STERLING PROGRESS

STERLING PROGRESS BERHAD (679361-D)

CHANGING TIMES, CHANGING GAME

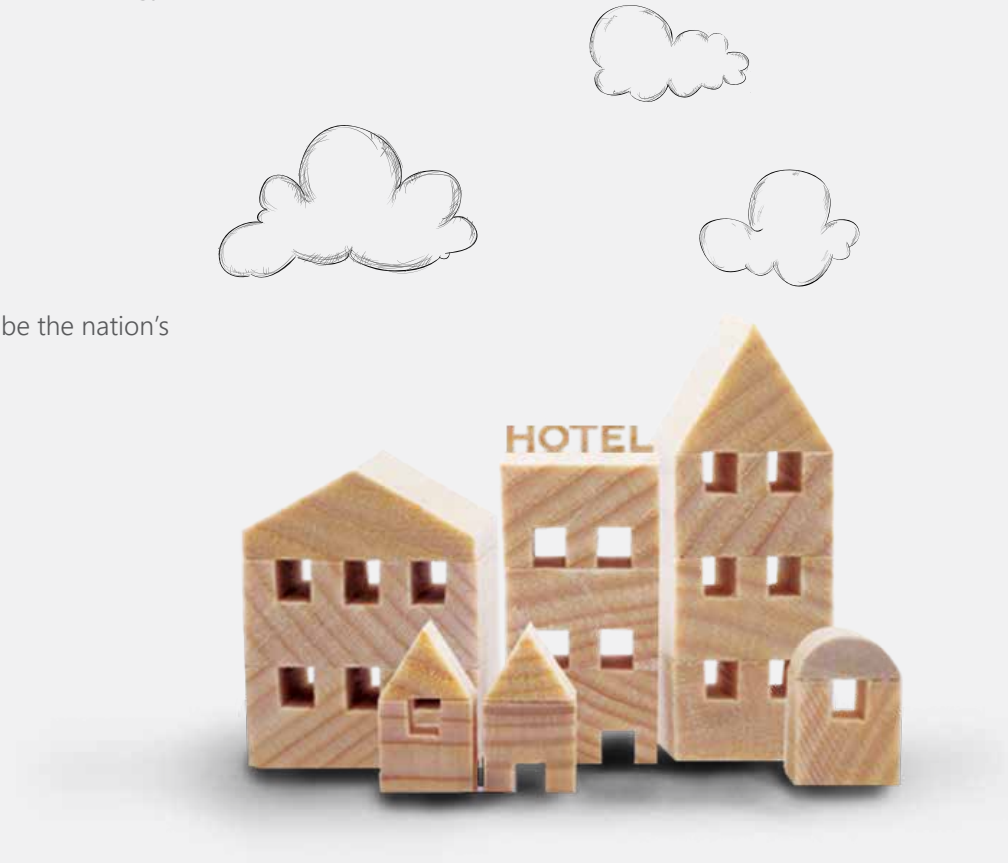
ANNUAL REPORT 2017

OUR MISSION

We commit to elevating the lifestyle of our customers in every way through excellent service and optimisation of our combined Technology, Creative, and Engineering pillars.

OUR VISION

Sterling Progress Berhad ("SPB") to be the nation's largest ICT lifestyle retailer.



CORE VALUES

LEADERSHIP
Embracing and pursuing change for a better future

INTEGRITY
Be real and doing the right thing

SPIRIT OF COLLABORATION
Developing sincere partnerships

ACCOUNTABILITY
Be accountable for our actions and inactions

PASSION
Committed in heart and mind for what we do

CUSTOMER
Focus on needs of customers and business partners

TEAMWORK
Leverages individual talents, but produces great results in team effort

QUALITY
Providing uncompromised quality

CARING
We encourage civic improvements, better health and safety

THEME: Changing times, changing game

COVER RATIONALE

Change is never easy. It requires a lot of commitment, effort and courage. It is, however necessary for a better future. We at SPB views change as an evolution that helps us overcome challenges and place us on track to achieve our goals and desired outcomes. This year, the theme of our annual report "Changing times, changing game" strongly clarifies our determination reflecting our vision and strategy. It is crucial for us to seize opportunities at the right moment and we believe in our team's ability to innovate and maximise our operational potential even in the toughest time.

CONTENTS

COMPANY PROFILE

Sterling Progress Berhad was formerly known as 1 Utopia Berhad. 1 Utopia changed its name to Sterling Progress Berhad in January 2016 as part of it's transformation to venture into the ICT industry. 1 Utopia was established in 1984 and later incorporated in 25 January 2005 as a private limited company and subsequently converted to public company on 21 December 2005. Sterling Progress Berhad is currently listed on the Ace Market of Bursa Malaysia.

SPB is one of the major tenants of Plaza Low Yat and currently occupies the largest aggregate floor space in Plaza Low Yat. It also rents other outlets in Digital Mall, Petaling Jaya and Sunway Pyramid. The Group concentrated its business at Plaza Low Yat, which is the main ICT hub in Malaysia.

COMPANY PROFILE
cont'd

Previously SPB's main focus was in the hydraulics business which includes providing, retailing and trading of hydraulic parts and components. February 2010 marked a significant milestone for Sterling Progress Berhad as they ventured into ICT industry through a newly owned subsidiary, ICT Utopia Sdn. Bhd. This move has enabled the Group to develop ICT Commerce Enterprise Absolute Market Place (ICTCE-AMP) that allows the Group to develop ICT retailing market and organise ICT related events. In July 2010, Sterling Progress completed the acquisition of PC3 Technology Sdn Bhd and Essential Action Sdn Bhd., two significant IT retailers in Malaysia. This was further followed by the acquisition of PDA Expert Mobility Sdn Bhd in October 2011 (one of the largest ICT retailer in Malaysia), Urusrasa Sdn Bhd in November 2011 (operator of car jockey services at Plaza Low Yat and Federal Hotel) and Tarita Multimedia Sdn Bhd (operator of a major outlet at Upper Ground of Plaza Low Yat) in January 2012. SPB has also completed the acquisition of Prestige Atoz Sdn Bhd in December 2013.

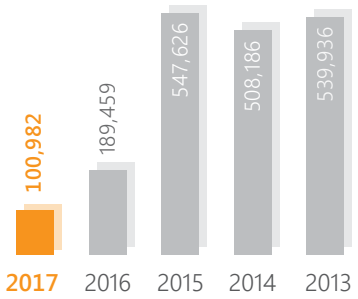
The Board of Directors of SPB ("Board") wishes to announce that TI Development Sdn Bhd ("TISB" or "Purchaser"), a wholly-owned subsidiary of SPB had on 17 February 2017, entered into a Business Rights Agreement ("Business Rights Agreement") with Tandop Hotel Sdn Bhd (hereinafter collectively defined as "Vendor") for the acquisition of business rights under the brand of T+ Hotel and Time Capsule Hotel for a total cash consideration of RM3,500,000.00 ("Proposed Acquisition"). On the same date, THSSB has entered into a Profit Guarantee Agreement with Vendor whereby the Vendor provided a guarantee that the guaranteed profit after tax of TISB shall not be less than RM800,000 for five financial years from 2018 to 2022 ("Profit Guarantee Agreement").

The Group is now moving into Hotel Management Industry with its main aim of strengthening the Company through expanding our businesses or engaging in strategic partnerships to create sustainable growth.

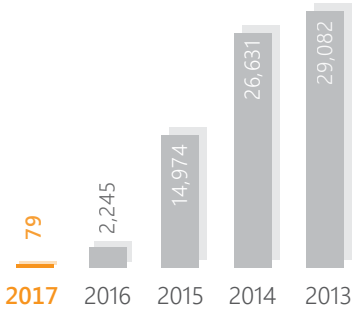
FINANCIAL HIGHLIGHTS

	AUDITED				
	2017	2016	2015	2014	2013
Number of Shares ('000)	298,495	989,180	989,180	737,460	737,460
Revenue (RM'000)	100,982	189,459	547,626	508,186	539,936
Gross Profit (RM'000)	79	2,245	14,974	26,631	29,082
Gross Profit Margin (%)	0.08%	1.18%	2.73%	5.24%	5.39%
Profit/(Loss) Before Tax (RM'000)	(33,815)	(35,266)	(13,567)	2,343	4,371
Profit/(Loss) After Tax (RM'000)	(33,916)	(33,906)	(13,184)	1,110	1,718
Profit After Tax Margin (%)	-33.59%	-17.90%	-2.41%	0.22%	0.32%
Net (Loss)/Earning per Share (Sen)	(3.80)	(3.43)	(1.33)	0.15	0.23
Current Ratio	4.98	2.48	1.91	1.95	1.48

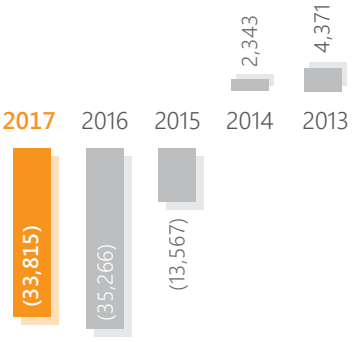
REVENUE (RM'000)



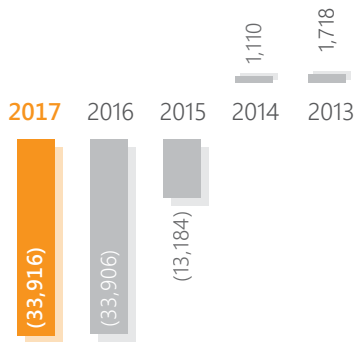
GROSS PROFIT (RM'000)



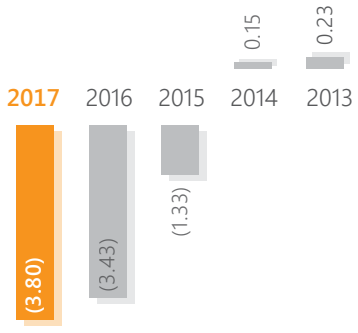
PROFIT/(LOSS) BEFORE TAX (RM'000)



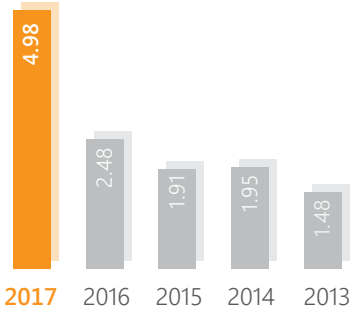
PROFIT/(LOSS) AFTER TAX (RM'000)

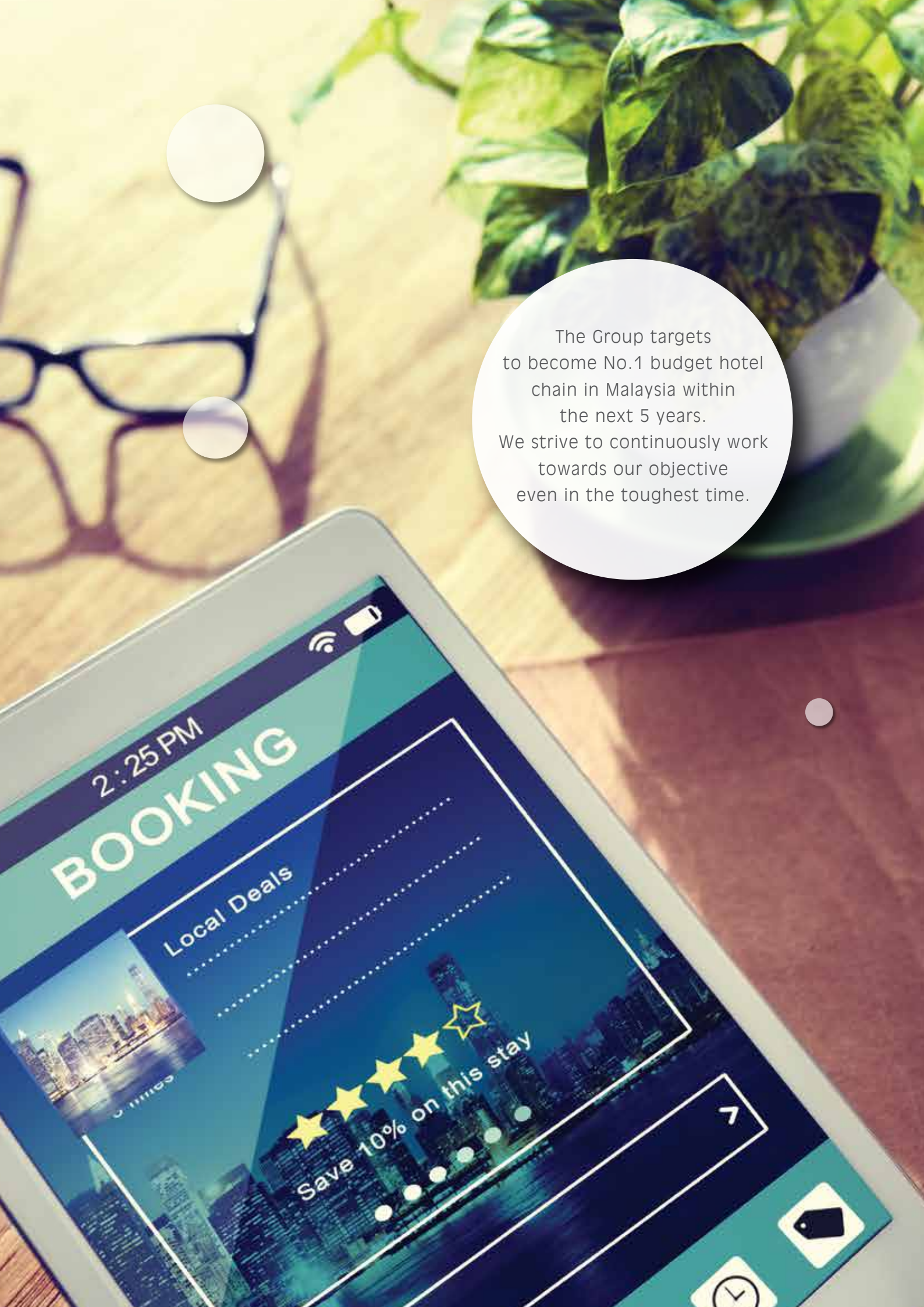


NET (LOSS)/EARNING PER SHARE (SEN)



CURRENT RATIO





The Group targets
to become No.1 budget hotel
chain in Malaysia within
the next 5 years.
We strive to continuously work
towards our objective
even in the toughest time.

CORPORATE INFORMATION

BOARD OF DIRECTORS

MAJOR GENERAL DATO' MAMAT ARIFFIN ABDULLAH (B)
Independent Non-Executive Chairman

KENNY KHOW CHUAN WAH
Executive Director/Finance Director

LEONG SENG WUI
Executive Director

LOW WEY HENG
(Appointed on 20.02.2017)
Executive Director

TAN OOI JIN
Independent Non-Executive Director

LIONEL VERNON YONG NGUON KEE
(Appointed on 21.03.2017)
Independent Non-Executive Director

MEMBERS OF AUDIT & RISK MANAGEMENT COMMITTEE

LIONEL VERNON YONG NGUON KEE (Chairman) *(Appointed on 21.03.2017)*

MAJOR GENERAL DATO' MAMAT ARIFFIN ABDULLAH (B)

TAN OOI JIN

MEMBERS OF NOMINATING COMMITTEE

LIONEL VERNON YONG NGUON KEE (Chairman) *(Appointed on 21.03.2017)*

MAJOR GENERAL DATO' MAMAT ARIFFIN ABDULLAH (B)

TAN OOI JIN

MEMBERS OF REMUNERATION COMMITTEE

TAN OOI JIN (Chairman)

LEONG SENG WUI

LIONEL VERNON YONG NGUON KEE *(Appointed on 21.03.2017)*

MEMBERS OF ESOS COMMITTEE

TAN OOI JIN (Chairman)

KENNY KHOW CHUAN WAH

LIM BEE WAN

COMPANY SECRETARIES

LEE PENG LOON *(MACS 01258)*

P'NG CHIEW KEEM *(MAICSA 7026443)*

PRINCIPAL BANKER

MALAYAN BANKING BERHAD

REGISTERED OFFICE

51-21-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

Tel : 04-2108 833
Fax : 04-2108 831

PRINCIPLE PLACE OF BUSINESS

Lot 4-20, 4th Floor
Plaza Low Yat
No. 7 Jalan Bukit Bintang
55100 Kuala Lumpur

Tel : 03-2116 3605
Fax : 03-2116 3737

WEBSITE

www.1utopia.com.my

SOLICITORS

Messrs. Peter Ling & Van Geyzel

AUDITORS

UHY (AF1411)
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

STOCK EXCHANGE LISTING

ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD

Stock Name : STERPRO
Stock Code : 0140

SHARE REGISTRAR

AGRITEUM SHARE REGISTRATION SERVICES SDN. BHD.
2nd Floor, Wisma Penang Garden
42 Jalan Sultan Ahmad Shah
10050 Penang

Tel : 04-2282 321
Fax : 04-2272 391

CORPORATE STRUCTURE

HOTEL MANAGEMENT

Top-notch accomodations at an affordable pricing for hotel management

- 100% TI DEVELOPMENT SDN. BHD.
- 100% STERPRO LAND SDN. BHD.
- 100% PROGRESS WORKS SDN. BHD.

ENGINEERING

Design, manufacturing and distribution of industrial and mobile hydraulic equipment

- 100% TEJARI SDN. BHD.

TECHNOLOGY

Cutting edge consumer telecommunications & IT electronics

- 100% PDA EXPERT MOBILITY SDN. BHD.
  - 100% Popular Landmark Sdn. Bhd.
- 100% PERFECT ICON LIMITED
- 100% PC3 TECHNOLOGY SDN. BHD.

CREATIVE

Engaging and enriching lives in a unique and innovative ways

- 100% ICT UTOPIA SDN. BHD.
- 100% ICT REWARDS AND SERVICES SDN. BHD.
- 51% GOODWILL PARADISE SDN. BHD.
- 100% URUSRASA SDN. BHD.
- 100% TEJARI ENGINEERING SDN. BHD.


ICT products are part and parcel of our life, it is too for SPB.

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP'S BUSINESS & OPERATIONS OVERVIEW

The Group's roots can be traced back to its establishment in 1984. Then, our Group's core focus was in the hydraulics business, dealing with the retailing and trading of parts and components. We built ourselves to be one of the main and largest hydraulics player in Malaysia then. The Company was then listed on the Ace Market of Bursa Malaysia in year 2005. In 2010, Sterling Progress Berhad ("SPB") Group ventured into the ICT industry as we saw increased competition in the hydraulics sector from China players.

Currently, the Group is mainly focusing on distributing a comprehensive range of ICT products comprising notebooks, personal computers, smartphones, tablets, wearables and printers from more than 30 leading principals including Asus, Lenovo, Acer, Dell, Samsung, IBM and etc.

