100	100	Trading in pewterware and souvenirs.
- Tourism Information Centre Sdn. Bhd.	-	-	100	100	Trading in local products, operating restaurant and engaged in business relating to tourism industry.
- Sri Dondang Restaurant Sdn. Bhd.	-	-	100	100	Dormant.
- Fine Taste Products (KL) Sdn. Bhd.	-	-	100	100	Trading in local cottage industry products relating to tourism industry.
- Nouvelle Hotel Sdn. Bhd.	-	-	100	100	Hotelier.
- Fine Taste Products Sdn. Bhd.	-	-	100	100	Trading in local cottage industry products relating to tourism industry.
- Sinoreno Jewellery Sdn. Bhd.	-	-	100	100	Trading in costume jewellery primarily relating to tourism industry.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows (Cont'd):-

Name of Subsidiaries	Effective Equity Interest held by				Principal Activities
	The Company		Subsidiary		
	2017	2016	2017	2016	
	%	%	%	%	
<b>Subsidiaries of Sanbumi Capital Sdn. Bhd.</b>					
<b>(Cont'd)</b>					
-Tropiks Products Sdn. Bhd.	-	-	<b>100</b>	100	Trading in local cottage industry products relating to tourism industry.
- Fine Pewterware (KL) Sdn. Bhd.	-	-	<b>100</b>	100	Trading in pewterware and souvenirs.
- Nouvelle Restaurant Sdn. Bhd.	-	-	<b>100</b>	100	Dormant.
- Nouvelle Hotel (KL) Sdn. Bhd.	-	-	<b>100</b>	100	Hotelier.
- Nouvelle Hotel (Kulai) Sdn. Bhd.	-	-	<b>100</b>	100	Hotelier.

- (a) During the financial year, the Company has carried out its review of the recoverable amounts of its investments in certain subsidiaries that had been persistently making losses. A total impairment losses of RM723,000 (2016 - RM1,915,000), representing the write-down of the investments to their recoverable amounts, was recognised in "Other Expenses" line item of the consolidated statement of profit or loss and other comprehensive income as disclosed in Note 26 to the financial statements.

## 9. INVESTMENT IN AN ASSOCIATE

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	<b>637</b>	637	<b>637</b>	637
Accumulated impairment loss	-	-	<b>(637)</b>	(637)
	<b>637</b>	637	-	-
Share of post-acquisition losses	<b>(637)</b>	(637)	-	-
	-	-	-	-

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 9. INVESTMENT IN AN ASSOCIATE (CONT'D)

Details of the associate, which is incorporated in Malaysia, are as follows:-

Name of Associate	Effective Equity Interest		Principal Activity
	2017	2016	
	%	%	
Ferrotrans Sdn. Bhd	49	49	Dormant.

(a) The summarised financial information of the associate is as follows:-

	2017 RM'000	2016 RM'000
Assets and Liabilities		
Current assets	56	57
Current liabilities	1,419	1,415
Results		
Loss for the financial year	(5)	(5)

(b) The Group has not recognised losses relating to Ferrotrans Sdn. Bhd., where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was RM49,994 (2016 - RM 47,497). The Group has no obligation in respect of these losses.

## 10. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	2017 RM'000	2016 RM'000

### Amount Owing by Subsidiaries

*Non-current*

Long-term advances	7,500	7,800
Allowance for impairment losses:-		
At 1 April 2016/2015	(7,800)	(7,800)
Reversed during the financial year	300	-
At 31 March	(7,500)	(7,800)
	-	-

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 10. AMOUNTS OWING BY/(TO) SUBSIDIARIES (CONT'D)

	The Company	
	2017 RM'000	2016 RM'000
<b>Amount Owing by Subsidiaries</b>		
<i>Current</i>		
Non-trade balances	51,386	42,010
Allowance for impairment losses:-		
At 1 April 2016/2015	(24,595)	(17,232)
Addition during the financial year	(964)	(7,363)
At 31 March	(25,559)	(24,595)
	<b>25,827</b>	17,415

### Amount Owing to Subsidiaries

#### *Current*

Non-trade balances	<b>(1,108)</b>	(514)
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- (a) Long-term advances represent advances and payments made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substance, a part of the Company's net investment in the subsidiaries. The long-term advances are stated at cost less accumulated impairment losses, if any.
- (b) The non-trade balances represent unsecured interest-free advances and payments made on behalf. The amounts owing are repayable on demand and are to be settled in cash.

## 11. INVENTORIES

	The Group	
	2017 RM'000	2016 RM'000
Goods held for resale	1,918	2,004
Recognised in profit or loss:-		
Inventories recognised as cost of sales	5,767	5,836
Inventories written down	217	205
Reversal of inventories written down	(100)	(118)

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 12. TRADE RECEIVABLES

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade receivables	<b>8,523</b>	7,201	<b>200</b>	157
Allowance for impairment losses:-				
At 1 April 2016/2015	<b>(3,689)</b>	(3,633)	<b>(140)</b>	(140)
Addition during the financial year	<b>(230)</b>	(56)	-	-
Writeoff during the financial year	<b>(85)</b>	-	-	-
Reversal during the financial year	<b>4</b>	-	-	-
At 31 March	<b>(4,000)</b>	(3,689)	<b>(140)</b>	(140)
	<b>4,523</b>	3,512	<b>60</b>	17

The Group's normal trade credit terms range from cash terms to 90 days.