FY 2016/17 remained a challenging year for us as uncertainty in the global economic environment and the weakening Ringgit generally reduced consumers' spending power while the ICT retail industry had become even more competitive compared to previous years. Nevertheless the Group continues to grow and take up new challenges and we successfully ventured into hotel management business as part of our efforts to mitigate over-reliance on one particular industry.

In February 2017, TI Development Sdn Bhd ("TISB"), a wholly-owned subsidiary company of SPB entered into an agreement with Tandop Hotel Sdn Bhd ("THSB") for the acquisition of business rights under the brand of T+ Hotel and Time Capsule Hotel.

THSB is a private limited company incorporated in Malaysia in 2006. It has one of the largest budget hotel chains in the Northern region of Peninsula Malaysia with a current total of 8 hotels and 600 rooms. It is managed by Mr.Low Wey Heng, who is also the founder of Time Capsule Hotel, Malaysia's first technology capsule hotel located in Penang.

Mr. Low himself has more than 18 years of experience in hotel management and has joined our Group as Executive Director to contribute to the Group for our future growth.

VISION

The Group envisions itself to achieve 100% customer satisfaction by delivering quality products and services at an affordable cost while upholding our commitment to create sustainable growth and value to our stakeholders. In order to achieve our goal, we have ventured into hotel management in April 2017 and the Group targets to become the No. 1 budget hotel chain in Malaysia within the next 5 years.The Group seeks to achieve profitability with its new business and strives to continuously work towards improving the financial performance of the Group.

ANALYSIS OF FINANCIAL RESULTS

Recent years have been challenging for the Group and we expect the global and domestic economic uncertainties to continue into 2018 which will inevitably have an impact on all sectors.

Due to a difficult business environment, the Group's clocked a lower revenue of RM100.83 million for the financial year ended 31 March 2017 compared to RM189.46 million in financial year ended 2016, recording a decrease of 47%. This was mainly due to lower revenues recorded for our sales of notebooks and smartphones.

The Group also recorded a lower pre-tax loss of RM33.81 million for financial year ended 2017 compared to RM35.27 million in the preceding year. The pre-tax loss for the financial year ended 2017 was mainly attributed to impairment of property, plant and equipment for outlets that have ceased business or had expired tenancy that were not renewed, impairment of goodwill for subsidiary companies that have been disposed or ceased business, inventories written off and Employee Share Option Scheme ("ESOS") expenses for ESOS granted during the financial year.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

RESULTS OF OPERATIONS

Revenues were generated through the respective segments as follows:

	2017 Revenue RM'000	2016 Revenue RM'000
Hydraulic	4,555	4,810
ICT	93,952	182,049
Others	2,319	2,600

Our ICT segment remains our largest contributor of revenue with RM93.95 million but translating to a reduction of 48% compared to the Group's revenue for this segment in our previous financial year. Such decrease can be mainly attributed to the slowdown in sales of notebooks and smartphones. We recorded a pre-tax loss of RM22.34 million compared to RM29.46 million in the preceding year. The decrease was mainly due to impairment of property, plant and equipment for outlets that have ceased business or expired tenancy that were not renewed, impairment of goodwill for subsidiary companies that have been disposed or ceased business, inventories written off and ESOS expenses for ESOS granted during the financial year.

The second segment of the Group's revenue is our hydraulics division. It recorded a revenue decrease of 5% compared to the previous financial year due to slowdown in sales. For this segment, we recorded a pre-tax loss of RM1.28 million compared to RM1.52 million in the preceding year.

ASSETS AND LIABILITIES

The Group's non-current liabilities have decreased from RM3.27 million in 2016 to RM1.18 in 2017 mainly due to the reduction of borrowings and deferred tax liabilities.

The Group's total liabilities have decreased to RM10.32 million from RM23.22 million in 2016, where such decrease can be mainly attributed to our lower payables and borrowings.

RISK MANAGEMENT

The Group believes its ability to compete depends upon many factors both within and outside its control, including product and service differentiation, product distribution channels, customer service sales, pricing and marketing efforts. The ICT retail industry in Malaysia is highly fragmented and is very competitive therefore, it is essential for us to be ahead of market trends to enable us to offer products that are highly in demand and also to attract repeat sales and loyal customers. We also plan to intensify our marketing initiatives such as to launch various promotions in conjunction with festive seasons, bundling offers or members' day sales and etc. to offer more perks and attract more customers.

As for our new venture THSB, the outlook of the hotel management industry is expected to have a direct positive impact on the Group's performance. Taking into account the prospect of the hotel management industry moving forward and the current efforts undertaken by the Group, the Board is of the view that the new business is expected to be positive but there will also be risk factors inherent to that sector.

Therefore instead of going into the clustered luxury hotel market, we will differentiate ourselves and focus on budget hotels meaning the 2 to 3 star categories while providing 5-star customer service and experience to the consumers in order to capture this growing and promising market. With the government's implementation on the Tourist Tax this year, the upscale hotel industry will be affected; however, this policy will not significantly impact budget hotels. Moreover, we are hopeful for more thematic hotels such as expanding our Time Capsule Hotel at different places or introducing unique themes such as popular animation characters and thus, targeting specific customer segments.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

DIVIDEND POLICY

As of now, the Group's focus is to create and enhance shareholders' value in the long run. As such, we plan to re-invest our earnings to grow our business organically or inorganically. Currently, the Group does not adopt any dividend policy in the short term but will take into account distributing excess profits once we have stable earnings, after taking into consideration our working capital requirements and planned capital expenditure in future.

MOVING FORWARD

The Malaysian economic growth will continue to be supported by domestic demand, primarily from the private sector. Exports will complement the economic growth with steady demand and stable commodity prices. GDP has grown 4.2% in 2016 and is expected to record an increase in 2017 with greater consumption and development spending.

The Malaysian Government has been driving the Economic Transformation Program (ETP) to turn Malaysia into a high income economy country by the year 2020 and soon, more initiatives and policies will be tabled and unveiled for the new 2050 National Transformation (TN50) roadmap, where its general goal is for Malaysia to become a top 20 country in the world by the year 2050. Thus, the country is geared towards improving the overall economy and socio-cultural well-being which will uplift the standard of living among the citizen. This will also result in higher income ratio which will increase the consumers' spending. It will then create a domino effect on the retail industry which includes ICT, hence, we still see a glimpse of hope in our business and we will continue to keep a stronghold in this industry.

However, as time progresses, the Board is mindful of the need to be able to keep up and evolve. While the Group will continue to focus on its core business, we are relentlessly finding ways to be innovative and still remain relevant. At the same time, the Group also aims to prevent over-reliance on a single industry and one outcome of this strategy was our venture into the hotel industry.

The Company had seen changes at the Board, key management and substantial shareholders since February 2017, particularly with the entry of a new substantial shareholder, Mr. Low Wey Heng, who was also appointed an Executive Director of the Company. Since then, the Group has been strategising and implementing plans with an overall objective to turnaround our financial performance.

For our hotel business division, the management hopes to be involved in a 3-Star hotel project with approximately 100 rooms in Alor Setar by October 2017. And within the next 2 years, there are plans to develop another two to three blocks of 3-Star hotels with an estimated aggregate of 300 rooms in Peninsula Malaysia.

We intend to have another 8 to 10 properties within the next 5 years as we aim to become the No. 1 budget hotel chain in Malaysia. In addition to hotels, the Group is looking to vary our income basket by exploring other tourism-related income streams and areas such as investing in attractions, theme parks and property development.

The Board is of the view that the abovementioned diversification into the hotel industry and related-businesses has its potential to grow and in turn, contribute as another revenue source to reduce SPB's dependency on the ICT and hydraulics segments.

Meanwhile, the Group will continue to explore other opportunities or if appropriate, implement necessary changes which may include expanding our businesses into a new industry or even engage in strategic partnerships to bring more value to our stakeholders.

The Group has a clear long-term strategy which is grounded on our purpose, vision, mission and values. We hope it is this foundation that will help us to successfully shape the future of the Company. By 2020 and beyond, we want SPB to generate continuous profitable growth, to become more customer-focused, more innovative and more agile.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, we sincerely extend our appreciation to our entire team for their continuous devotion, contribution, commitment and hard work. The management wishes to extend the same to our various stakeholders that have made our Company a success.

DIRECTORS' PROFILE

MAJOR GENERAL DATO' MAMAT ARIFFIN ABDULLAH (B)
Aged 68, Malaysian, Male
Independent Non-Executive Director

Major General Dato' Mamat Ariffin Abdullah (B), aged 68, Malaysian, is an Independent Non-Executive Director of Sterling Progress Berhad and was appointed to the Board as an Independent Non-Executive Chairman on 1 July 2011.

He was commissioned into the Army - Royal Ordnance Corps in 1970. As an army officer, he attended various career courses locally and abroad. He holds a Diploma in Strategic Studies from the Armed Forces Defence College, Kuala Lumpur and also a Masters of Sciences in Training and Human Resources from Leicester University, UK. He also attended the Management Development Programme at Wolfson College, University of Cambridge in 1997.

He served in the Malaysian Army for 37 years, and his last appointment was the Commanding General of the Army Logistics Command (ALC). He was responsible for more than 3600 personnel. During this period, he was also responsible and accountable for the planning, procurement and implementation of maintenance support systems of all the army's strategic assets, while ensuring all relevant assets and equipment were continuously ready for the defense and security of the country. Under his command, the ALC was accredited with the MS/ ISO 9000:2000 in recognition of its compliance with quality services, efficiency and documentation standards fusing the military and modern management together.

Upon his retirement from the Malaysian Army, Maj. Gen. Dato' Mamat Ariffin Abdullah (B) joined Syarikat Target Resources Sdn. Bhd. (TRSB) as Director, Strategic Planning and Liaison (Military). With his wide experience in the Malaysian Army, he is responsible for assisting and advising TRSB on defense-related projects especially on underground bunkers and hardened buildings, using the Spentech Technology of Australia.

In recognition of his distinguished services to the country, Maj. Gen. Dato' Mamat Ariffin Abdullah (B) was awarded Dato' Paduka Kesatria Mahkota Kelantan (DPKK) by KDYMM Al – Sultan Kelantan; and Dato' Paduka Mahkota Terengganu (DPMT) by DYMM Sultan Terengganu. He was also awarded the Pingat Setia Angkatan Tentera (PSAT) and Johan Mangku Negara (JMN) by DYMM Seri Paduka Baginda Yang Dipertuan Agong.

He has been appointed as a member of the Audit & Risk Management Committee and Nominating Committee on 1 July 2011. He has attended all five (5) Board Meetings held during the FYE 2017.

Major General Dato' Mamat Ariffin Bin Abdullah (B) neither has any family relationship with any director and/ or substantial shareholder of Sterling Progress Berhad, nor any conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences within the past 10 years.

DIRECTORS' PROFILE
cont'd

KENNY KHOW CHUAN WAH
Aged 42, Malaysian, Male
Finance Director

Kenny Khow Chuan Wah, aged 42, Malaysian, is the Finance Director of Sterling Progress Berhad. He was appointed to the Board on 3 October 2011 as an Executive Director.

He graduated from the University of Technology, Sydney, with a degree in Accounting and Finance (Distinction). He is a member of the Malaysian Institute of Accountants and CPA Australia. He started his career as an auditor with PricewaterhouseCoopers Malaysia in 1997. He has extensive experience in auditing (Internal & External) for 13 years, including a two-year secondment from 2004-2006 at PricewaterhouseCoopers London.

Mr. Khow was trained in a big four audit firm in the areas of corporate exercises covering IPO, demerger of a listed entity, management and integration of two major companies in Malaysia, privatisation of a major listed entity, rights issue, issuance of debt securities, as well as the sale and leaseback of key assets. His other work experience includes financial due diligence, advisory, and numerous cross-border securities offering. With his vast experience, he also conducted numerous training courses across various industries' in areas of accounting and auditing issues, principles and application of accounting standards (including IFRS), and audit methodology.

Mr. Khow joined Sterling Progress Berhad as the Chief Financial Officer in 2010 to oversee the Group's financial affairs including accounting, finance, tax and treasury. He is currently a Director of Tejari Sdn. Bhd., Tejari Engineering Sdn. Bhd., Tejari Hoseal Solutions Sdn. Bhd., ICT Rewards and Services Sdn. Bhd., PC3 Technology Sdn. Bhd., ICT Utopia Sdn. Bhd. and Popular Landmark Sdn. Bhd., which are all within the Sterling Progress Berhad Group. Mr. Khow is also the Chief Financial Officer of MMAG Holdings Berhad.

He has attended all five (5) Board Meetings held during the FYE 2017.

Mr. Khow neither has any family relationship with any director and/or substantial shareholder of Sterling Progress Berhad, nor any conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences within the past 10 years.

DIRECTORS' PROFILE
cont'd

TAN OOI JIN
Aged 42, Malaysian, Male
Independent Non-Executive Director

Tan Ooi Jin, aged 42, Malaysian, is an Independent Non-Executive Director of Sterling Progress Berhad and was appointed to the Board on 22 March 2010.

He is a lawyer by qualification and holds an Second Class Honours LL.B. Bachelor of Laws degree from the University of Newcastle-upon-Tyne, UK and during his years of practice, he was focusing on the areas of Corporate & Securities and ICT. A former ASEAN scholar, he started his legal career in a medium-sized firm with an international affiliation focusing on Corporate and ICT.

He also advises the Technopreneurs Association of Malaysia, its members including its council members on legal issues and strategy. He currently sits on the Board of Trustees of the 1Utopia Foundation which aims to generate donations whether in cash or in forms of ICT equipment and gadgets to orphanages, schools and underprivileged children.

He also has advised the listing of various companies in Malaysia as well as overseas including London, Singapore and Hong Kong and is constantly consulted to assist public-listed companies to recover and generate more shareholders value. He currently sits on the board of Takaso Resources Berhad as an Independent Non-Executive Director, the board of Lay Hong Berhad as an Independent Non-Executive Director, the board of The Media Shoppe Berhad as an Independent Non-Executive Chairman and the Board of a private company involving in circuit manufacturing, whose ultimate holding company is listed on the NASDAQ.

He is the Chairman of the Remuneration Committee and a member of the Nominating Committee and Audit & Risk Management Committee. He attended five (5) Board Meetings held during the FYE 2017.

He had been publicly reprimanded by Bursa Malaysia Securities Berhad on 20 June 2017 and fined RM50,000 for breaching regulations regarding Lay Hong Berhad's response to unusual market activity queries on November 2, 2015 and January 19, 2016 where he sits as an Independent non-Executive Director.

Mr. Tan Ooi Jin Tan neither has any family relationship with any director and/or substantial shareholder of Sterling Progress Berhad, nor any conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences within the past 10 years.

DIRECTORS' PROFILE
cont'd

LEONG SENG WUI
Aged 37, Malaysian, Male
Executive Director

Leong Seng Wui, aged 37, Malaysian, is an Executive Director of Sterling Progress Berhad. He was appointed to the Board on 30 May 2014.

He has been an entrepreneur in the ICT industry for over 13 years. He started off in the ICT retail sector after he graduated in IT studies from Binary Business School and was one of the pioneer technopreneur in Malaysia starting out on his own. In his own setup, he was focusing on the telco and mobile retailing industry. A driven individual, he was instrumental in driving his company to be awarded the prestigious Golden Bull award (top 100 SME) by Alliance Bank and Nanyang Siang Pau, the notable PIKOM ICT Retailer of the year award, Dopod Retailer of the year, O2 Retailer of the year, Dopod Top 10 Retailer of Asia Pacific under his leadership.

Thereafter, in 2009 he was asked to join and lead the distribution unit of an ICT distributor of ICT products including notebooks, netbooks, tablet and mobile/telco products to penetrate channels in Malaysia. He successfully led this company to greater expansion and market share. He can be credited with the fast expansion of this distribution company which resulted in the successful acquisition of the said company by another listed group.

After the successful acquisition of the distribution company that he helped to grow, he seeked a new challenge and in 2011, he joined the 1 Utopia Berhad Group as Marketing Manager in ICT Utopia Sdn. Bhd. to grow the brand as well as to assist with the creative aspect in the event and retail management. At the same time, due to his vast experience in the ICT product market and channel aspect, he advises and assists in the ICT products segment of the 1 Utopia Berhad Group.

On 12 September 2012, Mr Leong has been appointed as the Group Chief Operating Officer, tasked with heading and growing the entire operations of the Sterling Progress Berhad group.

He has attended all five (5) Board Meetings held during the FYE 2017.

Mr. Leong neither has any family relationship with any director and/or substantial shareholder of Sterling Progress Berhad, nor any conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences within the past 10 years.

DIRECTORS' PROFILE
cont'd

LOW WEY HENG
Aged 36, Malaysian, Male
Executive Director

Low Wey Heng, aged 36, Malaysian, is an Executive Director of Sterling Progress Berhad. He was appointed to the Board on 20 Feb 2017.

He is the Founder and CEO of T Hotel Group, the largest budget hotel chain in the Northern region. At the young age of 18, he started his first hotel with only 20 rooms in his hometown Alor Setar, Kedah back in year 1998. Today, his humble start-up has expanded into a hotel chain with a total of 8 hotels and 600 rooms under its belt and with more to come. Not only that, Mr. Low is also the founder of Time Capsule Hotel, Malaysia's first technology capsule hotel located in Penang.

Recognised publicly for his successes and achievements at such a young age, Mr. Low was a grand winner of various prestigious awards such as the JCI Malaysia Creative Young Entrepreneur Awards, The Star newspapers SOBA Awards Young Entrepreneur of the Year and the McMillan Woods Global Awards Revolutionary Hotelier in year 2015.

On top of it, he had also been featured across the mainstream media which includes TV3, NTV7, TM HyppTV Channel 420, Radio 98.8, Melody FM and the major newspapers. He was also awarded a special grant by our governments Northern Corridor Economic Region (NCER) authority body on his contributions and initiatives in the tourism and hospitality industry.

He graduated in Bachelor of Commerce from Deakin University in year 2005 and later in the year 2012, he became a member of the Australia Certified Practising Accountants (CPA).

Mr. Low neither has any family relationship with any director and/or substantial shareholder of Sterling Progress Berhad, nor any conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences within the past 10 years.

DIRECTORS' PROFILE
cont'd

LIONEL VERNON YONG NGUON KEE
Aged 47, Malaysian, Male
Independent Non-Executive Director

Mr. Lionel Vernon Yong Nguon Kee, aged 47, Malaysian, is an Independent Non-Executive Director of Sterling Progress Berhad. He was appointed to the Board on 21 March 2017.

Mr. Lionel Yong CIA, CA (M), FCCA, CMIIA is an internal audit practitioner with more than 20 years experience in accounting, finance and internal audit. He is a Certified Internal Auditor (USA), a Chartered Accountant (Malaysia), a member of the Malaysian Institute of Accountants and a Fellow Member of the Chartered Association of Certified Accountants (UK). His specialties include the provision of independent and objective assessments of systems of internal control as implemented by the Management to evaluate and improve the effectiveness of risk management, control and governance. He is also familiar with the requirements of carrying out investigations into corporate fraud activities and with the requirements of the governance and audit of Information Technology systems based on the COBIT Framework.

His broad range of experience and knowledge of internal controls was obtained from his time working, both locally in Malaysia and overseas, in the following industries: banking & finance, trading, printing and packaging, plantations, real estate, construction, engineering and various manufacturing operations. He has carried out risk assessment exercises for numerous companies, has been involved in the system development life cycle process in the implementation of a number of IT applications during his career, and has led investigations into a number of corporate fraud activities.

He is currently the Director of Corporate Governance, Risk Management and Internal Audit with OAC Consulting Sdn Bhd.

He is the Chairman of the Audit & Risk Management Committee, Chairman of the Nominating Committee and a member of Remuneration Committee.

Mr. Lionel Yong neither has any family relationship with any director and/or substantial shareholder of Sterling Progress Berhad, nor any conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences within the past 10 years.

5 star service
and amenities,
3 star
affordability.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Sterling Progress Berhad is pleased to provide this statement which outlines the corporate governance practices of the Group with reference to the principles of the Malaysian Code of Corporate Governance 2012 ("Code") during the financial period.

PRINCIPLE 1 - CLEAR ROLES AND RESPONSIBILITIES

The Board

The Board provides leadership and vision to the Group that will enhance shareholders' value and the Group's long term business sustainability and growth. It has the overall responsibilities for corporate governance, strategic direction, formulation of policies and overseeing the investment and performance of the Group.

There are presently 6 Board members, comprising 3 independent non-executive directors and 3 executive directors. The profiles of directors are set out on pages 12 to 17 of this Annual Report.

The presence of the independent directors ensures that there is no influence or domination in the Board's decision making process. The number of the independent directors is sufficient to bear independent objectivity and added perspectives to the decision making process for the successful direction of the Group.

There is a clear division of responsibilities between the Chairman and the Executive Director. The Chairman of the Company has no executive function and is responsible for orderly conduct and proceedings of meetings and ensuring all directors are properly briefed during Board discussion and shareholders are informed of the subject matters requiring their approval.

The Executive Director of the Company is responsible for the overall operation and financial performance of the Group. The Executive Director is assisted by the management team in running the day-to-day operation of the Group.

Key matters reserved for the Board's approval are inclusive of but not limited to approving of financial statements and quarterly results, material purchases and/or disposals of the Group's fixed assets, new investment, corporate restructuring, and establishment of joint ventures and related party transactions.

Board Committees

The Board in discharging its duties, is assisted by 4 Board Committees namely, the Audit & Risk Management Committee, Nominating Committee, Remuneration Committee, and ESOS Committee, each with predefined terms of references and responsibilities.

Board Charter

The primary objective of the Board Charter is to provide guidance to the Board in fulfillment of its roles, functions, duties and responsibilities. The Code of Business Conduct which sets out the ethical standards of business practices that are applicable to all directors and employees when they conduct business in the name of the Company with stakeholders and the Whistle-Blowing Policy which sets out independent feedback channel through which matters of concern that may be raised in good faith, without fear of reprisal were formulated in the Board Charter.

The Board Charter is currently available at the Company's website (www.1utopia.com.my). Notwithstanding that, the Board Charter is subject to periodic review to ensure their relevance and compliance.

Business Sustainability

The Group's sustainability strategies ideally cover community, marketplace, workplace and environment. The Corporate Social Responsibility Statement is set out on page 38 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT
cont'd

PRINCIPLE 1 - CLEAR ROLES AND RESPONSIBILITIES *cont'd*

Supply of Information

All the directors have full and timely access to information concerning the Company and the Group. The Board receives documents on matters requiring its consideration prior to and in advance of each meeting. The Board papers are comprehensive and encompass both quantitative and qualitative factors so that informed decisions are made. All proceedings of the Board meetings are properly recorded in the minutes of the meetings.

All directors have unrestricted access to any information pertaining to the Company and the Group including direct access to the senior management team, Company Secretary as well as other professional advisers appointed by the Company in facilitating their decision making process and to enable them to discharge their duties effectively.

The directors may also seek independent professional advice at the Company's expense. However, the directors concerned must seek the approval of the Board before incurring such expenses.

Company Secretary

The Company Secretary provides a central source of guidance to the Board and is responsible for the secretarial function of the Company. The Company Secretary Issues notices of meetings after the agendas are firmed by the Executive Director and shall attend the meetings of the Board, Board Committees and shareholders to record the proceedings of such meetings. The Company Secretary also ensures that the statutory registers are properly updated and maintained at the registered office of the Company.

PRINCIPLE 2 - STRENGTHEN COMPOSITION

Audit & Risk Management Committee

The Board had set up an Audit & Risk Management Committee comprising exclusively of independent directors. The Audit & Risk Management Committee is chaired by Mr. Lionel Vernon Yong Nguon Kee, an internal audit practitioner by profession with more than 20 years of financial and corporate experiences. The Audit & Risk Management Committee Report is set out in pages 28 to 32.

The Audit & Risk Management Committee had met 5 times during the financial year to review the financial results, audit plans, annual report and appraised the performance of internal and external auditors.

Nominating Committee

The Board had set up a Nominating Committee comprising exclusively of independent directors. The Nominating Committee is chaired by Mr. Lionel Vernon Yong Nguon Kee, an internal audit practitioner by qualification with more than 20 years of financial and corporate experiences. The Nominating Committee Report is set out in pages 35 to 36.

The Nominating Committee had met twice during the financial year to carry out the annual assessment of its Board, Board Committees and individual directors of the Company and the evaluation of new candidates to be approved on the Board.

The assessment of the Board, Board Committees and individual directors are carried out by way of questionnaires sent to the respective parties concerned. The questionnaires cover amongst others the composition, skills and knowledge, proceedings of meetings, interactions, quality of input, understanding of role and so forth. The responses to the questionnaires are confidential and sent to the Nominating Committee for evaluations. The Nominating Committee will assess and table its recommendations to the Board.

The Nominating Committee, upon its recent annual assessment carried out, is satisfied that the current size and composition of Board, Board Committees and its directors are adequately appropriate for its purpose with relevant mix of skills, expertise and experience.

The Nominating Committee is also responsible to assess the suitability of any candidates before appointment to the Board as well as recommending the directors who are standing for re-election at the annual general meeting of the Company.

CORPORATE GOVERNANCE STATEMENT
cont'd

PRINCIPLE 2 - STRENGTHEN COMPOSITION *cont'd*

Nominating Committee *cont'd*

The assessment of new candidate is based on his relevant skills, expertise, experience, professionalism, integrity, sound judgement and independency. The Nominating Committee will assess and table its recommendation to the directors. The Board will consider the recommendations of the Nominating Committee and make the final decision as to the new appointment of director. The Company Secretary is then responsible to ensure relevant procedures relating to the appointment of the new director are properly executed.

On the assessment of existing directors who are seeking re-election at the annual general meeting of the Company, the Nominating Committee will assess amongst others their regular and timely attendance of meetings, performance, contributions and so forth.

The Code recommended the Board to establish a policy formalizing its approach to boardroom diversity and to take steps to ensure that women candidates are sought as part of its recruitment exercise. In view thereof, the Board and the Nominating Committee took note of this gender diversity policy as part of its future selection process should needs arise.

Remuneration Committee

The Board had set up a Remuneration Committee comprising mainly independent non-executive directors. The Remuneration Committee is chaired by Mr. Tan Ooi Jin, a lawyer by profession with more than 15 years of legal and corporate experiences. The Remuneration Committee Report is set out in pages 33 to 34.

The Remuneration Committee met once during the financial year to review the remuneration of the directors.

The Remuneration Committee will take into account the prevailing market rates, market conditions and the overall financial performance of the Group when making its recommendations to the Board. The remuneration policy is designed to reward the directors based on their responsibilities, experience and performance. The Board as a whole determines the remuneration of non-executive directors, and each individual director shall abstain from deliberation on his own remuneration.

Details of the Directors' Remuneration for FYE 2017 are as follows:-

	Company Level			Group Level		
	Executive Directors RM'000	Non-Executive Directors RM'000	Total RM'000	Executive Directors RM'000	Non-Executive Directors RM'000	Total RM'000
Fee	84	112	196	84	112	196
Salaries & Other Emoluments	832	-	832	832	-	832
TOTAL	**916**	**112**	**1,028**	**916**	**112**	**1,028**

The number of Directors whose remuneration falls into the following bands comprises:-

Range of remuneration (RM)	Company Level		Group Level	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
Up to 50,000	-	3	-	3
350,001 to RM400,000	2	-	2	-

CORPORATE GOVERNANCE STATEMENT
cont'd

PRINCIPLE 3 - REINFORCE INDEPENDENCE

Assessment of Independent Directors

The Board values the importance of the role of independent directors to strengthen the Board as a whole. An assessment of independent directors is carried out annually by the Nominating Committee. The assessment is carried out by way of questionnaires sent to the independent directors to self evaluate their "independence" in addition to the criteria of independence set out in the ACE Market Listing Requirements. The Nominating Committee will then assess and table its recommendations to the Board.

The Nominating Committee, upon its recent annual assessment carried out, is satisfied that the independent directors of the Company have been able to discharge their responsibilities in an independent manner.

PRINCIPLE 4 - FOSTER COMMITMENT

Board Commitments

The Board is aware that its directors must devote sufficient time to carry out their responsibilities during their tenure as directors of the Company. Nevertheless, the Board also took note that the assessment of its non-executive directors' ability to discharge their duties adequately cannot be confined to their multiple board representations neither nor their current business activities and professions. Thus, the Nominating Committee took into account the contributions by the directors during the Board or its Committees' meetings and their attendance at such meetings, in addition to their principal duties.

The Board meets on a scheduled basis, at least 4 times a year to review the quarterly intervals. Additional meetings will be convened as necessary when there are urgent and important matters that require the Board's deliberations. The Board also approves certain Company's matters via circular resolutions to be signed by majority of directors present in Malaysia.

During the financial year, a total of 5 Board meetings were held. The details of attendance of each director are as follows:-

Directors	Number of meetings attended
Major General Dato' Mamat Ariffin Abdullah (B)	5/5
Leong Seng Wui	5/5
Kenny Khow Chuan Wah	5/5
Ng Kok Hok	4/4
Tan Ooi Jin	5/5
Low Wey Heng *(Appointed on 20.02.2017)*	N/A
Lionel Vernon Yong Nguon Kee *(Appointed on 21.03.2017)*	N/A

The Nominating Committee, upon its recent annual assessment carried out, is satisfied that all directors had committed sufficient time in discharging their responsibilities.

Directors' Training

All the directors had attended the Mandatory Accreditation Programme (MAP) prescribed by Bursa Securities. The directors are mindful that they should continually attend seminars and courses to keep abreast with developments in the market place as well as relevant changes in business environment, laws and regulations, and henceforth be able to discharge their duties in an effective manner.

CORPORATE GOVERNANCE STATEMENT
cont'd

PRINCIPLE 4 - FOSTER COMMITMENT *cont'd*

Directors' Training *cont'd*

Trainings attended during the financial year are as follows:

Name	Description of Training
Major General Dato' Mamat Ariffin Abdullah (B)	• CG Breakfast Series "Future of Auditor Reporting – The Game Changer For Boardroom" • Launch of the AGM Guide & CG Breakfast Series 'How to leverage on AGMs for Better Engagement With Shareholders'
Leong Seng Wui	• 9th April 2016 Malaysia IT fair at Mid Valley Exhibition Centre • 12th August 2016 Malaysia IT Expo at Mid Valley Exhibition Centre
Kenny Khow Chuan Wah	• Advocacy Sessions on Management Discussion & Analysis for Chief Executive Officers and Chief Financial Officers organised by Bursa Malaysia
Tan Ooi Jin	• CG Breakfast Series: How to Leverage on AGMs for better engagement with Shareholders • Cross Border Assignments Forum (Crowe Horwath)

PRINCIPLE 5 - UPHOLD INTEGRITY IN FINANCIAL REPORTING

Financial Reporting

The Board aims to provide and present a balance 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 announcements of financial results as well as the Management Discussion and Analysis in the annual report. The Board is assisted by the Audit & Risk Management Committee in overseeing the Group's financial reporting processes.

The Board assumes the responsibilities in ensuring the financial statements of the Group and of Company give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of their financial performance and cash flows for the financial year then ended.

In preparing the financial statements, the directors have ensured the Malaysian Financial Reporting Standards ("MFRS") and the Malaysian Companies Act, 2016 have been complied. Further, the directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgments and estimates where applicable.

External Auditors

The Audit & Risk Management Committee meets with the External Auditors at least twice a year to discuss the conduct and concerns arising from their audit without the presence of the executive directors and management of the Company. The External Auditors report their findings to the Audit & Risk Management Committee.

The existing auditors, Messrs. UHY had confirmed to the Audit & Risk Management Committee in writing that they are, and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

CORPORATE GOVERNANCE STATEMENT
cont'd

PRINCIPLE 6 - RECOGNISE AND MANAGE RISKS

Risk Management

The Board acknowledges its responsibility for establishing a sound framework to manage risks and maintaining a sound systems of internal control to safeguard the shareholders' investment and the Group's assets.

The existing process of identifying and managing principal risks faced by the Group may no longer give the appropriate level of protection needed in view of the global economic challenges and the ever-changing business environment. In view thereof, the Board intends to engage an independent professional accounting and consulting firm to implement the Enterprise Risk Management ("ERM") to facilitate the management in enhancing its risk management capabilities.

During the financial year, the Board has not formally adopted a Risk Management Framework due to the ongoing process of risk profiling and key areas assessment under the current risk landscape. An overview of risk management and the state of internal control within the Group is set out in the Statement on Risk Management and Internal Control on pages 26 to 27 of this Annual Report.

Internal Audit Function

The internal audit function of the Group is outsourced to an independent professional firm to audit and monitor the compliance of the Group's policies, procedures and the effectiveness of the Group's internal control systems.

The Internal Auditors reports directly to the Audit & Risk Management Committee. The Audit & Risk Management Committee Report set out on pages 28 to 32 of this Annual Report provides a summary of the internal audit function and the internal audit activities carried out during the financial year.

PRINCIPLE 7 - ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policies and Procedures

The Company has in place an internal corporate disclosure policies and procedures to ensure accurate and timely disclosures to the regulatory authorities, shareholders and stakeholders of the Company. The internal policies sets out the standard operating procedures for the management to observe including but not limited to disclosures of information that conforms to the rules and regulations of Bursa Securities, press releases, updating the information published on the Company's websites and so forth. The executive directors are assigned with the responsibility in ensuring the accuracy of the contents released to the regulatory authorities and/or the public.

To augment the process for effective dissemination of information, the Company had established a website (www.1utopia.com.my) for the shareholders, stakeholders, investment community and public to access the up-to-date information of the Company.

Shareholders, stakeholders, investment community and the public are also kept informed through other communication channels such as press conference and briefings.

PRINCIPLE 8 - STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Greater Shareholders' Participation

The Board encourages the participation of shareholders and investors, both individual and institutional, at general meetings and welcomes briefings from press and investment analysts.

The Company's annual general meeting is a vital forum used to communicate and interact with shareholders. The Company's Annual Report, together with notice of annual general meeting, is sent to shareholders at least 21 days before the date of each annual general meeting. Each item of special business included in the notice of annual general meeting will be accompanied by explanatory statement to facilitate a full understanding and evaluation of the proposed resolution.

CORPORATE GOVERNANCE STATEMENT
cont'd

PRINCIPLE 8 - STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS *cont'd*

Greater Shareholders' Participation *cont'd*

The Chairman will share with shareholders of their rights to demand a poll vote on any resolutions being proposed according to the Company's Constitution and the executive directors, senior management and the external auditors are in attendance at annual general meeting of the Company to response to the shareholders' enquiries.

This statement was made in accordance with a Board of Directors' resolution dated 13 July 2017.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

STATEMENT ABOUT THE STATE OF RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysian Code on Corporate Governance stipulates that the Board of Directors of listed companies should maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets. The Board of Directors of Sterling Progress Berhad is pleased to provide the following statement on the state of risk management and internal control of the Group, which has been prepared with reference to the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("The Guidelines").

RESPONSIBILITY FOR RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognises the importance of good risk management practices and sound internal control as a platform to good corporate governance. The Board acknowledges its overall responsibility for maintaining a good sound system of risk management and internal control, and for reviewing its adequacy and integrity of such system. In addition, the Board has also received assurance from the Executive Director and Finance Director that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

Due to inherent limitations in any risk management and internal control system, such system put into effect by Management is designed to manage rather than eliminate the risk that may impede the achievement of the Group's business objectives. Therefore, the risk management and internal control system can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT

The Group's risk assessment process was developed with the assistance of a professional services firm. During the financial year, Senior Management reviews the existence of new risks and assesses the relevance of the Group's existing risk profile. Significant risks that may affect the Group's business objectives have been continually monitored. Whilst the Board maintains ultimate control over risk and control issues, the management of risks in the daily business operations is delegated to management team and significant risks are identified and related mitigating responses as well as the corresponding internal controls are discussed twice a year at the Audit & Risk Management Committee meetings.

The Board and management practice proactive significant risks identification on a quarterly basis or earlier as appropriate, particularly on major proposed transactions, changes in nature of activities and/or operating environment, or new business ventures which may entail different risks, and require risk response strategies and controls to manage those risks to a level acceptable to the Board.

The above mentioned practices serve as the on-going process adopted by the Board and management to identify, evaluate and manage significant risks faced by the Group in achieving the business objectives and strategies.

INTERNAL CONTROL MECHANISM

The internal audit adopts a risk-based approach in developing its audit plan which addresses the core auditable areas of the Group based on their risk profile. The Group's internal audit function is outsourced to an independent professional services firm that specialises in the provision of internal audit services. The cost incurred in outsourcing the internal audit function for the financial year ended 31 March 2017 is at RM13,446.

Scheduled internal audits are carried out by the outsourced internal audit function based on the audit plan approved by the Audit & Risk Management Committee. The audit focuses on areas with high risk to ensure that adequate controls are in placed to manage the risk of businesses. The outsourced internal audit function met and report to the Audit & Risk Management Committee twice a year on areas for improvement and subsequently performs follow up reviews to determine the extent of their recommendations that have been implemented.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL *cont'd*

INTERNAL CONTROL MECHANISM *cont'd*

Apart from risk management and internal audit, the Group also has put in place the following key elements of internal control:

- An organisation structure with well-defined scopes of responsibility, clear lines of accountability, and appropriate levels of delegated authority. The Executive Directors and Finance Director lead all board papers presentation with the assistance of the respective Heads of Divisions and reports to all the Board on all pertinent issues that may affect the Group's businesses and operations;
- A process of hierarchical reporting which provides for a documented and auditable trail of accountability;
- A set of documented internal policies and procedures for operational, financial and human resource management, which is subject to a yearly review and improvement;
- One of the Group's subsidiary company is ISO 9001:2008 certified. With such certification, external parties are required to perform a yearly audit on a subsidiary company to ensure compliance with ISO procedures and manual;
- Quarterly and comprehensive information provided to management, covering financial performance for effective monitoring and decision making; and
- Regular visits to operating units by members of the Board and senior management.