## 13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Other receivables:-				
Third parties	<b>12,177</b>	10,818	<b>1,110</b>	1,114
Allowance for impairment losses	<b>(9,227)</b>	(9,227)	<b>(961)</b>	(961)
	<b>2,950</b>	1,591	<b>149</b>	153
Deposits	<b>1,840</b>	2,171	<b>34</b>	34
Prepayments	<b>1,656</b>	1,439	<b>47</b>	53
	<b>6,446</b>	5,201	<b>230</b>	240

## 14. AMOUNT OWING BY AN ASSOCIATE

	The Group/The Company	
	2017 RM'000	2016 RM'000
Amount owing by an associate	<b>1,024</b>	1,020
Allowance for impairment losses	<b>(1,020)</b>	(1,020)
	<b>4</b>	-

The amount owing was non-trade in nature, unsecured and interest-free.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 15. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group and of the Company at the end of reporting period bore effective interest rates ranging from 3.05% to 3.50% (2016 - 3.05% to 3.50%) per annum and 3.45% to 4.10% (2016 - 3.45% to 4.10%) per annum respectively. The fixed deposits have maturity periods ranging from 1 to 12 (2016 - 1 to 12) months and 12 (2016 - 1) months for the Group and the Company respectively.

## 16. SHARE CAPITAL

The movements in the authorised and paid-up share capital of the Company are as follows:-

	The Group/The Company			
	2017		2016	
	Number of Shares '000	Share capital RM'000	Number of Shares '000	Share capital RM'000
<b>Authorised</b>				
Ordinary Shares of RM0.10 each	<b>N/A</b>	<b>N/A</b>	2,500,000	250,000

*N/A - Not Applicable due to the adoption of the Companies Act 2016.*

The new Companies Act 2016 ("the Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. There is no impact on the numbers of ordinary shares in issue as a result of this transition.

	The Group/The Company			
	2017		2016	
	Number of Shares '000	Share capital RM'000	Number of Shares '000	Share capital RM'000
<b>Issued and Fully Paid-Up</b>				
Ordinary Shares with No Par Value (2016 - Par Value of RM0.10 Each)				
At 1 April 2016/2015	<b>174,133</b>	<b>17,413</b>	189,238	189,238
Issued during the financial year	<b>52,240</b>	<b>5,224</b>	-	-
Cancellation of treasury shares	-	-	(15,105)	(15,105)
Par value reduction	-	-	-	(156,720)
At 31 March	<b>226,373</b>	<b>22,637</b>	174,133	17,413

During the financial year, the Company had increased its issued and paid-up share capital from RM17,413,385 to RM22,637,385 by the issuance of 52,240,000 new ordinary shares at an issue price of RM0.115 per Placement Share from the Private Placement. The shares were issued for cash consideration. The new ordinary shares issued rank pari passu in all respects with the existing shares of the Company.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 16. SHARE CAPITAL (CONT'D)

In the previous financial year:-

- (a) The Company obtained a court sanction to change its authorised share capital from 250,000,000 ordinary shares of RM1.00 each to 2,500,000,000 ordinary shares of RM0.10 each;
- (b) The issued and paid-up share capital of the Company was reduced by:
  - (i) The cancellation of its entire 15,104,500 treasury shares of RM1.00 each pursuant to Section 67A of the Companies Act 1965 in Malaysia; and
  - (ii) The reduction of RM0.90 of the par value of 174,133,848 existing ordinary shares of RM1.00 each pursuant to Section 64 of the Companies Act 1965 in Malaysia.

## 17. OTHER RESERVES

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Share premium	<b>4,201</b>	3,418	<b>4,201</b>	3,418
Revaluation reserve	<b>19,637</b>	18,161	<b>9,670</b>	8,672
Capital reserve	<b>1,582</b>	1,582	-	-
Capital redemption reserve	<b>15,105</b>	15,105	<b>15,105</b>	15,105
	<b>40,525</b>	38,266	<b>28,976</b>	27,195

The revaluation reserve comprises:-

Surplus on revaluation of property, plant and equipment

At 1 April 2016/2015	<b>18,161</b>	14,387	<b>8,672</b>	7,361
Surplus on revaluation	<b>1,604</b>	4,583	<b>1,050</b>	1,380
Effects of deferred tax on revaluation of properties	<b>(128)</b>	(809)	<b>(52)</b>	(69)
At 31 March	<b>19,637</b>	18,161	<b>9,670</b>	8,672

The capital reserve represents post-acquisition profits in subsidiaries utilised for the issue of bonus shares by certain subsidiaries.

The capital redemption reserve represents amount arising from the cancellation of treasury shares of the Company during the previous financial year.

The other reserves are not distributable by way of dividends.

The Company has adopted the transitional provisions set out in Section 618(3) of the Companies Act 2016 ("Act") where the sum standing to the credit of the share premium may be utilised within twenty four (24) months from the commencement date of 31 January 2017 in the manner as allowed for under the Act. Therefore, the Group and the Company has not consolidated the share premium into share capital until the expiry of the transitional period.



# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 18. TERM LOAN

	The Group	
	2017 RM'000	2016 RM'000
<u>Current</u>		
Not later than 1 year	<b>227</b>	207
<u>Non-current</u>		
Later than 1 year and not later than 2 years	<b>248</b>	227
Later than 2 years and not later than 5 years	<b>884</b>	811
Later than 5 years	<b>2,686</b>	3,010
	<b>3,818</b>	4,048
	<b>4,045</b>	4,255

- (a) The term loan of the Group at the end of the reporting period bore an effective interest rate of 8.60% (2016 - 8.60%) per annum.
- (b) The term loan is secured by:-
- (i) a first party legal charge over 3 storey shop offices as disclosed in Note 5(b) to the financial statements;
  - (ii) a legal assignment of Rental Proceeds; and
  - (iii) a corporate guarantee of the Company.
- (c) The term loan is repayable in 179 instalments of RM47,208 each and a final instalment of RM46,902, commencing from December 2011.