A number of minor internal control weaknesses were identified during the financial year, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in the Group's Annual Report.

The Board continues to review and implement measures to strengthen the internal control environment of the Group.

REVIEW OF THIS STATEMENT

The Board is of the view that the Group's system of internal control is adequate to safeguard shareholders' investment and the Group's assets. However, the Board is also cognizant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of internal control and risk management framework.

The External Auditors have reviewed the Statement on Risk Management and Internal Control and reported to the Board that nothing has come to their attention that cause them to believe that the Statement on Risk Management and Internal Control is not prepared, in all material aspects, in accordance with the disclosure required by the Guidelines for Directors of listed issuers on the Statement on Risk Management and Internal Control.

This statement is issued in accordance with a resolution of the Board of Directors dated 13 July 2017.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

MEMBERS

Name	Designation	Directorship
Lionel Vernon Yong Nguon Kee *(Appointed on 21.03.2017)*	Chairman	Independent Non-Executive
Tan Ooi Jin	Member	Independent Non-Executive
Major General Dato' Mamat Ariffin Abdullah (B)	Member	Independent Non-Executive
Ng Kok Hok *(Ceased office on 01.12.2016)*	Chairman	Independent Non-Executive

TERMS OF REFERENCE

1. Appointment/Composition:

1.1 The members of the Committee shall be appointed by the Board.

1.2 The Audit & Risk Management Committee shall consist of not less than three (3) members, all of whom shall be non-executive directors and financially literate. The majority of the members of the Committee shall be Independent Directors.

1.3 At least one (1) member of the Committee:

(i) must be a member of the Malaysian Institute of Accountants; or

(ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and

- he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
- he must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or

(iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia.

No Alternate Director shall be appointed as a member of the Committee.

1.4 The Chairman of the Committee shall be appointed by the members of the Committee among their number who is an Independent Director.

1.5 The Board must review the term of office and performance of the Committee and each of its members at least once every three (3) years to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.

1.6 The Board shall, within three (3) months of a vacancy occurring in the Audit & Risk Management Committee which result in the number of members reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

2. Meetings:

2.1 Meetings shall be held not less than four (4) times in a year. In addition, the Chairman of the Committee may call a meeting of the Committee if a request is made by any Committee members, the Company's Executive Chairman/CEO or the internal or external Auditors if they consider it necessary.

2.2 Meeting will be attended by the members of the Committee and the Company Secretary or the representative of the Secretary shall act as the secretary of the Audit & Risk Management Committee.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT
cont'd

TERMS OF REFERENCE *cont'd*

2. Meetings: *cont'd*

2.3 Participants may be invited from time to time to attend the meeting depending on the nature of the subject under review. These participants may include the Directors, General Managers, Division Heads, representatives from the Finance and Internal Audit Departments and external Auditors. The head of finance, the head of internal audit and a representative of the external auditors should normally attend meetings.

2.4 The quorum of the Audit & Risk Management Committee meeting shall be two (2) members and composed of a majority of Independent Directors.

2.5 The Chairman of the Committee should engage on a continuous basis with the senior management, such as the executive chairman, the chief executive officer, the head of finance, the head of the internal audit and the external auditors in order to be kept informed of matters affecting the Company.

2.6 The Audit & Risk Management Committee should meet with the external auditors without the presence of executive board members at least twice a year.

3. Authority:

3.1 The Committee is authorised by the Board to carry out the duties mentioned below and the Board and Management shall give all assistance that is necessary to enable the Committee to discharge its duties.

3.2 The Committee shall, whenever necessary and reasonable for the performance of its duties and in accordance with a procedure to be determined by the Board and at the Company's cost:

(a) have authority to investigate any matter within its terms of reference;

(b) have the resources which are required to perform its duties;

(c) have full and unrestricted access to any information pertaining to the Company;

(d) have direct communication channels with the external Auditors and person(s) carrying out the internal audit function or activity (if any);

(e) be able to obtain independent professional or other advice; and

(f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

3.3 The head of internal audit shall report directly to the Audit & Risk Management Committee.

4. Functions and Responsibilities:

The functions and responsibilities of the Committee shall include the following:

4.1 Internal Audit

(a) To review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work.

(b) To review the internal audit programme and the results of the internal audit process and when necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function.

(c) To review any appraisal or assessment of the performance of members of the internal audit function.

(d) To approve any appointment or termination of senior staff members of the internal audit function, if the internal audit function is performed in-house.

(e) To take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reason for resigning, if the internal audit functions is performed in-house.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT
cont'd

TERMS OF REFERENCE *cont'd*

4. Functions and Responsibilities: *cont'd*

4.2 External Audit

(a) To discuss and liaise with the External Auditors to ensure the smooth implementation of the audit plan, review and forward the evaluation of the system of internal controls and audited financial statements to the Board.

(b) To review the assistance given by employees of the Group to the External Auditors.

(c) To review and report the same to the Board any letter of resignation from the External Auditors of the Company as well as whether there is any reason (supported by grounds) to believe that the Company's External Auditors are not suitable for re-appointment.

(d) To make recommendations concerning the appointment of the External Auditors and their remuneration to the Board.

4.3 Audit Reports

The reports of the Committee and the external and internal Auditors and corrective action taken shall be tabled for discussion by the Board.

4.4 Financial Reporting

To review quarterly report and audited financial statements prior to the approval of the Board, focusing particularly on:

(a) changes in or implementation of major accounting policy;
(b) significant and unusual events; and
(c) compliance with accounting standards and other legal requirements.

4.5 Related Party Transaction

To review any related party transactions and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

4.6 Allocation of Options

To review and verify the allocation of options to employees under Employees Share Option Scheme.

4.7 Listing Requirements

To report any breach of listing requirements, which have not been satisfactory resolved to Bursa Malaysia.

4.8 Major Findings

To consider the major findings of internal investigations and management's response.

4.9 Other Matters

To consider other topics as defined by the Board.

5. Minutes:

The Secretary shall maintain minutes of the proceedings of the meetings and circulate such minutes to all members of the Committee and to the Board members.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT
cont'd

TERMS OF REFERENCE *cont'd*

6. Audit & Risk Management Committee Report:

The Committee shall ensure that an audit & risk management committee report is prepared at the end of each financial year that complies with subparagraph (6.1) and (6.2) below:

6.1 The audit & risk management committee report shall be clearly set out in the Annual Report of the Company;

6.2 The audit & risk management committee report shall include the following:

(a) the composition of the Committee, including the name, designation (indicating the Chairman) and directorship of the members (indicating whether the Directors are independent or otherwise);

(b) the terms of reference of the Committee;

(c) the number of Committee meetings held during the financial year end and details of attendance of each member;

(d) a summary of activities of the Committee in the discharge of its functions and duties for that financial year of the Company;

(e) a statement in relation to the allocation of options pursuant to share scheme for employees;

(f) a breakdown of the options offered to and exercised (if any) by non-executive directors pursuant to a share scheme for employees in respect of the financial year in tabular form; and

(g) a summary of the activities of the internal audit function or activity.

ATTENDANCE AT MEETINGS

During the financial year, the Audit & Risk Management Committee held five (5) meetings. The details of the attendance are as follows:-

Name of Audit & Risk Management Committee	No. of Meetings Attended
Tan Ooi Jin	5/5
Major General Dato' Mamat Ariffin Abdullah (B)	5/5
Ng Kok Hok *(Resigned on 01.12.2016)*	4/4
Lionel Vernon Yong Nguon Kee *(Appointed on 21.03.2017)*	N/A

SUMMARY OF WORK OF THE AUDIT & RISK MANAGEMENT COMMITTEE FOR THE FYE 2017

The Committee had carried out the following activities during the five (5) meetings during the FYE 2017 in discharging their duties and responsibilities:

- Reviewed the quarterly reports, research report and audited financial statements of the Group and recommended the same to the Board for approval and release to Bursa Malaysia and Securities Commission.
- Reviewed the internal audit plan and internal audit reports presented by the Internal Auditor. The Committee together with the Board and the Internal Auditor have assessed the effectiveness of the system of internal control and has discussed in general, significant changes in business and external environment that affects the operation of the Group. The state of internal control is detailed in the statement on risk management and internal control in pages 26 to 27.
- Reviewed the Audit Planning Memorandum presented by the external auditors.
- The Committee met with the external auditors twice during the year without the presence of the management.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT
cont'd

SUMMARY OF WORK OF THE AUDIT & RISK MANAGEMENT COMMITTEE FOR THE FYE 2017 *cont'd*

- Reviewed corporate governance statement, internal control statement and audit & risk management committee report and recommended the same to the Board for inclusion in the Annual Report.
- Appraised and evaluated the performance of external auditors and recommended the re-appointment to the Board of Directors of the Company.
- Review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work.
- Review of the appraisal of performance of internal auditors.

SUMMARY OF WORK OF INTERNAL AUDIT FUNCTION FOR THE FYE 2017

The Group has out-sourced it's Internal Audit Function to Audex Governance Sdn Bhd whose principal responsibility is to undertake regular and systematic reviews of the system of the internal control to ensure the adequacy and effectiveness of such system, anticipate any potential risks and recommend improvements, where necessary. The Internal Audit function reports directly to the Audit & Risk Management Committee, and is independent of the activities it audits.

The principal roles of the Internal Audit Function are:

- To ensure that a sound internal control system is in place and the system is functioning adequately and its integrity is maintained.
- To add value and improve the Group's operations by providing independent and objective evaluation of the operations.
- To ascertain the extent of compliance with the established Group policies, procedures and statutory requirements.
- To carry out special review requested by the management or the Audit & Risk Management Committee.

Arising from the above activities, Internal Audit reports, incorporating the audit findings, audit recommendations and management response were issued to the Audit & Risk Management Committee. Follow-up audit was also conducted and the status of implementation on the agreed upon recommendations were issued to the Audit & Risk Management Committee.

STATEMENT ON EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The allocation of ESOS were verified by the Audit & Risk Management Committee for each financial year to ensure compliance with the allocation criteria determined by the ESOS Committee and in accordance with the By-Laws of ESOS.

REMUNERATION COMMITTEE REPORT

MEMBERS

Name	Designation	Directorship
Tan Ooi Jin	Chairman	Independent Non-Executive
Major General Dato' Mamat Ariffin Abdullah (B)	Member	Independent Non-Executive
Lionel Vernon Yong Nguon Kee *(Appointed on 21.03.2017)*	Member	Independent Non-Executive
Ng Kok Hok *(Ceased office on 01.12.2016)*	Member	Independent Non-Executive

TERMS OF REFERENCE

1. Appointment/Composition:

1.1 The members of the Committee shall be appointed by the Board.

1.2 The Remuneration Committee shall consist of not less than three (3) members composed wholly or mainly of Non-Executive Directors.

1.3 The Chairman of the Committee shall be appointed by the members of the Committee among their number.

2. Meetings:

2.1 The Remuneration Committee shall meet to carry out the duties and responsibilities in item (4) as stated below. The quorum for a meeting shall be two members both of whom shall be Non-Executive Directors.

2.2 Meeting will be attended by the members of the Committee and the Company Secretary who shall act as the Secretary, or any representative of the Secretary.

3. Authority:

3.1 The Committee is authorised by the Board to investigate any activity within its Terms of Reference. It shall be provided with the resources to perform its duties and full and unrestricted access to information pertaining to the Company and the Group.

3.2 The Committee shall also have the right to consult independent experts where they consider it necessary to carry out their duties.

4. Functions and Responsibilities:

The functions and responsibilities of the Committee shall include the following:

(a) to recommend to the Board the remuneration package of executive directors in all its form, drawing from outside advice, if necessary.

(b) to recommend to the Board the remuneration of non-executive directors which shall be a decision of the Board as a whole, save and except where the remuneration is in respect of any member or members of this Committee.

Executive Directors should play no part in decisions on their own remuneration. The determination of remuneration packages of Non-Executive Directors, including non-executive chairman should be a matter for the Board as a whole.

5. Minutes:

The Secretary shall maintain minutes of the proceedings of the meetings and circulate such minutes to all members of the Committee and to the Board members.

REMUNERATION COMMITTEE REPORT
cont'd

ATTENDANCE AT MEETINGS

During the financial year, the Remuneration Committed held one (1) meeting. The details of the attendance are as follows:-

Name of Remuneration Committee	No. of Meetings Attended
Tan Ooi Jin	1/1
Major General Dato' Mamat Ariffin Abdullah (B)	1/1
Lionel Vernon Yong Nguon Kee *(Appointed on 21.03.2017)*	N/A
Ng Kok Hok *(Ceased office on 01.12.2016)*	-

NOMINATING COMMITTEE REPORT

MEMBERS

Name	Designation	Directorate
Lionel Vernon Yong Nguon Kee *(Appointed on 21.03.2017)*	Chairman	Independent Non-Executive
Major General Dato' Mamat Ariffin Abdullah (B)	Member	Independent Non-Executive
Tan Ooi Jin	Member	Independent Non-Executiver
Ng Kok Hok *(Ceased office on 01.12.2016)*	Chairman	Independent Non-Executive

TERMS OF REFERENCE

1. Appointment/Composition:

1.1 The members of the Committee shall be appointed by the Board.

1.2 The Nominating Committee shall consist of not less than three (3) members composed exclusively of Non-Executive Directors, a majority of whom are Independent Directors.

1.3 The Chairman of the Committee shall be appointed by the members of the Committee among their number who is an Independent Non-Executive Director.

2. Meetings:

2.1 Meeting shall be held at least once a year and also as and when required.

2.2 The Nominating Committee shall meet to carry out the duties and responsibilities in item (4) as stated below. The quorum for a meeting shall be two.

2.3 Meeting will be attended by the members of the Committee and the Company Secretary who shall act as the Secretary, or any representative of the Secretary.

3. Authority:

3.1 The Committee is authorised by the Board to investigate any activity within its Terms of Reference. It shall be provided with the resources to perform its duties and full and unrestricted access to information pertaining to the Company and the Group.

3.2 The Committee shall also have the right to consult independent experts where they consider it necessary to carry out their duties.

4. Functions and Responsibilities:

The functions and responsibilities of the Committee shall include the following:

(a) to propose, consider and recommend to the Board suitable persons for appointment as Directors of the Company. In making its recommendations, the Nomination Committee should consider the candidates':-

- skills, knowledge, expertise and experience;
- professionalism;
- integrity; and
- in the case of candidates for the position of independent non-executive directors, the Nomination Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive directors.

NOMINATING COMMITTEE REPORT
cont'd

TERMS OF REFERENCE *cont'd*

4. Functions and Responsibilities: *cont'd*

(b) to recommend to the Board, directors to fill the seats on Board committees.

(c) to annually review the required mix of skills and experience and other qualities, including core competencies, which non-executive directors should bring to the Board.

(d) to annually assess the effectiveness of the Board as a whole, the committees of the Board and contribution of each individual director including independent non-executive directors, as well as the chief executive officer. All assessments and evaluation carried out by the Nomination Committee in the discharge of all its functions should be properly documented.

(e) to carry out such other responsibilities as may be delegated by the Board from time to time.

5. Minutes:

The Secretary shall maintain minutes of the proceedings of the meetings and circulate such minutes to all members of the Committee and to the Board members.

ATTENDANCE AT MEETINGS

During the financial year period the Nominating Committee held three 3 meetings. The details of the attendance are as follows:-

Name of Nominating Committee	No. of Meetings Attended
Tan Ooi Jin	3/3
Major General Dato' Mamat Ariffin Abdullah (B)	3/3
Lionel Vernon Yong Nguon Kee *(Appointed on 21.03.2017)*	N/A
Ng Kok Hok *(Ceased office on 01.12.2016)*	-

ADDITIONAL DISCLOSURE STATEMENTS

UTILISATION OF PROCEEDS

There were no proceeds raised from any corporate proposal during the financial year.

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid and payable to the external auditors by the Group for the financial year ended 31 March 2017are as follows:

	Group (RM)	Company(RM)
Fees paid/payable to the external auditors		
- Audit Fees	141	33
- Non Audit Fees	15	15
Total	**156**	**48**

RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

All current related party transactions entered into by the Group during the financial year are disclosed in Note 32 of the financial statements in pages 103 to 104 of this Annual Report.

MATERIAL CONTRACTS

There were no material contracts which had been entered into by the Group involving the interest of the Directors and major shareholders, either still subsisting at the end of the FYE 2017 or entered into since the end of the previous financial year except that Mr. Low Wey Heng, an Executive Director of the Company is also a director and substantial shareholder of Tandop Hotel Sdn Bhd.

CORPORATE SOCIAL RESPONSIBILITY (CSR) STATEMENT

As a member of the society, Sterling Progress does not forget its responsibility and roles. We understand that each and every one has an important part to play so that the society continues to improve. In support of social activity among the community, the Group has participated in the blood donation campaign to contribute to the blood bank in Hospital Kuala Lumpur, a Malaysian government-owned public hospital. We just started this initiative in 2016 and have received overwhelming response from the employees.

Other than that, SPB has been implementing our Go Green campaign both internally and externally for many years. On the customers' front, it is executed throughout the subsidiaries by assisting in the collection and distribution of second-hand ICT gadgets to the underprivileged. This is in line with the government's efforts to increase ICT penetration amongst underprivileged and under served rural communities. While internally, all employees are encouraged to practice good environmental measures such as electricity and water conservation, smart usage of paper and recycling efforts as we try to reduce our carbon footprints to conserve the environment.

STATEMENT OF DIRECTORS' RESPONSIBILITY

Rule 15.26 (a) of the Listing Requirements of Bursa Securities for the ACE Market requires the Board of Directors of a public listed company to include in its Annual Report a "statement explaining the Board of Directors' Responsibility for preparing the annual audited accounts".

The Directors are also required under the Companies Act, 2016 to prepare financial statements for each financial year, which gives a true and fair view of the state of affairs of the Group at the end of the financial year. In preparing the financial statements, the Directors have:

- selected appropriate accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- prepared the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business; and
- ensured applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and which enable them to ensure that the financial statements comply with the Companies Act, 2016. The Directors have overall responsibilities for taking reasonable steps to safeguard the assets of the Group so as to prevent and detect fraud and other irregularities.

The Directors confirm that they have complied with these requirements and having a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the financial statements.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding.

The principal activities of its subsidiary companies are disclosed in Note 7 to the financial statements.

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Loss for the financial year	(33,916)	(31,568)
Attributable to:		
Owners of the parent	(33,914)	(31,568)
Non-controlling interests	(2)	-
	(33,916)	(31,568)

RESERVES AND PROVISIONS

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

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the current financial year.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company had undertaken the following:

(i) Subsequent to the shareholders' approval in the extraordinary general meeting of the Company on 27 October 2016, the Company implemented par value reduction of its issued and fully paid-up share capital from RM98,917,993 comprising 989,179,930 ordinary shares of RM0.10 each to RM24,729,498 comprising 989,179,930 ordinary shares of RM0.025 each via the cancellation of RM0.075 from the par value of each existing ordinary share pursuant to Section 64 of the Company Act, 1965. The resulting credit arising from par value reduction was used to set-off against the accumulated losses of the Company by RM74,188,495.

(ii) Share consolidation of every four (4) ordinary shares of RM0.025 each in the Company into one (1) new ordinary share of RM0.10 each after the par value reduction.

(iii) Issued of 32,000,000 new ordinary shares of RM0.10 each for a total cash consideration of RM5,120,000 arising from the exercise of employees' share options at an exercise price of RM0.16 per ordinary share.

DIRECTORS' REPORT
cont'd

ISSUE OF SHARES AND DEBENTURES *cont'd*

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

There was no issuance of debentures during the financial year.

WARRANTS

The Warrants 2014/2019 were constituted under the Deed Poll dated 6 January 2011 as disclosed in Note 18(c) to the financial statements.

As at 31 March 2017, the total numbers of Warrants that remain unexercised were 78,754,500.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the Employees Share Option Scheme ("ESOS").

At an extraordinary general meeting held on 27 November 2013, the Company's shareholders approved the establishment of an ESOS of not more than 30% of the issued share capital of the Company at the point of time throughout the duration of the scheme to eligible employees of the Group. On 28 March 2017, the Board of Directors approved the cancellation of the outstanding options granted on 27 November 2015, upon the mutual agreement with respective ESOS option holders.

The salient features and other terms of the ESOS are disclosed in Note 28 to the financial statements.

As at 31 March 2017, the options offered to take up unissued ordinary shares and the exercise price are as follows:

		Number of options over ordinary shares					
Date of offer	Exercise price	At 1.4.2016	Consolidation	Granted	Lapsed/ Cancelled	Exercised	At 31.3.2017
27 November 2015	RM0.10	50,000,000	(37,500,000)	-	(12,500,000)	-	-
07 February 2017	RM0.16	-	-	32,000,000	-	(32,000,000)	-

DIRECTORS

The Directors in office during the financial year until the date of this report are:

Major General Dato' Mamat Ariffin Bin Abdullah (B)
Kenny Khow Chuan Wah
Tan Ooi Jin
Leong Seng Wui
Low Wey Heng (appointed on 20.2.2017)
Lionel Vernon Yong Nguon Kee (appointed on 21.3.2017)
Ng Kok Hok (resigned on 1.12.2016)

DIRECTORS' REPORT
cont'd

DIRECTORS' INTERESTS

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares					
	At 1.4.2016	Bought before consolidation	#Consolidation	Bought after consolidation	Sold	At 31.3.2017
Interests in the Company						
Direct interests						
Leong Seng Wui	-	15,500,000	(11,625,000)	-	(3,875,000)	-
Indirect interests						
* Leong Seng Wui	50,122,700	23,674,500	(55,347,900)	47,419,714	-	65,869,014
* Low Wey Heng	-	-	-	65,869,014	-	65,869,014

\# *Share consolidation of every four (4) ordinary shares into one (1) new ordinary share*
* *Deemed interest pursuant to Section 8 of the Companies Act, 2016 by virtue of his substantial shareholdings in FNS Avenue Sdn. Bhd.*

None of the other Directors in office at the end of the financial year had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 32(b) to the financial statements) by reason of a contract made by the Company or a related corporations 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 Company a party to any arrangement whose object was 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.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

(i) which would render the amounts written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) 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; or

(iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

DIRECTORS' REPORT
cont'd

OTHER STATUTORY INFORMATION *cont'd*

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

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

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

(d) In the opinion of Directors:

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

(ii) the result of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in the notes to the financial statements; and

(iii) 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 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.

SIGNIFICANT EVENTS

The significant events are disclosed in Note 36 to the financial statements.

SUBSEQUENT EVENTS

The subsequent events are disclosed in Note 37 to the financial statements.

SUBSIDIARY COMPANIES

The details of the subsidiary companies are disclosed in Note 7 to the financial statements.

AUDITORS' REMUNERATION

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

AUDITORS

The Auditors, Messrs UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 13 July 2017.

LEONG SENG WUI **KENNY KHOW CHUAN WAH**

KUALA LUMPUR

STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 50 to 117 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 39 to the financial statements on page 118 have been compiled in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures 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 on behalf of the Board of Directors in accordance with a resolution of the Directors dated 13 July 2017.

LEONG SENG WUI **KENNY KHOW CHUAN WAH**

KUALA LUMPUR

STATUTORY DECLARATION

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

I, Kenny Khow Chuan Wah, being the Director primarily responsible for the financial management of Sterling Progress Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 50 to 118 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed at Kuala Lumpur in the)
Federal Territory on 13 July 2017)

KENNY KHOW CHUAN WAH

Before me,

MOHAN A.S. MANIAM
(No. W710)
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

to the Members of Sterling Progress Berhad

(Company No.: 679361-D) (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Sterling Progress 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 and 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 50 to 117.

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 the *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 Requirements

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 IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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.

Key Audit Matters	How we addressed the key audit matters
1. Goodwill impairment review	
Under MFRS 136 *Impairment of Assets*, the Group is required to annually test goodwill for impairment. This assessment requires management to make estimates concerning the estimated future cash flows and associated discount rates and growth rates based on management's view of future business prospects. In view of the inherent uncertainty involved in forecasting and discounting future cash flows, our audit concentrated on this key judgemental area.	In respect of the assessment of cash generating units ("CGUs"): We challenged the Directors' assessment of CGUs with reference to accounting standards and considered the operating and management structure changes with reference to our understanding of the business. We have tested Management's sensitivity analysis in relation to the key inputs to the goodwill impairment test model, as well as performing our own sensitivity analysis which included changes to volume, margin and the discount rate applied. We have reviewed the appropriateness of the disclosures made in accordance with MFRS 136 *Impairment of Assets*.

INDEPENDENT AUDITORS' REPORT
to the Members of Sterling Progress Berhad
(Company No.: 679361-D) (Incorporated in Malaysia)
cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

Key Audit Matters *cont'd*

Key Audit Matters	How we addressed the key audit matters
2. Impairment of trade receivables	
The Group has material credit exposures in its portfolio of trade receivables amounting to RM24.97 million as at 31 March 2017. Given the nature of these assets, the assessment of impairment involves significant estimation uncertainty, subjective assumptions and the application of significant judgement.	We have performed impairment assessments on trade receivables that were either in default or overdue as at 31 March 2017. We obtained and evaluated the Group's credit risk policy, and tested the processes used by management to assess credit exposures. We also examined the recoverability by checking those subsequent receipts. We also obtained confirmation from the counterparties for selected accounts. We have reviewed the appropriateness of the disclosures made in accordance with MFRS 136 *Impairment of Assets.*

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 annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of the 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 has no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT

to the Members of Sterling Progress Berhad
(Company No.: 679361-D) (Incorporated in Malaysia)
cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

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 the financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions 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 disclosure 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.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

to the Members of Sterling Progress Berhad

(Company No.: 679361-D) (Incorporated in Malaysia)

cont'd

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 39 on page 118 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 Profits or Losses in the Context of Disclosures 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.

UHY
Firm Number: AF 1411
Chartered Accountants

NG WEE TEIK
Approved Number: 1817/12/2018 (J)
Chartered Accountant

KUALA LUMPUR
13 July 2017

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Assets					
Non-Current Assets					
Property, plant and equipment	4	8,450	33,342	-	5
Investment properties	5	2,584	2,918	-	-
Intangible assets	6	664	2,927	-	13
Investment in subsidiary companies	7	-	-	15,640	42,296
Goodwill on consolidation	8	1,037	5,619	-	-
Deferred tax assets	9	711	1,525	-	3
		13,446	46,331	15,640	42,317
Current Assets					
Inventories	10	1,148	2,915	-	-
Trade receivables	11	24,973	26,095	-	-
Other receivables	12	8,664	9,503	1,449	16
Amount due from subsidiary companies	13	-	-	64,486	59,686
Tax recoverable		797	1,083	-	-
Fixed deposits with licensed banks	14	1,503	2,055	1,180	1,143
Cash and bank balances	15	7,009	6,256	2,878	84
		44,094	47,907	69,993	60,929
Assets held for sale	16	1,470	1,470		-
		45,564	49,377	69,993	60,929
Total Assets		59,010	95,708	85,633	103,246

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2017
cont'd

		Group		Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Equity and Liabilities					
Equity					
Share capital	17	38,531	98,918	38,531	98,918
Reserves	18	10,169	(26,419)	38,148	4,209
Equity attributable to owners of the parent		48,700	72,499	76,679	103,127
Non-controlling interests		(8)	(6)	-	-
Total Equity		48,692	72,493	76,679	103,127
Non-Current Liabilities					
Loans and borrowings	19	465	1,500	-	-
Deferred tax liabilities	9	711	1,769	-	3
		1,176	3,269	-	3
Current Liabilities					
Trade payables	20	3,531	8,517	-	-
Other payables	21	4,777	5,196	147	116
Amount due to subsidiary companies	13	-	-	8,807	-
Loans and borrowings	19	830	6,193	-	-
Tax payable		4	40	-	-
		9,142	19,946	8,954	116
Total Liabilities		10,318	23,215	8,954	119
Total Equity and Liabilities		59,010	95,708	85,633	103,246

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	22	100,826	189,459	-	-
Cost of sales	23	(100,169)	(187,214)	-	-
Gross profit		657	2,245	-	-
Other income		4,348	3,949	3,181	143
Distribution costs		(72)	(211)	-	-
Administrative expenses and other operating expenses		(38,400)	(40,527)	(34,749)	(2,284)
Finance costs	24	(348)	(722)	-	-
Loss before tax	25	(33,815)	(35,266)	(31,568)	(2,141)
Taxation	26	(101)	1,360	-	-
Loss for the financial year, representing total comprehensive income for the financial year		(33,916)	(33,906)	(31,568)	(2,141)
Loss for the financial year attributable to:					
Owners of the parent		33,916	(33,904)	(31,568)	(2,141)
Non-controlling interests		(2)	(2)	-	-
		(33,916)	(33,906)	(31,568)	(2,141)
Loss per share					
Basic (cents)	27	(3.80)	(3.43)		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

		← Attributable to Owners of the Parent →								
		← Non-Distributable →								
	Note	Share Capital RM'000	Share Premium RM'000	Employee Share Option Reserve RM'000	Warrant Reserve RM'000	Other Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
Group										
At 1 April 2015		98,918	4,842	-	8,401	305	(7,303)	105,163	(4)	105,159
Loss for the financial year, representing total comprehensive income for the financial year		-	-	-	-	-	(33,904)	(33,904)	(2)	(33,906)
Transaction with owners										
Employee share options	18(b)	-	-	1,240	-	-	-	1,240	-	1,240
At 31 March 2016		98,918	4,842	1,240	8,401	305	(41,207)	72,499	(6)	72,493
At 1 April 2016		98,918	4,842	1,240	8,401	305	(41,207)	72,499	(6)	72,493
Adjustments for effect of Companies Act, 2016	17	4,842	(4,842)	-	-	-	-	-	-	-
Loss for the financial year, representing total comprehensive income for the financial year		-	-	-	-	-	(33,914)	(33,914)	(2)	(33,916)
Transaction with owners										
Share par value reduction	17	(74,189)	-	-	-	-	74,189	-	-	-
Disposal of subsidiary companies	7(c)	-	-	-	-	1,155	-	1,155	-	1,155
Share options granted under ESOS	18(b)	-	-	3,840	-	-	-	3,840	-	3,840
Cancellation of ESOS	18(b)	-	-	(1,240)	-	-	1,240	-	-	-
Realisation of ESOS reserve	18(b)	3,840	-	(3,840)	-	-	-	-	-	-
Exercise of ESOS	17	5,120	-	-	-	-	-	5,120	-	5,120
		(65,229)	-	(1,240)	-	1,155	75,429	10,115	-	10,115
At 31 March 2017		38,531	-	-	8,401	1,460	308	48,700	(8)	48,692

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017
cont'd

	Note	Share Capital RM'000	Share Premium RM'000	Employee Share Option Reserve RM'000	Warrant Reserve RM'000	Accumulated Losses RM'000	Total Equity RM'000
Company							
At 1 April 2015		98,918	4,842	-	8,401	(8,133)	104,028
Loss for the financial year, representing total comprehensive income for the financial year		-	-		-	(2,141)	(2,141)
Transaction with owners							
Employee share options	18(b)	-	-	1,240	-	-	1,240
At 31 March 2016		98,918	4,842	1,240	8,401	(10,274)	103,127
At 1 April 2016		98,918	4,842	1,240	8,401	(10,274)	103,127
Adjustments for effect of Companies Act, 2016	17	4,842	(4,842)	-	-	-	-
Loss for the financial year, representing total comprehensive income for the financial year		-	-	-	-	(31,568)	(31,568)
Transactions with owners							
Share par value reduction	17	(74,189)	-	-	-	74,189	-
Share options granted under ESOS	18(b)	-	-	3,840	-	(3,840)	-
Cancellation of ESOS	18(b)	-	-	(1,240)	-	1,240	-
Realisation of ESOS reserve	18(b)	3,840	-	(3,840)	-	-	-
Exercise of ESOS	17	5,120	-	-	-	-	5,120
		(65,229)	-	(1,240)	-	71,589	5,120
At 31 March 2017		38,531	-	-	8,401	29,747	76,679

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Loss before tax	(33,815)	(35,266)	(31,568)	(2,141)
Adjustments for:				
Amortisation of intangible assets	1,048	3,186	5	7
Bad debts written off	437	5,235	198	-
Deposits written off	124	582	-	-
Depreciation of property, plant and equipment	5,589	6,445	1	1
Depreciation of investment properties	68	84	-	-
Dividend income	-	-	(3,100)	-
Gain on disposal of property, plant and equipment	(2,009)	(505)	-	-
Gain on disposal of investment properties	(114)	-	-	-
Impairment loss on goodwill on consolidation	1,571	-	-	-
Impairment loss on investment in subsidiary companies	-	-	12,225	-
Impairment loss on amount due from subsidiary companies	-	-	10,353	-
Impairment loss on trade receivables	-	5,215	-	-
Impairment loss on intangible assets	-	2,184	-	-
Intangible assets written off	1,210	-	8	-
Finance costs	348	722	-	-
Interest income	(91)	(254)	(36)	(35)
Inventories written off	1,243	618	-	-
Loss on disposal of subsidiary companies	4,267	-	9,923	-
Property, plant and equipment written off	13,151	2,048	4	-
Share options granted under ESOS	3,840	1,240	-	273
Unrealised loss on foreign exchange	-	5	-	-
Operating loss before working capital changes	(3,133)	(8,461)	(1,987)	(1,895)
Changes in working capital:				
Inventories	300	574	-	-
Receivables	(2,689)	32,081	(1,631)	1
Payables	(1,793)	(18,843)	30	28
	(4,182)	13,812	(1,601)	29
Cash (used in)/generated from operations	(7,315)	5,351	(3,588)	(1,866)
Interest paid	(348)	(722)	-	-
Tax paid	(158)	(178)	-	-
Tax refunded	109	732	-	49
	(397)	(168)	-	49
Net cash (used in)/from operating activities	(7,712)	5,183	(3,588)	(1,817)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017
cont'd

		Group		Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities					
Net advances to subsidiary companies		-	-	82	2,542
Additional investment in subsidiary companies		-	-	-	(1,000)
Interest received		91	254	36	35
Purchase of property, plant and equipment	4(c)	(829)	(267)	-	-
Purchase of intangible assets	6	-	(507)	-	-
Purchase of investment properties		(1,873)	-	-	-
Proceeds from disposal of property, plant and equipment		8,343	743	-	-
Proceeds from disposal of investment properties		2,253	-	-	-
Net cash inflows from disposal of subsidiary companies	7(c)	1,176	-	1,181	-
Net cash from investing activities		9,161	223	1,299	1,577
Cash flows from financing activities					
Issuance of share capital	17	5,120	-	5,120	-
Increased of fixed deposits pledged		87	3,817	-	-
Repayment of finance lease payables		(249)	(304)	-	-
Repayment of bankers' acceptance and trust receipts		(5,360)	(14,583)	-	-
Repayment of term loans		(818)	(441)	-	-
Net cash (used in)/from financing activities		(1,220)	(11,511)	5,120	-
Net increase/(decrease) in cash and cash equivalents		229	(6,105)	2,831	(240)
Cash and cash equivalents at the beginning of the financial year		7,372	13,477	1,227	1,467
Cash and cash equivalents at the end of the financial year		7,601	7,372	4,058	1,227
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances		7,009	6,256	2,878	84
Fixed deposits with licensed banks		1,503	2,055	1,180	1,143
Bank overdrafts		(587)	(528)	-	-
		7,925	7,783	4,058	1,227
Less: Fixed deposits pledged with licensed banks		(324)	(411)	-	-
		7,601	7,372	4,058	1,227

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

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017

1. CORPORATE INFORMATION

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

The principal place of business of the Company is located at Lot 4-20, 4th Floor, Plaza Low Yat, No. 7, Jalan Bukit Bintang, 55100 Kuala Lumpur.

The registered office of the Company is located at No. 51-21-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary companies are disclosed in Note 7. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the ConsolidatioN Exception
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	

Adoption of above amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017
cont'd

2. BASIS OF PREPARATION *cont'd*

(a) Statement of compliance *cont'd*

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs, new Interpretation and amendments to MFRSs that have been issued by MASB but are not yet effective for the Group and the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 107	Disclosure Initiative	1 January 2017
Amendments to MFRS 122	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to MFRSs 2014 – 2016 Cycle		
• Amendments to MFRS 12		1 January 2017
• Amendments to MFRS 1		1 January 2018
• Amendments to MFRS 128		1 January 2018
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
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 15	Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts*	1 January 2018*
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 16	Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until futher notice

Note:

* *Entities that meet the specific criteria in MFRS 4, paragraph 20B, may choose to defer the application of MFRS 9 until that earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.*

The Group and the Company intend to adopt the above MFRSs when they become effective.

The initial application of the abovementioned MFRSs is not expected to have any significant impacts on the financial statements of the Group and the Company except as mentioned below:

(i) **MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)**

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. MFRS 9 when effective will replace MFRS 139 *Financial Instruments: Recognition and Measurement.*

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017
cont'd

2. BASIS OF PREPARATION *cont'd*

(a) Statement of compliance *cont'd*

Standards issued but not yet effective *cont'd*

(i) **MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)** *cont'd*

MFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income without subsequent recycling to profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in MFRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under MFRS 139.