## 19. DEFERRED TAX LIABILITIES

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 April 2016/2015	<b>3,605</b>	2,889	<b>764</b>	680
Recognised in profit or loss (Note 29)	<b>14</b>	(93)	<b>14</b>	15
Recognised in other comprehensive income	<b>128</b>	809	<b>52</b>	69
At 31 March	<b>3,747</b>	3,605	<b>830</b>	764

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 19. DEFERRED TAX LIABILITIES (CONT'D)

The deferred tax liabilities are attributable to the following:-

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Accelerated capital allowances over depreciation	<b>260</b>	260	-	-
Investment properties	<b>14</b>	15	<b>14</b>	15
Revaluation of land and buildings	<b>3,473</b>	3,330	<b>816</b>	749
	<b>3,747</b>	3,605	<b>830</b>	764

## 20. TRADE PAYABLES

The normal trade credit terms granted to the Group range from cash terms to 90 days.

## 21. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Other payables:-				
Third parties	<b>3,285</b>	3,712	<b>83</b>	84
Deposit received	<b>780</b>	589	<b>118</b>	122
Accruals	<b>2,768</b>	2,500	<b>284</b>	281
	<b>6,833</b>	6,801	<b>485</b>	487

## 22. REVENUE

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Sale of goods	<b>34,755</b>	35,562	-	-
Services	<b>8,956</b>	9,681	-	-
Rental income from land and buildings	<b>1,431</b>	2,007	<b>456</b>	498
	<b>45,142</b>	47,250	<b>456</b>	498

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 23. COST OF SALES

	The Group	
	2017 RM'000	2016 RM'000
Included in cost of sales are:-		
Inventories written down	217	205
Rental of equipment	7	4
Rental of premises	3,131	3,801
Reversal of inventories written down	(100)	(118)
Staff costs:		
- salaries, wages, bonuses and allowances	1,448	1,436
- defined contribution plan	95	67
- other benefits	95	21

## 24. OTHER INCOME

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Included in other income are:-				
Fair value gain on investment properties (Note 7)	285	300	285	300
Gain on disposal of property, plant and equipment	31	-	-	-
Gain on foreign exchange:				
- realised	177	121	-	-
- unrealised	-	15	-	-
Interest income on financial assets not at fair value through profit or loss	401	427	352	388
Rental income from building	-	36	-	-
Reversal of impairment losses on:				
- amount owing by a subsidiary	-	-	300	-
- trade receivables	4	-	-	-

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 25. ADMINISTRATIVE EXPENSES

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000

Included in administrative expenses are:-

Auditors' remuneration:

- current financial year	<b>188</b>	178	<b>55</b>	50
- overprovision in the previous financial year	-	(8)	-	-
Rental of equipment	<b>10</b>	10	-	-
Rental of premises	<b>593</b>	979	<b>86</b>	86
Staff costs:				
- salaries, wages, bonuses and allowances	<b>3,648</b>	3,786	<b>382</b>	396
- defined contribution plan	<b>297</b>	336	<b>46</b>	49
- other benefits	<b>211</b>	184	<b>45</b>	21

## 26. OTHER EXPENSES

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000

Included in other expenses are:-

Amortisation of prepaid lease payments (Note 6)	<b>233</b>	233	-	-
Bad debts written off:				
- third party	<b>287</b>	5	-	-
- amount owing by an associate	-	2	-	2
Depreciation of property, plant and equipment (Note 5)	<b>3,112</b>	4,035	<b>75</b>	75
Impairment loss:				
- property, plant and equipment (Note 5)	-	2,897	-	-
- investments in subsidiaries (Note 8)	-	-	<b>723</b>	1,915
- amount owing by subsidiaries (Note 10)	-	-	<b>964</b>	7,363
- trade receivables (Note 12)	<b>230</b>	56	-	-
Loss on disposal of equipment	-	1	-	-
Property, plant and equipment written off (Note 5)	<b>226</b>	191	-	-

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 27. FINANCE COSTS

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest of:				
- hire purchase	<b>7</b>	20	<b>1</b>	1
- term loan	<b>353</b>	375	-	-

## 28. DIRECTORS' REMUNERATION

- (a) The aggregate amount of remuneration received and receivable by the directors of the Group and of the Company during the financial year are as follows:-

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-executive:				
- fee	<b>144</b>	144	<b>144</b>	144
Executive:				
- fees	<b>54</b>	60	<b>54</b>	60
- salary and other benefits	<b>484</b>	588	<b>423</b>	500
- defined contribution plan	<b>73</b>	93	<b>66</b>	85
	<b>611</b>	741	<b>543</b>	645
	<b>755</b>	885	<b>687</b>	789

- (b) The number of the Company's directors with total remuneration falling in bands of RM50,000 are as follows:-

	The Company	
	2017	2016
	Number Of Directors	
<b>Executive Directors</b>		
RM100,001 – RM150,000	<b>1</b>	-
RM200,001 – RM250,000	-	1
RM350,001 – RM400,000	-	1
RM400,001 – RM450,000	<b>1</b>	-
<b>Non-executive Directors</b>		
Below RM50,000	<b>4</b>	4
	<b>6</b>	6

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 29. INCOME TAX EXPENSE

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current tax:				
- current financial year	<b>252</b>	185	-	-
- under/(over)provision in the previous financial year	<b>58</b>	65	<b>3</b>	(43)
	<b>310</b>	250	<b>3</b>	(43)
Deferred tax (Note 19):				
- originating and recognition of temporary differences	<b>14</b>	(79)	<b>14</b>	15
- effect of change in corporate income tax rate from 25% to 24%	-	(13)	-	-
- overprovision in the previous financial year	-	(1)	-	-
	<b>14</b>	(93)	<b>14</b>	15
	<b>324</b>	157	<b>17</b>	(28)

Income tax is calculated at the Malaysian statutory tax rate of 24% (2016 - 24%) of estimated taxable profit for the year.

A reconciliation of the income tax expense applicable to the loss before taxation at the statutory tax rate to the income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Loss before taxation	<b>(5,544)</b>	(10,317)	<b>(2,166)</b>	(10,239)
Tax at the statutory tax rate of 24%	<b>(1,331)</b>	(2,476)	<b>(520)</b>	(2,457)
Tax effects of:-				
Non-deductible expenses	<b>822</b>	1,392	<b>518</b>	2,362
Non-taxable income	<b>(68)</b>	(73)	<b>(68)</b>	(72)
Effect of change in corporate tax from 25% to 24% on deferred tax	-	(13)	-	-
Utilisation of deferred tax assets not recognised in the previous financial year	<b>(166)</b>	(191)	-	-
Deferred tax assets not recognised during the financial year	<b>1,009</b>	1,454	<b>84</b>	182
Under/(Over)provision in the previous financial year:				
- current tax	<b>58</b>	65	<b>3</b>	(43)
- deferred tax	-	(1)	-	-
Income tax expense for the financial year	<b>324</b>	157	<b>17</b>	(28)

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 29. INCOME TAX EXPENSE (CONT'D)

No deferred tax assets are recognised on the following items:-

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unutilised tax losses	<b>56,131</b>	53,679	<b>2,566</b>	2,244
Unabsorbed capital allowances	<b>40,320</b>	39,919	<b>1,154</b>	1,154
Others	<b>5,832</b>	5,174	<b>117</b>	89
	<b>102,283</b>	98,772	<b>3,837</b>	3,487

## 30. OTHER COMPREHENSIVE INCOME

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Items that Will Not be Reclassified Subsequently to Profit or Loss</b>				
Revaluation of property, plant and equipment	<b>1,604</b>	4,583	<b>1,050</b>	1,380
Less: Deferred tax liabilities	<b>(128)</b>	(809)	<b>(52)</b>	(69)
	<b>1,476</b>	3,774	<b>998</b>	1,311

## 31. LOSS PER SHARE

	The Group	
	2017	2016
Loss attributable to owners of the Company (RM'000)	<b>(5,870)</b>	(10,476)
Weighted average number of ordinary shares in issue, net of treasury shares ('000)	<b>211,489</b>	174,133
Basic loss per share (Sen)	<b>(2.78)</b>	(6.02)

The Company has not issued any dilutive potential ordinary shares and hence, the diluted loss per share is equal to the basic loss per share.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 32. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Fixed deposits with licensed banks	<b>6,767</b>	10,162	<b>5,500</b>	8,800
Cash and bank balances	<b>2,809</b>	2,390	<b>97</b>	297
	<b>9,576</b>	12,552	<b>5,597</b>	9,097
Less: Deposits with licensed banks with maturity periods of more than three months	<b>(6,563)</b>	(9,859)	<b>(5,500)</b>	(8,800)
	<b>3,013</b>	2,693	<b>97</b>	297

## 33. SIGNIFICANT RELATED PARTY DISCLOSURES

### (a) Identities of Related Parties

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

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, associate, key management personnel and entities within the same group of companies.

### (b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Company	
	2017 RM'000	2016 RM'000
Advances to subsidiaries	<b>(9,076)</b>	(4,139)

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.



# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 34. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 2 main reportable segments as follows:-

- (i) Tourism segment – Provision of inbound and outbound tours and ticketing services, transportation services, hospitality services and trading of souvenirs, pewterware, local cottage industry products and other tourism related products.
- (ii) Others – Comprises investment holding, trading, warehousing, mobile crane services, timber log trading, sawmilling and manufacturing of downstream timber products, neither of which are of a sufficient size to be reported separately.

The Group Executive Committee assesses the performance of the reportable segments based on their profit before interest expense and taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Each reportable segment assets is measured based on all assets of the segment other than investment in an associate and tax-related assets.

Each reportable segment liabilities is measured based on all liabilities of the segment other than tax-related liabilities.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly income taxes and related expenses.

Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 34. OPERATING SEGMENTS (CONT'D)

### BUSINESS SEGMENTS

	Tourism Services		Others		The Group	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Revenue</b>						
External revenue	<b>44,642</b>	46,708	<b>500</b>	542	<b>45,142</b>	47,250
Inter-segment revenue	<b>420</b>	424	-	-	<b>420</b>	424
	<b>45,062</b>	47,132	<b>500</b>	542	<b>45,562</b>	47,674
Consolidation adjustments					<b>(420)</b>	(424)
Consolidated revenue					<b>45,142</b>	47,250
<b>Results</b>						
Segment loss before interest and taxation	<b>(4,048)</b>	(8,105)	<b>(1,537)</b>	(2,244)	<b>(5,585)</b>	(10,349)
Finance costs					<b>(360)</b>	(395)
Interest income					<b>401</b>	427
Consolidated loss before taxation					<b>(5,544)</b>	(10,317)
Segment loss before taxation includes the followings:-						
Depreciation and amortisation	<b>2,708</b>	3,631	<b>637</b>	637	<b>3,345</b>	4,268
Impairment loss on property, plant and equipment	-	2,897	-	-	-	2,897
Inventories written down	<b>217</b>	205	-	-	<b>217</b>	205
Property, plant and equipment written off	<b>226</b>	191	-	-	<b>226</b>	191
Reversal of inventories written down	<b>(100)</b>	(118)	-	-	<b>(100)</b>	(118)