(ii) **MFRS 15 *Revenue from Contracts with Customers***

MFRS 15 replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and related IC Interpretations. The Standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

(iii) **MFRS 16 *Leases***

MFRS 16, which upon the effective date will supersede MFRS 117 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The impact of the new MFRSs, amendments and improvements to published standard on the financial statements of the Group and of the Company are currently being assessed by the management.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017
cont'd

2. BASIS OF PREPARATION *cont'd*

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand (RM'000) except when otherwise stated.

(c) Significant accounting judgments, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgments

There are no significant areas of critical judgement in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives of property, plant and equipment and investment properties

The Group regularly reviews the estimated useful lives of property, plant and equipment and investment properties based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and investment properties would increase the recorded depreciation and decrease the value of property, plant and equipment and investment properties. The carrying amount at the reporting date for property, plant and equipment and investment properties are disclosed in Notes 4 and 5 respectively.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Details of deferred tax assets are disclosed in Note 9.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017
cont'd

2. BASIS OF PREPARATION *cont'd*

(c) Significant accounting judgments, estimates and assumptions *cont'd*

Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments.

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. The carrying amounts at the reporting date for loans and receivables are disclosed in Notes 11, 12 and 13 respectively.

Employee share options

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also require determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. Details of assumptions made in respect of the share-based payment scheme are disclosed in Note 28.

Amortisation of intangible assets

Changes in the expected level of usage and technological development could impact the economic useful lives, therefore future amortisation charges could be revised.

Income taxes

Judgment is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 March 2017, the Group has tax recoverable and tax payable of RM797,000 (2016: RM1,083,000) and RM4,000 (2016: RM40,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. 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. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed off in profit or loss as incurred.

If the business combination is achieved in stages, previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instruments and within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(l)(i) on impairment of non-financial assets.

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(a) Basis of consolidation *cont'd*

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(l)(i) on impairment of non-financial assets.

(b) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(l)(i).

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Freehold land and buildings	2%
Motor vehicles	20%
Office equipment	10% - 40%
Renovations	12.5%
Furniture and fittings	10% - 15%
Signboard	5% - 10%
Tools and equipment	10% - 20%
Plant and machinery	10% - 20%

Depreciation has been provided on the freehold land of the property, plant and equipment as the Group is not able to segregate the cost of the freehold building from the cost of the related freehold land. The Board of Directors are of opinion that inclusion of the depreciation of the freehold land has no material effect on the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(c) Property, plant and equipment *cont'd*

(iii) Depreciation *cont'd*

Long term leasehold land and buildings are depreciated over the shorter of the lease term and their expected useful lives. The leasehold buildings with remaining lease ranging from 73 to 880 years expiring from 24 August 2087 to 28 September 2894, whereas the estimated useful life is 50 years.

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

(d) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

As lessee

(i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statements of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(e) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rates are:

Freehold buildings	2%
Leasehold buildings	Over the shorter of the lease term and its expected useful lives

The leasehold buildings with remaining lease period ranging from 76 to 91 years.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(l)(i) on impairment of non-financial assets.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Upon disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

(f) Intangible assets

(i) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Computer software and licenses acquired are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three (3) to five (5) years.

(ii) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

See accounting policy Note 3(l)(i) on impairment of non-financial assets for intangible assets.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(g) Financial assets

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

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into the loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in the profit or loss.

(h) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

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

The Group and the Company classify their financial liability at initial recognition into the following categories:

(i) Financial liabilities measured at amortised cost

The Group's and the Company's financial liabilities comprise trade and other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings 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.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(h) Financial liabilities *cont'd*

(ii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specific payment 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 a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(i) Offsetting of financial instruments

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

(j) Inventories

Inventories are stated at lower of cost and net realisable value and are determined on the first-in-first-out method. The cost of inventories comprises actual costs of purchase, incidental costs in bringing the inventories into store and appropriate proportions of manufacturing overheads.

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

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(l) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, deferred tax assets and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(l) Impairment of assets *cont'd*

(i) Non-financial assets cont'd

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units).

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

All financial assets, other than those categorised as fair value through profit or loss, and investments in subsidiary companies, are assessed at each reporting date 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.

Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

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 in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

(m) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the nominal value of shares issued. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(n) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Equity-settled share-based payment transactions

The Group operates an equity-settled, share-based compensation plan for the employees of the Group. Employee services received in exchange for the grant of the share options is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity.

For options granted to the employees of the subsidiary companies, the fair value of the options granted is recognised as cost of investment in the subsidiary companies over the vesting period with a corresponding adjustment to equity in the Company's financial statements.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to be vested. At the end of each reporting date, the Group revises its estimates of the number of share options that are expected to be vested. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(o) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(p) Revenue

(i) Sale of goods

Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Rendering of services

Revenue from services rendered is recognised in the profit or loss based on the value of services performed and invoiced to customers during the period.

(iii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(vi) Interest income

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

(q) Income taxes

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

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

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit nor loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts 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 not discounted.

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

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(q) Income taxes *cont'd*

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(r) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(s) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

(t) Non-current assets held for sale

Non-current assets (or disposal group) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group). Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017
cont'd

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings RM'000	Long-term leasehold land and buildings RM'000	Motor vehicles RM'000	Office equipment RM'000	Renovations RM'000	Furniture and fittings RM'000	Signboard RM'000	Tools and equipment RM'000	Plant and machinery RM'000	Total RM'000
Group										
2017										
Cost										
At 1 April 2016	6,896	425	2,262	5,876	31,101	3,086	341	490	2,187	52,664
Additions	-	689	117	27	108	-	-	-	-	941
Disposals	(6,896)	-	(277)	(293)	-	-	-	-	-	(7,466)
Written off	-	-	-	(2,938)	(22,176)	(1,691)	(270)	-	-	(27,075)
Disposal of subsidiary companies	-	-	(321)	(119)	(369)	(402)	(35)	-	-	(1,246)
At 31 March 2017	-	1,114	1,781	2,553	8,664	993	36	490	2,187	17,818
Accumulated depreciation										
At 1 April 2016	726	81	1,232	2,244	11,450	1,179	175	373	1,862	19,322
Charge for the financial year	75	8	352	579	4,192	252	19	-	112	5,589
Disposals	(801)	-	(259)	(72)	-	-	-	-	-	(1,132)
Written off	-	-	-	(1,673)	(11,176)	(898)	(177)	-	-	(13,924)
Disposal of subsidiary companies	-	-	(253)	(78)	(83)	(67)	(6)	-	-	(487)
At 31 March 2017	-	89	1,072	1,000	4,383	466	11	373	1,974	9,368
Carrying amount										
At 31 March 2017	-	1,025	709	1,553	4,281	527	25	117	213	8,450

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4. PROPERTY, PLANT AND EQUIPMENT *cont'd*

	Freehold land and buildings RM'000	Long-term leasehold land and buildings RM'000	Motor vehicles RM'000	Office equipment RM'000	Renovations RM'000	Furniture and fittings RM'000	Signboard RM'000	Tools and equipment RM'000	Plant and machinery RM'000	Total RM'000
Group										
2016										
Cost										
At 1 April 2015	7,201	425	2,916	6,241	34,821	3,588	341	633	3,413	59,579
Additions	-	-	-	49	218	-	-	-	-	267
Disposals	(305)	-	(654)	(1)	-	-	-	-	-	(960)
Written off	-	-	-	(413)	(3,938)	(502)	-	(143)	(1,226)	(6,222)
At 31 March 2016	6,896	425	2,262	5,876	31,101	3,086	341	490	2,187	52,664
Accumulated depreciation										
At 1 April 2015	703	72	1,431	1,892	9,248	1,174	146	464	2,643	17,773
Charge for the financial year	91	9	455	659	4,618	307	29	14	263	6,445
Disposals	(68)	-	(654)	-	-	-	-	-	-	(722)
Written off	-	-	-	(307)	(2,416)	(302)	-	(105)	(1,044)	(4,174)
At 31 March 2016	726	81	1,232	2,244	11,450	1,179	175	373	1,862	19,322
Carrying amount										
At 31 March 2016	6,170	344	1,030	3,632	19,651	1,907	166	117	325	33,342

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31 MARCH 2017
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4. PROPERTY, PLANT AND EQUIPMENT *cont'd*

	Office equipment RM'000	Furniture and fittings RM'000	Total RM'000
Company			
2017			
Cost			
At 1 April 2016	66	9	75
Written off	(66)	(9)	(75)
At 31 March 2017	-	-	-
Accumulated depreciation			
At 1 April 2016	62	8	70
Charge for the financial year	1	-	1
Written off	(63)	(8)	(71)
At 31 March 2017	-	-	-
Carrying amount			
At 31 March 2017	-	-	-
2016			
Cost			
At 1 April 2015/ 31 March 2016	66	9	75
Accumulated depreciation			
At 1 April 2015	62	7	69
Charge for the financial year	-	1	1
At 31 March 2016	62	8	70
Carrying amount			
At 31 March 2016	4	1	5

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31 MARCH 2017
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4. PROPERTY, PLANT AND EQUIPMENT *cont'd*

(a) Assets pledged as securities to licensed banks

The carrying amount of property, plant and equipment of the Group pledged as securities for bank borrowings as disclosed in Note 19 are as follows:

	Group	
	2017	2016
	RM'000	RM'000
Freehold land and buildings	-	706

During the financial year, the freehold land and buildings have been discharged by the licensed banks due to ceasation of banking facilities.

(b) Included in the property, plant and equipment of the Group are motor vehicles acquired under finance lease arrangement with carrying amounts of RM693,000 (2016: RM975,000).

Leased assets are pledged as security for the related finance lease liabilities.

(c) The aggregate additional cost for the property, plant and equipment of the Group under finance lease financing and cash payments are as follows:

	Group	
	2017	2016
	RM'000	RM'000
Aggregate costs	941	267
Less: Finance lease financing	(112)	-
Cash payments	829	267

(d) The remaining lease term of long-term leasehold land and buildings of the Group is 89 years (2016: 90 years).

(e) Change in estimate

In previous financial year, the Group conducted a review on the renovation cost of the Group. The renovation is expected to be in used for eight years from the date of purchase. As a result, the expected useful lives of these assets increased and their estimated residual value decreased.

The effect of these changes on depreciation expense, recognised in cost of sales and administrative expenses, in current and future periods is as follows:

	2016	2017	2018	2019	Later
	RM'000	RM'000	RM'000	RM'000	RM'000
Increase in depreciation charges					
- Cost of sales	950	950	950	724	994
- Administrative expenses	249	245	216	176	578
	1,199	1,195	1,166	900	1,572

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5. INVESTMENT PROPERTIES

	Freehold land and building	Long-term leasehold land and buildings	Total
	RM'000	RM'000	RM'000
Group			
2017			
Cost			
At 1 April 2016	1,235	2,200	3,435
Additions	-	1,873	1,873
Disposals	(320)	(2,200)	(2,520)
At 31 March 2017	915	1,873	2,788
Accumulated depreciation			
At 1 April 2016	235	282	517
Charge for the financial year	24	44	68
Disposals	(55)	(326)	(381)
At 31 March 2017	204	-	204
Carrying amount			
At 31 March 2017	711	1,873	2,584
2016			
Cost			
At 1 April 2015	1,235	3,706	4,941
Transfer to assets held for sale	-	(1,506)	(1,506)
At 31 March 2016	1,235	2,200	3,435
Accumulated depreciation			
At 1 April 2015	213	256	469
Charge for the financial year	22	62	84
Transfer to assets held for sale	-	(36)	(36)
At 31 March 2016	235	282	517
Carrying amount			
At 31 March 2016	1,000	1,918	2,918

(a) The fair value of the investment properties are estimated at approximately RM3,967,000 (2016: RM3,968,000). The fair values are within level 2 of the fair value hierarchy. It is based on the Directors' estimation by reference to market evidence of transaction prices for similar properties and recent experience in the location and category of the properties being valued.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017
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5. INVESTMENT PROPERTIES *cont'd*

(b) The following income and expenses are recognised in profit or loss in respect of the investment properties:

	Group	
	2017	2016
	RM'000	RM'000
Rental income	134	364
Direct operating expenses:		
- Income generating investment properties	29	87

(c) Investment properties of the Group have been pledged to secure banking facilities granted to the Group as disclosed in Note 19 are as follows:

	Group	
	2017	2016
	RM'000	RM'000
Freehold land and building	448	776
Long-term leasehold land and buildings	-	1,918

6. INTANGIBLE ASSETS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Computer software				
Cost				
At 1 April	14,723	14,216	24	24
Addition	-	507	-	-
Written off	(3,902)	-	(24)	-
Disposal of subsidiary companies	(4,005)	-	-	-
At 31 March	6,816	14,723	-	24
Accumulated amortisation				
At 1 April	9,612	6,426	11	4
Charge for the financial year	1,048	3,186	5	7
Written off	(2,692)	-	(16)	-
Disposal of subsidiary companies	(1,816)	-	-	-
At 31 March	6,152	9,612	-	11
Accumulated impairment losses				
At 1 April	2,184	-	-	-
Impairment losses recognised	-	2,184	-	-
Disposal of subsidiary companies	(2,184)	-	-	-
At 31 March	-	2,184	-	-
Carrying amount				
At 31 March	664	2,927	-	13

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017
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6. INTANGIBLE ASSETS *cont'd*

Change in estimate

In previous financial year, the Group conducted an operational efficiency review of its intangible assets, which resulted in changes in the expected usage of its intangible assets. Useful life of the intangible assets has reduced from 10 years to 5 years after considering the changes in technological advancement. As a result, the expected useful life of these assets increased and their estimated residual value decreased.

The effect of these changes on amortisation expense, recognised in administrative expenses, in current and future periods is as follows:

	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	Later RM'000
Increase in amortisation charges	497	497	497	50	4

In previous financial year, the Group streamlined the business activities within the ICT Segment and carried out a review of the recoverable amount of its intangible assets. An impairment loss of RM2,184,000, representing the net carrying amount of the intangible assets was recognised in administrative expenses for the financial year ended 31 March 2016.

7. INVESTMENT IN SUBSIDIARY COMPANIES

(a) Investment in subsidiary companies

	Company	
	2017 RM'000	2016 RM'000
In Malaysia:		
At cost		
Unquoted shares	27,865	42,296
Less: Accumulated impairment losses	(12,225)	-
	15,640	42,296

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective Interest 2017 %	Effective Interest 2016 %	Principal activities
Direct holding:				
Tejari Sdn. Bhd.	Malaysia	100	100	Involved in investment holding and designing, building and assembling of hydraulic automation system, components and activities thereof for industrial applications, the research, development and manufacture of electro hydraulic automation system and the provision of customised mechanical and automation design solution.

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31 MARCH 2017
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7. INVESTMENT IN SUBSIDIARY COMPANIES *cont'd*

(a) Investment in subsidiary companies *cont'd*

Details of the subsidiary companies are as follows: *cont'd*

Name of company	Country of incorporation	Effective Interest 2017 %	Effective Interest 2016 %	Principal activities
Direct holding: *cont'd*				
Tejari Engineering Sdn. Bhd.	Malaysia	100	100	Investment holding.
ICT Rewards and Services Sdn. Bhd.	Malaysia	100	100	Involved as a restaurant operator.
TI Development Sdn. Bhd. (formerly known as Tejari Hoseal Solutions Sdn. Bhd.)	Malaysia	100	100	Dormant.
Essential Action Sdn. Bhd.	Malaysia	-	100	Trading and servicing computer hardware and part.
Goodwill Paradise Sdn. Bhd.	Malaysia	51	51	Dormant.
ICT Utopia Sdn. Bhd.	Malaysia	100	100	Involved in event management and trading.
PC3 Technology Sdn. Bhd.	Malaysia	100	100	Trading and servicing computer hardware and parts.
PDA Expert Mobility Sdn. Bhd.	Malaysia	100	100	Trading of telecommunication products.
Perfect Icon Limited	British Virgin Islands	100	100	Dormant.
Inventure Conglomerate Sdn. Bhd.	Malaysia	-	100	Trading computer equipments and peripheral.
Urusrasa Sdn. Bhd.	Malaysia	100	100	Operator of the car jockey services for Low Yat Plaza, Federal Hotel and Capitol Hotel.
Prestige Atoz Sdn. Bhd.	Malaysia	-	100	Trading computer equipment and peripheral.
Indirect holding:				
Subsidiary company of PDA Expert Mobility Sdn. Bhd.				
Vsurf Sdn. Bhd.	Malaysia	-	100	Involved in distributing and marketing information and communication technology products.
Popular Landmark Sdn. Bhd.	Malaysia	100	100	Trading computers and communication technology products.

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31 MARCH 2017
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7. INVESTMENT IN SUBSIDIARY COMPANIES *cont'd*

(b) Increase in investment in a subsidiary company

In previous financial year, a wholly-owned subsidiary company, Inventure Conglomerate Sdn. Bhd. ("ICSB") increased its issued and paid up ordinary share capital from RM200 to RM1,000,000 by the issue of 999,800 ordinary shares of RM1.00 each at par for cash. The Company has subscribed for the entire increased in the issued and paid up ordinary share capital of ICSB.

(c) Disposal of subsidiary companies

(i) On 1 June 2016, a wholly-owned subsidiary company, PDA Expert Mobility Sdn. Bhd. has disposed its entire equity interest in Vsurf Sdn. Bhd. for a sale consideration of RM819,000, which had resulted a loss of RM549,000.

(ii) On 1 June 2016, the Company disposed its entire equity interest in Inventure Conglomerate Sdn. Bhd. for a sale consideration of RM951,000, which had resulted a loss of RM128,000.

(iii) On 14 December 2016, the Company disposed its entire equity interest in Prestige Atoz Sdn. Bhd. ("PASB") for a sale consideration of RM2,018,000 to be satisfied by settlement of RM2,018,000 due from the Company to PASB, which had resulted a gain of RM8,000.

(iv) On 6 March 2017, the Company disposed its entire equity interest in Essential Action Sdn. Bhd. ("EASB") for a sale consideration of RM1,540,000 to be satisfied by settlement of RM1,310,000 due from the Company to EASB and cash consideration of RM230,000, which had resulted loss of RM3,598,000.