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 34. OPERATING SEGMENTS (CONT'D)

### BUSINESS SEGMENTS (CONT'D)

	Tourism Services		Others		The Group	
	2017	2016	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Assets</b>						
Segment assets	<b>43,801</b>	45,220	<b>56,637</b>	53,621	<b>100,438</b>	98,841
Unallocated asset:						
- current tax assets					<b>146</b>	115
Consolidated total assets					<b>100,584</b>	98,956

Additions to non-current assets other than financial instruments are:-

Property, plant and equipment	<b>59</b>	669	<b>4,022</b>	6	<b>4,081</b>	675
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### Liabilities

Segment liabilities	<b>10,358</b>	10,681	<b>1,677</b>	1,538	<b>12,035</b>	12,219
Unallocated liabilities:						
- deferred tax liabilities					<b>3,747</b>	3,605
- current tax liabilities					<b>134</b>	79
Consolidated total liabilities					<b>15,916</b>	15,903

### GEOGRAPHICAL INFORMATION

No geographical analysis has been prepared as the Group operates wholly in Malaysia.

### MAJOR CUSTOMERS

There is no single customer that contributed 10% or more to the Group's revenue.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 35. NON-CANCELLABLE OPERATING LEASES

The future minimum lease payments under the non-cancellable operating leases are as follows:-

	The Group	
	2017 RM'000	2016 RM'000
Not later than 1 year	<b>4,350</b>	4,350
Later than 1 year and not later than 5 years	<b>3,478</b>	7,828
	<b>7,828</b>	12,178

## 36. FINANCIAL GUARANTEE CONTRACT

	The Company	
	2017 RM'000	2016 RM'000
Corporate guarantee given to a licensed bank for banking facilities utilised by a subsidiary	<b>4,045</b>	4,255

## 37. FOREIGN EXCHANGE RATES

The principal closing exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of foreign currency balances at the end of the reporting period are:-

	The Group	
	2017 RM'000	2016 RM'000
Chinese Renminbi	<b>0.64</b>	0.67
Hong Kong Dollar	<b>0.57</b>	0.57
United States Dollar	<b>4.42</b>	4.20
Singapore Dollar	<b>3.16</b>	2.70

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 38. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

### 38.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

#### (a) Market Risk

##### (i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the functional currency of the Group. The currencies giving rise to this risk are primarily Chinese Renminbi, Hong Kong Dollar, United States Dollar and Singapore Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

##### *Foreign Currency Risk Sensitivity Analysis*

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the functional currency of the Group does not have material impact on the loss after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

##### (ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available.

The Group's fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined by MFRS 7 since neither their carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk that based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 18 to the financial statements.

##### *Interest Rate Risk Sensitivity Analysis*

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have material impact on the loss after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

##### (iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 38. FINANCIAL INSTRUMENTS (CONT'D)

### 38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Groups uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 180 days, which are deemed to have higher credit risk, are monitored individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified (where applicable). Impairment is estimated by management based on prior experience and the current economic environment.

#### (i) Credit Risk Concentration Profile

The Group does not has any major concentration of credit risk related to any individual customers or counterparty.

#### (ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 38. FINANCIAL INSTRUMENTS (CONT'D)

### 38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (b) Credit Risk (Cont'd)

##### (iii) Ageing Analysis

The ageing analysis of trade receivables is as follows:-

The Group	Gross Amount RM'000	Individual Impairment RM'000	Carrying Amount RM'000
<b>2017</b>			
Not past due	1,181	-	1,181
Past due:			
- less than 2 months	574	-	574
- 2 to 5 months	831	-	831
- more than 5 months	5,937	(4,000)	1,937
	<b>8,523</b>	<b>(4,000)</b>	<b>4,523</b>
<b>2016</b>			
Not past due	1,138	-	1,138
Past due:			
- less than 2 months	282	-	282
- 2 to 5 months	670	-	670
- over 5 months	5,111	(3,689)	1,422
	<b>7,201</b>	<b>(3,689)</b>	<b>3,512</b>

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

#### (c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 38. FINANCIAL INSTRUMENTS (CONT'D)

### 38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (c) Liquidity Risk (Cont'd)

##### *Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
<b>2017</b>						
<u>Non-derivative Financial Liabilities</u>						
Term loan	8.60	4,045	6,296	566	2,266	3,464
Trade payables	-	1,157	1,157	1,157	-	-
Other payables and accruals	-	6,833	6,833	6,833	-	-
		<b>12,035</b>	<b>14,286</b>	<b>8,556</b>	<b>2,266</b>	<b>3,464</b>
<b>2016</b>						
<u>Non-derivative Financial Liabilities</u>						
Hire purchase payables	4.55	18	18	18	-	-
Term loan	8.60	4,255	6,870	566	2,266	4,038
Trade payables	-	1,145	1,145	1,145	-	-
Other payables and accruals	-	6,801	6,801	6,801	-	-
		<b>12,219</b>	<b>14,834</b>	<b>8,530</b>	<b>2,266</b>	<b>4,038</b>



# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 38. FINANCIAL INSTRUMENTS (CONT'D)

### 38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (c) Liquidity Risk (Cont'd)

*Maturity Analysis (Cont'd)*

The Company	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
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#### 2017

##### Non-derivative Financial Liabilities

Other payables and accruals	-	485	485	485	-	-
Amount owing to subsidiaries	-	1,108	1,108	1,108	-	-
Financial guarantee contract	-	-	4,045	4,045	-	-
		<b>1,593</b>	<b>5,638</b>	<b>5,638</b>	-	-

#### 2016

##### Non-derivative Financial Liabilities

Other payables and accruals	-	487	487	487	-	-
Amount owing to subsidiaries	-	514	514	514	-	-
Financial guarantee contract	-	-	4,255	4,255	-	-
		<b>1,001</b>	<b>5,256</b>	<b>5,256</b>	-	-

### 38.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total external borrowings.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 38. FINANCIAL INSTRUMENTS (CONT'D)

### 38.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Financial Asset</b>				
<u>Loans and Receivables Financial Assets</u>				
Trade receivables (Note 12)	<b>4,523</b>	3,512	<b>60</b>	17
Other receivables and deposits (Note 13)	<b>4,790</b>	3,762	<b>183</b>	187
Amount owing by subsidiaries (Note 10)	-	-	<b>25,827</b>	17,415
Fixed deposits with licensed banks	<b>6,767</b>	10,162	<b>5,500</b>	8,800
Cash and bank balances	<b>2,809</b>	2,390	<b>97</b>	297
	<b>18,889</b>	19,826	<b>31,667</b>	26,716
<b>Financial Liability</b>				
<u>Other Financial Liabilities</u>				
Hire purchase payables	-	18	-	-
Term loan (Note 18)	<b>4,045</b>	4,255	-	-
Trade payables (Note 20)	<b>1,157</b>	1,145	-	-
Other payables and accruals (Note 21)	<b>6,833</b>	6,801	<b>485</b>	487
Amount owing to subsidiaries (Note 10)	-	-	<b>1,108</b>	514
	<b>12,035</b>	12,219	<b>1,593</b>	1,001

### 38.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 38. FINANCIAL INSTRUMENTS (CONT'D)

### 38.4 FAIR VALUE INFORMATION (CONT'D)

As the Group does not have any financial instruments carried at fair value, the following table sets out only the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period:-

The Group	Fair Value of Financial Instruments Not Carried At Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		

#### 2017

##### Financial Liability

Term loan	-	4,045	-	4,045	4,045
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#### 2016

##### Financial Liabilities

Term loan	-	4,255	-	4,255	4,255
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The fair values of hire purchase payable and term loans are determined by discounting the relevant cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group	
	2017 %	2016 %
Hire purchase payables	-	4.55
Term loan	8.60	8.60

## 39. SIGNIFICANT EVENTS

Significant events during and subsequent to the financial year are as follows:-

- (i) On 13 July 2016, the private placement has been completed following the listing of and quotation for 52,240,000 Placement Shares on the Main Market of Bursa Malaysia Securities Berhad on 13 July 2016. The 52,240,000 Placement Shares were placed out at issue price of RM0.115 per Placement Share, raising a total of RM6,007,600 for the Company pursuant to the Private Placement.
- (ii) On 4 August 2016, Sanbumi Air Transport Sdn. Bhd. ("SAT") received the duly signed Settlement Agreement from Ketua Pengarah Hasil Dalam Negeri ("KPHDN"). KPHDN had agreed to reduce the total amount of tax claimed from RM308,897.58 to RM184,444.00. SAT had fully settled the said sum of RM184,444.00 to KPHDN on 7 January 2016. The Writ of Summons previously filed had also been withdrawn by the Plaintiff.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 39. SIGNIFICANT EVENTS (CONT'D)

Significant events during and subsequent to the financial year are as follows (Cont'd):-

- (iii) On 30 June 2017, the Company entered into a Sales and Purchase of Shares Agreement to acquire the remaining 360,000 ordinary shares, representing approximately 21.52% of the total issued and paid-up share capital of EMC Cranes (K.L.) Sdn. Bhd. ("EMCKL") from Tat Hong Heavy Equipment (Pte) Ltd ("THHE") for a total cash consideration of RM150,000.

In consequence thereof, EMCKL becomes a wholly-owned subsidiary of the Company.

- (iv) The Companies Act, 2016 came into effect on 31 January 2017 (except for Section 241 and Division 8 of Part III of the said Act) and replaces the existing Companies Act 1965. Amongst the key changes introduced under the Companies Act 2016 that have affected the financial statements of the Group and of the Company upon its initial adoption are:-
  - (a) Removal of the authorised share capital;
  - (b) Ordinary shares will cease to have par value; and
  - (c) Share premium account and capital redemption reserve will become part of the share capital.

The adoption of the Companies Act 2016 has been applied prospectively and the impacts of adoption are disclosed in the respective notes to the financial statements.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

## 40. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the retained profits/(accumulated losses) of the Group and of the Company at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries:				
- realised	<b>(28,990)</b>	(21,629)	<b>31,709</b>	33,826
- unrealised	<b>(3,747)</b>	(3,605)	<b>(830)</b>	(764)
	<b>(32,737)</b>	(25,234)	<b>30,879</b>	33,062
Total share of losses of associate:				
- realised	<b>(637)</b>	(637)	-	-
Less: Consolidated adjustments	<b>54,791</b>	53,158	-	-
At 31 March	<b>21,417</b>	27,287	<b>30,879</b>	33,062

# Shareholdings Statistics and Analysis

As at 30 June 2017

## SHARE CAPITAL

Issued and Paid-up Capital	:	RM22,637,385 consisting of 226,373,848 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

## SUBSTANTIAL SHAREHOLDERS

In accordance with the Register of Substantial Shareholders, the Substantial Shareholders and their shareholdings as at 30 June 2017 are as follows:-

Name of Substantial Shareholders	Direct		Indirect	
	No. of shares	%	No. of shares	%
Dato' Chua Tiong Moon	24,310,362	10.74	2,198,113*	0.97
Tan Sri Datuk Chai Kin Kong	21,754,070	9.61	-	-
Chu Yoke Loong	13,060,000	5.77	-	-
Chu Yoke Fong	14,560,000	6.43	-	-

\* Deemed interest by virtue of Dato' Chua Tiong Moon having not less than twenty percent of the voting shares in Equal Accord Sdn Bhd which has a direct interest in the Company.