	Group RM'000
Property, plant and equipment	759
Goodwill on consolidation	3,011
Other reserve	1,155
Intangible assets	5
Inventories	224
Trade and other receivables	4,090
Cash and cash equivalents	824
Tax recoverable	236
Tax payable	(40)
Finance lease payables	(142)
Deferred tax liabilities	(244)
Trade and other payables	(3,611)
Total net assets	6,267
Loss on disposal of subsidiary companies	(4,267)
Proceeds from disposal	2,000

NOTES TO THE FINANCIAL STATEMENTS
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7. INVESTMENT IN SUBSIDIARY COMPANIES *cont'd*

(c) Disposal of subsidiary companies *cont'd*

Net cash inflows arising from disposal of subsidiary companies:

	Group RM'000
Proceeds from disposal	2,000
Less: Cash and bank balances disposed	(824)
Net cash inflows from disposal	1,176

8. GOODWILL ON CONSOLIDATION

	Group	
	2017 RM'000	2016 RM'000
Cost		
At 1 April	5,619	5,619
Disposal of subsidiary companies	(3,011)	-
At 31 March	2,608	5,619
Accumulated impairment losses		
At 1 April	-	-
Impairment loss during the financial year	1,571	-
At 31 March	1,571	-
Carrying amount		
At 31 March	1,037	5,619

Goodwill on consolidation arose upon the acquisition of subsidiary companies principally engaged in trading of computer hardware and parts, telecommunication, information and communication products, rental of premises and operating of car jockey services.

(a) Recoverable amount on value in use

For the purpose of impairment testing, the recoverable amount of goodwill as at the end of the reporting period was determined based on a value-in-use calculation by discounting the future cash flows generated from the continuing use of the cash generating unit ("CGU") and was based on the following assumptions:

(i) Pre-tax cash flow projections based on the most recent financial budgets covering a five (5) years period (2016: five (5) years period).

(ii) The anticipated annual revenue growth rate used in the cash flow budgets and plans of the CGU is ranged from 1% to 10% (2016: 1/% to 10%).

(iii) Pre-tax discount rate of 6.6% (2016: 6.6%) per annum has been applied in determining the recoverable amount of the CGU. The discount rate was estimated based on the Group's weighted average cost of capital.

The management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts.

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8. GOODWILL ON CONSOLIDATION *cont'd*

(b) Sensitivity to changes in assumptions

The management believes that a reasonably possible changes in the key assumptions on which management has based on its determination of the CGU's recoverable amount would not cause the CGU's carrying amount to exceed its recoverable amount.

9. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
At 1 April	244	1,636	-	-
Recognised in profit or loss	(11)	(1,392)	-	-
Under provision in prior year	11	-	-	-
Disposal of subsidiary companies	(244)	-	-	-
At 31 March	-	244	-	-

The net deferred tax assets and liability shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	(711)	(1,525)	-	(3)
Deferred tax liability	711	1,769	-	3
	-	244	-	-

The components and movements of deferred tax assets and liability are as follows:

	Decelerated capital allowances	Unused tax losses	Unutilised capital allowances	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
Deferred tax assets					
At 1 April 2016	-	(114)	(1,391)	(20)	(1,525)
Recognised in profit or loss	-	157	1,012	-	1,169
Under provision in prior years	-	(161)	(283)	-	(444)
Disposal of subsidiary companies	-	7	62	20	89
At 31 March 2017	-	(111)	(600)	-	(711)
At 1 April 2015	(14)	(648)	(1,538)	-	(2,200)
Recognised in profit or loss	-	722	406	(20)	1,108
Over/(Under) provision in prior years	14	(188)	(259)	-	(433)
At 31 March 2016	-	(114)	(1,391)	(20)	(1,525)

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9. DEFERRED TAX ASSETS/(LIABILITIES) *cont'd*

The components and movements of deferred tax assets and liability are as follows: *cont'd*

	Accelerated capital allowances RM'000
Group	
Deferred tax liability	
At 1 April 2016	1,769
Recognised in profit or loss	(1,180)
Underprovision in prior years	455
Disposal of subsidiary companies	(333)
At 31 March 2017	711
At 1 April 2015	3,836
Recognised in profit or loss	(1,512)
Overprovision in prior years	(555)
At 31 March 2016	1,769

	Deferred tax liability	Deferred tax assets		
	Accelerated capital allowances RM'000	Unused tax losses RM'000	Unutilised capital allowances RM'000	Total RM'000
Company				
At 1 April 2016	3	(2)	(1)	-
Recognised in profit or loss	(3)	2	1	-
At 31 March 2017	-	-	-	-
At 1 April 2015	-	-	-	-
Recognised in profit or loss	3	(2)	(1)	-
At 31 March 2016	3	(2)	(1)	-

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9. DEFERRED TAX ASSETS/(LIABILITIES) *cont'd*

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Unused tax losses	20,906	13,475	482	1,935
Unutilised capital allowances	6,681	1,779	-	-
	27,587	15,254	482	1,935

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

10. INVENTORIES

	Group	
	2017	2016
	RM'000	RM'000
At cost:		
Raw material	729	1,964
Work in progress	261	237
Trading merchandise	158	714
	1,148	2,915
Recognised in profit or loss:		
Inventories written off	1,243	618
Inventories recognised as cost of sales	80,440	179,074

11. TRADE RECEIVABLES

	Group	
	2017	2016
	RM'000	RM'000
Trade receivables		
- third parties	24,706	31,310
- related parties	267	-
	24,973	31,310
Less: Accumulated impairment losses	-	(5,215)
	24,973	26,095

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11. TRADE RECEIVABLES *cont'd*

The Group's normal trade credit terms are 7 to 180 days (2016: 7 to 180 days). Other credit terms are assessed and approved on a case to case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Amount due from related parties are unsecured, non-interest bearing and repayable on demand in cash and cash equivalents. Trade amounts due from related parties are subject to normal trade credit terms.

The Group's credit exposures are concentrated mainly on 2 (2016: 3) debtors, which accounted for 84% (2016: 83%) of the total trade receivables at the end of the reporting period.

Movements in the allowance for impairment losses of trade receivables are as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
At 1 April	5,215	-
Written off	(4,405)	-
Impairment losses recognised	-	5,215
Disposal of subsidiary companies	(810)	-
At 31 March	-	5,215

Analysis of the trade receivables ageing as at the end of the reporting period is as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Neither past due nor impaired	2,584	9,941
Past due but not impaired:		
Less than 30 days	14,041	2,298
31 to 60 days	172	670
61 to 90 days	168	198
91 to 120 days	446	3,439
More than 120 days	7,562	9,549
	22,389	16,154
	24,973	26,095
Impaired	-	5,215
	24,973	31,310

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

As at 31 March 2017, trade receivables of the Group of RM22,389,000 (2016: RM16,154,000) were past due but not impaired. These mainly arose from active corporate clients with healthy business relationship, in which the management is of the view that the amount are recoverable based on past payment history. The trade receivables that are past due but not impaired are unsecured in nature.

Trade receivables of the Group that are individually assessed to be impaired amounting to RMNil (2016: RM5,215,000), related to customers that are in financial difficulties. These balances are expected to be recovered through the debts recovery process.

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12. OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Other receivables				
- third parties	906	4,156	-	-
- related parties	1,439	-	1,439	-
	2,345	4,156	1,439	-
Deposits	6,074	4,957	4	16
Prepayments	245	430	6	-
	8,664	9,543	1,449	16
Less: Accumulated impairment losses				
- other receivables	-	(40)	-	-
	8,664	9,503	1,449	16

Movements in the allowance for impairment losses of other receivables are as follows:

	Group	
	2017	2016
	RM'000	RM'000
At 1 April	40	40
Disposal of subsidiary company	(40)	-
At 31 March	-	40

Included in amount due from related parties of the Group and of the Company is an amount of RM1,439,000 (2016: RMNil), due from Inventure Conglomerate Sdn. Bhd., a subsidiary company which being disposed off during the financial year in which a Director of the Company have substantial financial interests.

Included in other receivables of the Group is staff loan amounting to RM118,000 (2016: RM124,000).

Other receivables of the Group that are individually assessed to be impaired amounting to RMNil (2016: RM40,000), related to receivables that are in financial difficulties. These balances are expected to be recovered through the debts recovery process.

13. AMOUNT DUE FROM/TO SUBSIDIARY COMPANIES

(a) Amount due from subsidiary companies

	Company	
	2017	2016
	RM'000	RM'000
Non-trade related	74,839	59,686
Less: Accumulated impairment losses	(10,353)	-
	64,486	59,686

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13. AMOUNT DUE FROM/TO SUBSIDIARY COMPANIES *cont'd*

(a) Amount due from subsidiary companies *cont'd*

These represents unsecured, non-interest bearing advances and repayable on demand.

Movement in allowance for impairment losses of amount due from subsidiary companies are as follows:

	Company	
	2017	2016
	RM'000	RM'000
At 1 April	-	-
Impairment losses recognised	10,353	-
At 31 March	10,353	-

(b) Amount due to subsidiary companies

These represents unsecured, non-interest bearing advances and repayable on demand.

14. FIXED DEPOSITS WITH LICENSED BANKS

The interest rates of fixed deposits of the Group and of the Company are range from 3.15% (2016: 2.00% to 3.15%) per annum and the maturity of deposits is 365 days (2016: 31 to 365 days).

Included in the fixed deposits of the Group is an amount of RM324,000 (2016: RM311,000) which has been pledged to licensed banks as securities for credit facilities granted to subsidiary companies as disclosed in Note 19(d).

The fixed deposit of RMNil (2016: RM100,000) is pledged to a licensed bank for bank guarantee issued to a supplier for supply of goods.

15. CASH AND BANK BALANCES

The currency exposure profile of cash and bank balances are as follows:

	Group	
	2017	2016
	RM'000	RM'000
United States Dollar	-	46

16. ASSETS HELD FOR SALE

The assets held for sale are as follows:

	Group	
	2017	2016
	RM'000	RM'000
Leasehold land and buildings	1,470	1,470

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16. ASSETS HELD FOR SALE *cont'd*

On 6 January 2016, the Company has entered into Sale and Purchase Agreement with a third party for the disposal of its investment properties known as Unit DF2-06-03, 6th Floor, Menara Persoft, 6B, Persiaran Tropicana Golf and Country Resort, 47100 Petaling Jaya at a consideration of RM1,557,000.

Since the fair value less cost of disposal exceeded the net carrying amount, no impairment loss is recognised.

In previous financial year, the leasehold land and buildings have been pledged to secure credit facilities granted to a subsidiary company as disclosed in Note 19(b)(i).

The disposal is pending completion as at 31 March 2017.

17. SHARE CAPITAL

	Group and Company			
	Number of Shares		Amount	
	2017	2016	2017	2016
	Unit '000	Unit '000	RM'000	RM'000
Authorised				
At 1 April, ordinary share of RM0.10 each	2,000,000	2,000,000	200,000	200,000
Par value reduction of RM0.075 per share	-	-	(150,000)	-
Shares consolidation	(1,500,000)	-	-	-
Adjustments for effect of Companies Act, 2016	(500,000)	-	(50,000)	-
At 31 March, ordinary share with no par value (2016: ordinary share of RM0.10 each)	-	2,000,000	-	200,000
Issued and fully paid shares				
At 1 April, ordinary share of RM0.10 each	989,180	989,180	98,918	98,918
Par value reduction of RM0.075 per share	-	-	(74,189)	-
Shares consolidation	(741,885)	-	-	-
	247,295	989,180	24,729	98,918
Adjustments for effect of Companies Act, 2016	-	-	4,842	-
Realisation of ESOS reserve	-	-	3,840	-
Exercise of ESOS	32,000	-	5,120	-
At 31 March, ordinary share with no par value (2016: ordinary share of RM0.10 each)	279,295	989,180	38,531	98,918

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17. SHARE CAPITAL *cont'd*

During the current financial year, the Company had undertaken the following:

(i) Subsequent to the shareholders' approval in the extraordinary general meeting of the Company on 27 October 2016, the Company implemented par value reduction of its issued and fully paid-up share capital from RM98,917,993 comprising 989,179,930 ordinary shares of RM0.10 each to RM24,729,498 comprising 989,179,930 ordinary shares of RM0.025 each via the cancellation of RM0.075 from the par value of each existing ordinary share pursuant to Section 64 of the Company Act, 1965. The resulting credit arising from par value reduction was used to set-off against the accumulated losses of the Company by RM74,188,495.

(ii) Share consolidation of every four (4) ordinary shares of RM0.025 each in the Company into one (1) new ordinary share of RM0.10 each after the par value reduction.

(iii) Issued of 32,000,000 new ordinary shares of RM0.10 each for a total cash consideration of RM5,120,000 arising from the exercise of employees' share options at an exercise price of RM0.16 per ordinary share.

The new Companies Act 2016 (the "Act"), which come into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account of RM4,842,000 become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM4,842,000 for purposes as set out in Sections 618(3). There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

18. RESERVES

		Group		Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Share premium	(a)	-	4,842	-	4,842
ESOS reserve	(b)	-	1,240	-	1,240
Warrant reserve	(c)	8,401	8,401	8,401	8,401
Other reserve		1,460	305	-	-
Retained earnings/(Accumulated losses)		308	(41,207)	29,747	(10,274)
		10,169	(26,419)	38,148	4,209

(a) Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. For financial year under review, this has been reclassified into share capital as required by Companies Act, 2016.

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18. RESERVES *cont'd*

(b) Employee share option ("ESOS") reserve

	Group	
	2017	2016
	RM'000	RM'000
At 1 April	1,240	-
Grant of ESOS	3,840	1,240
Realisation of ESOS reserve	(3,840)	-
Cancellation of ESOS	(1,240)	-
At 31 March	-	1,240

Employee share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options. Employee share option is disclosed in Note 28.

(c) Warrant reserve

On 6 January 2011, the Company announced the right issue up to 420,024,000 new ordinary shares of RM0.10 each together with up to 315,018,000 free detachable warrants ("Warrant(s)") at RM0.12 per share for cash on the basis of four (4) new ordinary shares and three (3) free Warrants for every two (2) existing ordinary shares. The new ordinary shares and warrants were listed and quoted on 24 February 2011.

The amount of warrant reserve was arrived at based on the difference between the proceeds from the rights issue with warrants and the par value of the ordinary shares and after deducting issue expenses. Upon full exercise of the warrants, the warrant reserve will be transferred to share premium.

The salient features of the Warrants are as follows:

(i) Each Warrant entitles the registered holder during the exercise period to subscribe for one (1) new ordinary share in the share capital of the Company at the exercise price;

(ii) The exercise price and number of Warrants are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the conditions provided in the Deed Poll; and

(iii) The Warrants shall be exercisable at any time within a period of ten (10) years including and commencing from the issue date up to the expire date.

As disclosed in Note 17, the Company undertaken Share Consolidation of every four (4) ordinary shares of RM0.025 each in the Company into one (1) new ordinary share of RM0.10 each in the Company after the Par Value Reduction. Following the Share Consolidation, the exercise price and the number of outstanding Warrants 2011/2021 shall be adjusted in accordance with the provisions of the Deed Poll. Pursuant to the adjustments, the outstanding Warrants 2011/2021 of 315,018,000 warrants will be consolidated into 78,754,500 warrants, on the basis of every four (4) outstanding Warrants 2011/2021 held by the entitled holders of outstanding Warrants 2011/2021 of the Company and the existing exercise price of the outstanding Warrants 2011/2021 of RM0.12 each will be revised to RM0.48 each.

The Share Consolidation has been completed following the listing of and quotation for 78,754,500 Consolidated Warrants on the ACE Market of Bursa Securities on 10 February 2017.

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18. RESERVES *cont'd*

At the end of the reporting period, unexercised warrants of the Company are as follows:

	Date granted	Warrant price	Number of warrants over ordinary shares	Warrant expiry date
2017	24.02.2011	RM0.48*	78,754,500*	23.02.2021
2016	24.02.2011	RM0.12	315,018,000	23.02.2021

* *Adjusted after share consolidation as disclosed in Note 17.*

19. LOANS AND BORROWINGS

	Group	
	2017	2016
	RM'000	RM'000
Secured		
Bankers' acceptances (Note a)	-	5,360
Term loan (Note b)	-	818
Finance lease liabilities (Note c)	708	987
Bank overdrafts (Note d)	587	528
	1,295	7,693
Current liabilities		
Bankers' acceptances (Note a)	-	5,360
Term loan (Note b)	-	30
Finance lease liabilities (Note c)	243	275
Bank overdrafts (Note d)	587	528
	830	6,193
Non-current liabilities		
Term loan (Note b)	-	788
Finance lease liabilities (Note c)	465	712
	465	1,500
	1,295	7,693

NOTES TO THE FINANCIAL STATEMENTS
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19. LOANS AND BORROWINGS *cont'd*

	Group	
	2017	2016
	RM'000	RM'000
Maturity of loans and borrowings (excluding finance lease liabilities):		
Within 1 year	587	5,918
More than 1 year and less than 2 years	-	32
More than 2 years and less than 5 years	-	102
More than 5 years	-	654
	587	6,706

(a) Bankers' acceptances

In previous financial year, the bankers' acceptances are secured by the followings:

(i) Corporate guarantees from the Company;
(ii) Joint and several guarantees by Directors of the subsidiary companies;
(iii) 80% guarantee coverage from Syarikat Jaminan Pembiayaan Perniagaan Berhad for 5 years period;
(iv) Third party first legal charge over properties of a related party and a Director of the Company;
(v) Charge over the Group's property, plant and equipment and investment properties as disclosed in Notes 4 and 5 respectively; and
(vi) Fixed deposits pledged with licensed banks of RM311,000 as disclosed in Note 14.

(b) Term loan

	Group	
	2017	2016
	RM'000	RM'000
Term loan IV	-	818

Term loan IV is repayable by sixty (240) equal instalments of RM5,536 from January 2014.

In previous financial year, term loan IV is secured by the followings:

(i) Legal charge over investment properties and assets held for sale as disclosed in Notes 5 and 16 respectively of the Group; and
(ii) Joint and several guarantee by certain Directors of the Company.

Term loan IV is fully repaid in current financial year.

NOTES TO THE FINANCIAL STATEMENTS
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19. LOANS AND BORROWINGS *cont'd*

(c) Finance lease liabilities

		Group	
		2017	2016
		RM'000	RM'000
(a)	**Minimum finance lease payments**		
	Within one year	272	316
	Later than one year and not later than 5 years	461	748
	Later than five years	34	12
		767	1,076
	Less: Future finance charges	(59)	(89)
	Present value of minimum lease payments	708	987
(b)	**Present value of minimum lease payments**		
	Within one year	243	275
	Later than one year and not later than 5 years	431	700
	Later than five years	34	12
		708	987
	Analysed as:		
	Repayable within twelve months	243	275
	Repayable after twelve months	465	712
		708	987

(d) Bank overdrafts

The bank overdrafts are secured by the followings:

(i) Corporate guarantee by the holding company;
(ii) Charge over the Group's investment properties as disclosed in Note 5; and
(iii) Fixed deposit pledged with a licensed bank of RM324,000 (2016: RM311,000) as disclosed in Note 14.