## DIRECTORS' SHAREHOLDINGS

In accordance with the Register of Directors' Shareholdings, the Directors and their shareholdings as at 30 June 2017 are as follows:-

Name of Directors	Direct		Indirect	
	No. of shares	%	No. of shares	%
Dato' Chua Tiong Moon	24,310,362	10.74	2,198,113*	0.97
Chu Yoke Loong	13,060,000	5.77	-	-
Datuk Wira Rahadian Mahmud bin Mohammad Khalil	-	-	-	-
Dato' Ir. Zainurin bin Karman	-	-	-	-
Lim Thian Loong	-	-	-	-
Lee See Hong	-	-	-	-

\* Deemed interest by virtue of Dato' Chua Tiong Moon having not less than twenty percent of the voting shares in Equal Accord Sdn Bhd which has a direct interest in the Company.

# Shareholdings Statistics and Analysis

As at 30 June 2017

## ANALYSIS OF SHAREHOLDINGS BY RANGE GROUPS

Size of Holdings	No. of Holders	%	No. of Holders	%
1 - 99	17	0.374	433	0.000
100 - 1,000	829	18.267	784,840	0.346
1,001 - 10,000	2,466	54.341	12,583,831	5.558
10,001 - 100,000	1,048	23.093	35,094,744	15.503
100,001 - 11,318,691 (*)	174	3.834	124,170,000	54.851
11,318,692 AND ABOVE (**)	4	0.088	53,740,000	23.739
<b>TOTAL</b>	<b>4,538</b>	<b>100.000</b>	<b>226,373,848</b>	<b>100.000</b>

Remark : \* - Less than 5% of issued shares.

\*\* - 5% and above of issued shares.

## LIST OF THIRTY LARGEST HOLDERS (As per Record of Depositors)

(Without aggregating securities from different securities accounts belonging to the same registered holder)

No.	Name of Holders	Holdings	%
1	CHU YOKE FONG	14,560,000	6.431
2	CHU YOKE LOONG	13,060,000	5.769
3	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR CHUA TIONG MOON	13,060,000	5.769
4	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR CHAI KIN KONG	13,060,000	5.769
5	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR CHUA TIONG MOON	6,591,900	2.911
6	KEAN MOONG YIN	5,056,700	2.233
7	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR CHAI KIN KONG	4,822,300	2.130
8	EVERGREEN CITY HOLDINGS SDN. BHD.	4,779,200	2.111
9	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR CHUA TIONG MOON	4,658,400	2.057
10	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEGDED SECURITIES ACCOUNT FOR YEOH ENG KONG (M02)	4,616,800	2.039
11	FINE TASTE LOCAL PRODUCTS INDUSTRIES SDN BHD	4,326,000	1.910
12	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR FINE TASTE LOCAL PRODUCTS INDUSTRIES SDN BHD	4,261,900	1.882

# Shareholdings Statistics and Analysis

As at 30 June 2017

## LIST OF THIRTY LARGEST HOLDERS (As per Record of Depositors) (CONT'D)

(Without aggregating securities from different securities accounts belonging to the same registered holder)

No.	Name of Holders	Holdings	%
13	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR TAN KOK AUN	4,044,100	1.786
14	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR JULUNG PRESTASI SDN. BHD. (M0015)	3,939,700	1.740
15	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR JOAN YONG MUN CHING (SMART)	3,709,200	1.638
16	LEE KIM SOON	3,509,300	1.550
17	GOLDMATRIX RESOURCES SDN. BHD.	3,460,400	1.528
18	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR CHAI KIN KONG (021)	3,366,700	1.487
19	EVERGREEN 2000 SDN. BHD.	2,828,000	1.249
20	CHU YOKE HUA	2,333,400	1.030
21	RHB NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR EQUAL ACCORD SDN BHD	2,198,100	0.971
22	LAI THIAM POH	2,156,800	0.952
23	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR TAI KIEW @ TAI CHOON CHYE	2,120,900	0.936
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR MAN SINGH A/L SHAM SINGH	2,000,000	0.883
25	CHAO KOON WAN	1,980,000	0.874
26	RHB NOMINEES (ASING) SDN BHD EXEMPT AN FOR RHB SECURITIES SINGAPORE PTE. LTD. (A/C CLIENTS)	1,910,000	0.843
27	GOH KHENG HOCK	1,736,000	0.766
28	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR NUMINA GEM SDN BHD	1,572,200	0.694
29	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TEE CHEE CHIANG (M55008)	1,279,300	0.565
30	CHAI WOON YIN	1,121,500	0.495
<b>TOTAL</b>		<b>138,118,800</b>	<b>61.013</b>



# Particulars of Properties Held

Summary of landed properties owned as at 31 March 2017.

Owner	Location	Tenure	Existing Use	Land area Sq.ft.	Approx. age of building (Years)	Fair Value as at 31.3.17 RM'000	Last Revaluation
Sanbumi Holdings Berhad ("SHB")	Lot 1620 Mukim 6 Seberang Prai Tengah, Pulau Pinang	Freehold	a) 4 storey office building	84,419	38	9,735	2017
			b) 1 storey workshop		38	765	2017
SHB	Part of Lot 3423 Mukim 6 Seberang Prai Tengah, Pulau Pinang	Freehold	Storage yard	55,626	N.A.	3,000	2017
SHB	Lot 1590, 1595 & 1598 Mukim 17 Sg. Lembu Seberang Prai Tengah, Pulau Pinang	Freehold	Vacant land	441,263	N.A.	4,600	2017
SHB	Lot 739 Section 16 Georgetown, Daerah Timur-laut Pulau Pinang	Freehold	2 storey shophouse	2,292	>50	2,400	2017
EMC Cranes Sdn Bhd	Lot 451 Mukim 17 Sg Lembu Seberang Prai Tengah, Pulau Pinang	Freehold	Vacant land	795,231	N.A.	3,700	2017
Nouvelle Hotel (Kulai) Sdn Bhd	H.S.(D) 51225-51238 & 51264-51276 Mukim Kulai, Daerah Kulaijaya, Johor	Freehold	14 lots of vacant land and 13 units of 3 storey shop offices	44,784	6	13,800	2017

## Particulars of Properties Held

Owner	Location	Tenure	Existing Use	Land area Sq.ft.	Approx. age of building (Years)	Fair Value as at 31.3.17 RM'000	Last Valuation/ Revaluation
Nouvelle Hotel Sdn Bhd	Lot 6057 to Lot 6080 Mukim Pasir Panjang Port Dickson, Negeri Sembilan	Freehold	24 lots of vacant land	51,817	N.A.	3,000	2017
Nouvelle Restaurant Sdn Bhd	H.S.(D) 19190-19192, Lot P.T. 7501-7503 Mukim Durian Tunggal, Daerah Alor Gajah, Melaka	Leasehold (to expire in 2094)	Vacant land	731,133	N.A.	8,800	2017
Sanbumi Sawmill Sdn Bhd ("SSSB")	Lot 12089 Mukim 15 Seberang Prai Tengah, Pulau Pinang	Freehold	A partially completed commercial building and land	70,988	N.A.	18,877	2014
SSSB	PT 4012 Mukim 15 Seberang Prai Tengah, Pulau Pinang	Freehold	Vacant land	75,444	N.A.	4,000	2017

# Proxy Form



**SANBUMI HOLDINGS BERHAD**  
(Company No. 8386-P)

#CDS account no. of authorised nominee

I/We \_\_\_\_\_ (name of shareholder as per NRIC, in capital letters)  
NRIC No. \_\_\_\_\_ (new) \_\_\_\_\_ (old)/ID No./Company No. \_\_\_\_\_ of  
\_\_\_\_\_ (full address)

being a member(s) of the abovenamed Company, hereby appoint \_\_\_\_\_  
(name of proxy as per NRIC, in capital letters) NRIC No. \_\_\_\_\_ (new) \_\_\_\_\_ (old)  
or failing him/her \_\_\_\_\_ (name of proxy as per NRIC, in capital letters)  
NRIC No. \_\_\_\_\_ (new) \_\_\_\_\_ (old) or failing him/her the CHAIRMAN OF THE MEETING  
as my/our proxy to vote for me/us on my/our behalf at the Forty-Eighth Annual General Meeting of the Company to be held at the  
Conference Room, Second Floor, Wisma EMC, 972, Jalan Baru, 13700 Prai, Penang on Friday, 15 September 2017 at 10.00 a.m.  
and at any adjournment thereof. My/our proxy is to vote as indicated below:-

Resolutions	For	Against
Re-election of Directors:		
Resolution 1 - Datuk Wira Rahadian Mahmud bin Mohammad Khalil		
Resolution 2 - Ms Lee See Hong		
Resolution 3 - Mr Chu Yoke Loong		
Resolution 4 - Re-appointment of Messrs Crowe Horwath as Auditors and to authorise the Directors to determine their remuneration		
Resolution 5 - Approval of Directors' fees of RM198,000		
Resolution 6 - Approval of Directors' benefits of up to RM13,000		
Resolution 7 - Continuing in office for Dato' Ir. Zainurin bin Karman		
Resolution 8 - Continuing in office for Datuk Wira Rahadian Mahmud bin Mohammad Khalil		

(Please indicate with "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2017

Number of shares held	
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For appointment of two proxies, number of shares and percentage of shareholdings to be represented by the proxies:-		
	No. of shares	Percentage
Proxy 1	_____	_____ %
Proxy 2	_____	_____ %

Signature/Common Seal of Appointor \_\_\_\_\_

Contact No. Of Shareholder/Proxy: \_\_\_\_\_

**NOTES:**

- A member entitled to attend and vote at the Annual General Meeting shall be entitled to appoint not more than two (2) proxies to attend, participate, speak and vote in his/her stead at the same meeting. A proxy need not be a member of the Company.
  - Where a member appoints two (2) proxies, the appointments shall be invalid unless the percentage of the holding to be represented by each proxy is specified.
  - Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
  - Where a member of the Company is an exempt authorised nominee 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.
  - The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
  - The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at Wisma EMC, 972, Jalan Baru, 13700 Prai, Penang not less than forty-eight (48) hours before the time set for holding the Annual General Meeting or any adjournment thereof.
  - A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting in accordance with Section 333 of the Companies Act, 2016.
  - If the space provided in the proxy form is not sufficient, an appendix attached to the proxy form duly signed by the appointor is acceptable.
  - Those proxy forms which are indicated with "v" in the spaces provided to show how the votes are to be cast will also be accepted.
  - Only members registered in the Record of Depositors as at 7 September 2017 shall be eligible to attend the meeting or appoint proxies and vote on their behalf.
- # Applicable to shares held through a nominee account.

AFFIX  
STAMP

**The Secretaries**  
**SANBUMI HOLDINGS BERHAD (8386-P)**

Wisma EMC  
972, Jalan Baru  
13700 Prai  
Penang

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