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19. LOANS AND BORROWINGS *cont'd*

The interest rates per annum at the end of the reporting period are as follows:

	Group	
	2017	2016
	%	%
Bank overdrafts	8.10	8.35
Banker's acceptances	-	5.67
Finance lease liabilities	2.48	3.10
Term loan	-	8.63

20. TRADE PAYABLES

	Group	
	2017	2016
	RM'000	RM'000
Trade payables		
- third parties	3,264	7,884
- related parties	267	633
	3,531	8,517

The normal trade credit term granted to the Group is 7 to 120 days (2016: 7 to 120 days), depending on the terms of the contracts.

Amount due to related parties are unsecured, non-interest bearing and payable upon demand in cash and cash equivalents. Trade amounts due to related parties are subject to normal credit terms.

21. OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Other payables				
- third parties	3,033	2,917	72	116
- related parties	245	299	-	-
	3,278	3,216	72	116
Accruals	530	430	75	-
Deposits received	969	1,550	-	-
	4,777	5,196	147	116

Amount due to related parties are unsecured, non-interest bearing and payable upon demand in cash and cash equivalents.

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22. REVENUE

	Group	
	2017	2016
	RM'000	RM'000
Sales of goods	93,116	180,658
Services rendered	1,383	4,005
Rental income	6,327	4,796
	100,826	189,459

23. COST OF SALES

	Group	
	2017	2016
	RM'000	RM'000
Inventories sold	89,838	175,270
Services rendered	3,884	4,883
Rental expenses	6,447	7,061
	100,169	187,214

24. FINANCE COSTS

	Group	
	2017	2016
	RM'000	RM'000
Interest expenses on:		
- Term loans	34	43
- Bank overdrafts	37	45
- Bankers' acceptance	240	578
- Finance lease liabilities	37	56
	348	722

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25. LOSS BEFORE TAX

Loss before tax is derived after charging/(crediting):

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Amortisation of intangible assets	1,048	3,186	5	7
Auditors' remuneration				
- statutory audit				
- current year	141	145	33	25
- over provision in prior year	-	(2)	-	-
- non statutory audit				
- current year	15	5	15	5
- over provision in prior year	-	(2)	-	(2)
Impairment loss on:				
- Investment in subsidiary companies	-	-	12,225	-
- Amount due from subsidiary companies	-	-	10,353	-
- Trade receivables	-	5,215	-	-
- Intangible assets	-	2,184	-	-
- Goodwill on consolidation	1,571	-	-	-
Intangible assets written off	1,210	-	8	-
Bad debts written off	437	5,235	198	-
Deposits written off	124	582	-	-
Depreciation of property, plant and equipment	5,589	6,445	1	1
Depreciation of investment properties	68	84	-	-
Non-executive Directors' remuneration				
- fees	112	126	112	126
Inventories written off	1,243	618	-	-
Loss on disposal of subsidiary companies	4,267	-	9,923	-
Property, plant and equipment written off	13,151	2,048	4	-
Rental of office equipment	20	19	-	-
Rental of booth	59	545	-	-
Rental of premises	8,888	11,607	-	-
Rental of accommodation	51	102	-	-
Rental of warehouse	9	9	-	-
Gain on disposal of				
- property, plant and equipment	(2,009)	(505)	-	-
- investment properties	(114)	-	-	-
Gain/(Loss) on foreign exchange				
- realised	4	(35)	-	-
- unrealised	-	5	-	-
Fixed deposits interest income	(91)	(254)	(36)	(35)
Rental income				
- related party	(281)	-	-	-
- third parties	(7,104)	(7,063)	-	-
Rental income from investment properties	(93)	(364)	-	-

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26. TAXATION

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Tax expenses recognised in profit or loss:				
Current tax provision	60	68	-	-
Over provision in prior years	(26)	(48)	-	-
	34	20	-	-
Deferred tax:				
Relating to origination/(reversal) of temporary differences	(11)	(382)	-	-
Under/(Over) provision in prior years	11	(988)	-	-
Relating to reduction in Malaysian income tax rate	-	(22)	-	-
	-	(1,392)	-	-
Real property gain tax	67	12	-	-
Tax expense for the financial year	101	(1,360)	-	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated assessable profits for the financial year.

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

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Loss before tax	(33,815)	(35,266)	(31,568)	(2,141)
At Malaysian statutory tax rate of 24% (2016: 24%)	(8,116)	(8,464)	(7,576)	(514)
Expenses not deductible for tax purposes	5,722	4,285	7,925	46
Income not subject to tax	(517)	(126)	-	(8)
Deferred tax assets not recognised	2,960	3,991	(349)	476
(Over)/Under provision in respect of prior years				
- taxation	(26)	(48)	-	-
- deferred tax	11	(988)	-	-
Real property gain tax	67	12	-	-
Relating to reduction in Malaysian income tax	-	(22)	-	-
Tax expense for the financial year	101	(1,360)	-	-
Tax savings during the financial year arising from:				
- Utilisation of tax losses bought forward from previous financial years	351	-	351	-
- Utilisation of capital allowances bought forward from previous financial years	1	-	1	-
	352	-	352	-

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26. TAXATION *cont'd*

The Group and the Company have the following unutilised capital allowances and unused tax losses carry forward, available to off-set against future taxable profits. The said amounts are subject to approval by the tax authorities.

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Unused tax losses	21,369	14,621	482	1,943
Unutilised capital allowances	9,182	8,754	-	4
	30,551	23,375	482	1,947

27. LOSS PER SHARE

(a) Basic loss per share

The basic loss per share are calculated based on the consolidated loss for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2017	2016
Loss attributable to ordinary shareholders (RM'000)	(33,914)	(33,904)
Weighted average number of ordinary shares in issue (in thousands of shares):		
Issued ordinary shares at 1 April	989,180	989,180
Effect of shares consolidation	(99,869)	-
Effect of exercise of ESOS	3,574	-
Weighted average number of ordinary shares at 31 March	892,885	989,180
Basic loss per ordinary share (in cents)	(3.80)	(3.43)

(b) Diluted loss per share

The Group has no dilution in loss per ordinary share as the exercise price of warrants and ESOS have exceeded the average market price of ordinary shares during the financial year, the Warrants and ESOS do not have any dilutive effect on the weighted average number of ordinary shares.

28. EMPLOYEES SHARE OPTION SCHEME ("ESOS")

At an extraordinary general meeting held on 27 November 2013, the Company's shareholders approve the establishment of an ESOS for eligible employees of the Group.

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28. EMPLOYEES SHARE OPTION SCHEME ("ESOS") *cont'd*

The salient features of the ESOS are as follows:

(a) any employee of the Group shall be eligible if as at the date of offer, the employee:

(i) is at least eighteen (18) years of age;
(ii) he/she is employed full time by and on the payroll of any company in the Group and his/her employment has been confirmed by any company in the Group.

(b) any Director of the Group shall be eligible if as at the date of offer, the employee:

(i) is at least eighteen (18) years of age;
(ii) the Director is a director named in the register of directors of the Group;
(iii) specific allocation of new shares to the Director of the Company under the Scheme must have been approved by the shareholders of the Company in a general meeting and is not prohibited or disallowed by the relevant authorities or laws from participating in the ESOS.

(c) The maximum number of new shares to be issued pursuant to the exercise of the shares which may be granted under the ESOS shall not exceed fifteen percent (30%) of the total issued and paid-up share capital (excluding treasury shares, if any) of the Company at any point of time throughout the duration of the Employees Share Options;

(d) The ESOS shall be in force for a period of five (5) years commencing from 28 March 2014.

(e) The options granted may be exercised any time upon the satisfaction of vesting conditions of each offer;

(f) The option price of a new ordinary share under the ESOS shall be at a discount of not more than ten percent (10%) of the five (5)-days weighted average market price of the shares as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad immediately preceding the date of offer, or at the par value of the ordinary shares of RM0.10 each, whichever is higher;

(g) Upon exercise of the options, the shares issued rank pari passu in all respects with the then existing ordinary shares of the Company; and

(h) The employees and Directors to whom the options have been granted have no right to participate, by virtue of these options, in any ordinary share issue of any other company.

Movement in the number of share options and the exercise prices are as follows:

	Group and Company	
	Number of share option	
	2017	2016
	Unit '000	Unit '000
At 1 April	50,000	-
Share consolidation	(37,500)	-
Cancelled during the financial year	(12,500)	-
Granted during the financial year	32,000	50,000
Exercise during the financial year	(32,000)	-
At 31 March	-	50,000
Exercise price	RM0.16	RM0.10
Options exercisable at 31 March	-	50,000

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28. EMPLOYEES SHARE OPTION SCHEME ("ESOS") *cont'd*

The fair value of share options granted to eligible employees, was determined using Black-Scholes-Merton option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at the grant date and the input assumed by the Company in arising the fair value are as follows:

	Group and Company	
	2017	**2016**
Fair value of the share options at grant date		
On 02 February 2017 (2016: 27 November 2015) (RM)	0.12	0.02
Exercise price (RM)	0.16	0.10
Share price of the Company at grant date (RM)	0.19	0.05
Volatility (%)	127.19%	119.88%
Option life (years)	5	5
Risk-free interest rate (%)	3.422%	3.684%

The expected life of the share options is based on historical data, has been adjusted according to management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting the market conditions attached to the option), and behavioural considerations. The expected volatility is based on the historical share price volatility over the past 1 year, adjusted for unusual or extraordinary volatility arising from certain economic or business occurrences which is not reflective of its long term average level. While the expected volatility is assumed to be indicative of future trends, it may not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

In previous financial year, the share options expenses of RM967,000 is not recognised in the profit or loss of the Company as it has been recharged to the subsidiary companies benefiting from the services of the employees. Total expenses recognise in profit or loss for share options granted to employees is disclosed in Note 29.

29. STAFF COSTS

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Salaries, wages and other emoluments	3,966	7,019	1,229	1,216
Fees	241	241	84	84
Social security contributions	38	69	5	4
Defined contribution plans	401	761	138	140
Share options granted under ESOS	3,840	1,240	-	273
Other staff related expenses	370	681	18	32
	8,856	10,011	1,474	1,749

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29. STAFF COSTS *cont'd*

Included in the staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Executive Directors of the Company				
- Fees	84	84	84	84
- Salaries and other emoluments	747	1,488	747	744
- Social security contributions	2	3	2	2
- Defined contribution plans	83	170	83	82
	916	1,745	916	912

30. COMMITMENTS

Operating lease commitments

(a) As lessee

The Group had entered into non-cancellable lease agreements for retail outlets, warehouse and staff accommodations resulting in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rates.

The future minimum lease payments payable under non-cancellable operating leases are:

	Group	
	2017	2016
	RM'000	RM'000
Within one year	1,887	5,111
Later than one year but not later than five years	-	2,106
	1,887	7,217

(b) As lessor

The Group has entered into non-cancellable lease arrangements by sub-letting office premises, retail outlets and staff accommodations. The leases include a clause to enable upward revision of the rental charge depending on prevailing market conditions upon the expiry of these agreements.

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30. COMMITMENTS *cont'd*

(b) As lessor *cont'd*

The future minimum lease payments payable under non-cancellable operating leases are:

	Group	
	2017	2016
	RM'000	RM'000
Within one year	4,826	6,652
Later than one year but not later than five years	-	312
	4,826	6,964

Capital commitments

	Group	
	2017	2016
	RM	RM
Capital expenditure		
Authorised and contracted for:		
Intangible assets	1,000,000	-

31. CONTINGENT LIABILITIES

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Corporate guarantees given to banks for credit facilities granted to subsidiary companies				
- Limit of guarantee	-	-	12,000	10,000
- Amount utilised	-	-	587	5,360
Corporate guarantees given to third parties in respect of sales of goods to the subsidiary companies (unsecured)				
- Limit of guarantee	10,000	12,500	10,000	12,500

32. RELATED PARTY DISCLOSURES

a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint 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. Related parties may be individuals or other entities.

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32. RELATED PARTY DISCLOSURES *cont'd*

(b) Significant related party transactions

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

Related party transactions have been entered into in the normal course of business under negotiated terms.

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed in Notes 11, 12, 13, 20 and 21, the significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Related party				
Rental income	281	-	-	-

(c) Compensation of key management personnel

Remuneration of Directors and other members of key management are as follows:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Salaries, fees and other emoluments	1,102	1,858	945	956
Contributions to defined contribution plans	83	170	83	82
	1,185	2,028	1,028	1,038

33. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on the nature of products and services, specific expertise and technologies requirements, which require different business and marketing strategies. The reportable segments are summarised as follows:

(i) Information, communication and technology ("ICT")
- Trading and servicing computer hardware and parts;
- Trading of telecommunication products;
- Research development, marketing and distribution of business application software together with provision of related training and materials;
- Distribution and marketing of information and communication technology products; and
- Event management and rental of retail outlets.

(ii) Hydraulic
- Investment holding and designing, building and assembling of hydraulic automation system, components and activities thereof for industrial applications;
- Research, development and manufacturer of electro hydraulic automation system; and
- Provision of customised mechanical and automation design solution.

Other reporting segments that do not constitute reportable segments comprise operations related to investment holdings, provision of car jockey services and restaurant operator.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017
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33. SEGMENT INFORMATION *cont'd*

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

Information about segment assets and liabilities are neither included in the internal management reports nor provided regularly to the management. Hence, no disclosures are made on segment assets and liabilities.

	ICT RM'000	Hydraulic RM'000	Other operating segments RM'000	Total segments RM'000	Adjustment and eliminations RM'000	Consolidated RM'000
Group						
2017						
Revenue						
External customers	93,952	4,555	2,319	100,826	-	100,826
Inter-segment	201	-	75	276	(276)	-
Total revenue	94,153	4,555	2,394	101,102	(276)	100,826
Results						
Interest income	18	13	60	91	-	91
Finance costs	(298)	(50)	-	(348)	-	(348)
Depreciation	(4,420)	(312)	(925)	(5,657)	-	(5,657)
Amortisation	(1,031)	-	(17)	(1,048)	-	(1,048)
Segment loss	(22,342)	(1,284)	(10,189)	(33,815)	-	(33,815)
Other non-cash items						
Bad debts written off	(229)	-	(208)	(437)	-	(437)
Deposits written off	(124)	-	-	(124)	-	(124)
Inventories written off	(9)	(1,234)	-	(1,243)	-	(1,243)
Impairment loss on goodwill	-	-	(1,571)	(1,571)	-	(1,571)
Loss on disposal of subsidiary companies	(549)	-	(3,718)	(4,267)	-	(4,267)
Gain on disposal of investment properties	114	-	-	114	-	114
Gain/(Loss) on disposal of property, plant and equipment	(103)	-	2,112	2,009	-	2,009
Impairment loss on investment in subsidiary companies	-	-	(12,225)	(12,225)	12,225	-
Impairment loss on amount due from subsidiary companies	-	-	(10,353)	(10,353)	10,353	-
Intangible assets written off	(1,197)	-	(13)	(1,210)	-	(1,210)
Property, plant and equipment written off	(9,543)	-	(3,608)	(13,151)	-	(13,151)

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017
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33. SEGMENT INFORMATION *cont'd*

	ICT	Hydraulic	Other operating segments	Total segments	Adjustment and eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
2016						
Revenue						
External customers	182,049	4,810	2,600	189,459	-	189,459
Inter-segment	2,550	-	108	2,658	(2,658)	-
Total revenue	184,599	4,810	2,708	192,117	(2,658)	189,459
Results						
Interest income	210	9	35	254	-	254
Finance costs	(663)	(59)	-	(722)	-	(722)
Depreciation	(5,140)	(400)	(989)	(6,529)	-	(6,529)
Amortisation	(3,167)	-	(19)	(3,186)	-	(3,186)
Segment loss	(29,464)	(1,518)	(4,284)	(35,266)	-	(35,266)
Other non-cash items						
Bad debts written off	(5,121)	-	(114)	(5,235)	-	(5,235)
Deposits written off	(582)	-	-	(582)	-	(582)
Inventories written off	-	(618)	-	(618)	-	(618)
Impairment loss on trade receivables	(5,215)	-	-	(5,215)	-	(5,215)
Impairment loss on intangible assets	(2,184)	-	-	(2,184)	-	(2,184)
Gain on disposal of property, plant and equipment	183	322	-	505	-	505
Property, plant and equipment written off	(1,862)	(186)	-	(2,048)	-	(2,048)

Geographical information

No disclosure on geographical segment information for revenue and non-current assets as the Group operates predominantly in Malaysia.

Major customers

Revenue from 2 (2016: 2) major customers in the ICT segment represent approximately amount to RM61,053,000 (2016: RM116,906,000) or 60% (2016: 62%) of the Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017
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34. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of the financial instruments are measured and how income and expenses including fair values gains and losses are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned and therefore by the measurement basis:

	Loans and receivables	Financial liabilities measured at amortised cost	Total
	RM'000	RM'000	RM'000
Group			
2017			
Financial Assets			
Trade receivables	24,973	-	24,973
Other receivables	8,419	-	8,419
Fixed deposits with licensed banks	1,503	-	1,503
Cash and bank balances	7,009	-	7,009
	41,904	-	41,904
Financial Liabilities			
Trade payables	-	3,531	3,531
Other payables	-	4,777	4,777
Loans and borrowings	-	1,295	1,295
	-	9,603	9,603
2016			
Financial Assets			
Trade receivables	26,095	-	26,095
Other receivables	9,073	-	9,073
Fixed deposits with licensed banks	2,055	-	2,055
Cash and bank balances	6,256	-	6,256
	43,479	-	43,479
Financial Liabilities			
Trade payables	-	8,517	8,517
Other payables	-	5,196	5,196
Loans and borrowings	-	7,693	7,693
	-	21,406	21,406

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017
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34. FINANCIAL INSTRUMENTS *cont'd*

(a) Classification of financial instruments *cont'd*

	Loans and receivables	Financial liabilities measured at amortised cost	Total
	RM'000	RM'000	RM'000
Company			
2017			
Financial Assets			
Other receivables	1,443	-	1,443
Amount due from subsidiary companies	64,486	-	64,486
Fixed deposits with licensed banks	1,180	-	1,180
Cash and bank balances	2,878	-	2,878
	69,987	-	69,987
Financial Liability			
Other payables	-	147	147
	-	147	147
2016			
Financial Assets			
Other receivables	16	-	16
Amount due from subsidiary companies	59,686	-	59,686
Fixed deposits with licensed banks	1,143	-	1,143
Cash and bank balances	84	-	84
	60,929	-	60,929
Financial Liability			
Other payables	-	116	116
	-	116	116

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017
cont'd

34. FINANCIAL INSTRUMENTS *cont'd*

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

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

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represents the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for credit facilities and supply of goods granted to certain subsidiary companies. The Company's maximum exposure in this respect is RM2,000,000 (2016: RM15,500,000), representing the outstanding banking facilities of the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

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

	Group			
	2017		2016	
	RM'000	% of total	RM'000	% of total
By industry sectors:				
ICT	23,411	94%	24,802	95%
Hydraulic	1,562	6%	1,293	5%
	24,973	100%	26,095	100%

At the end of the reporting period, approximately 84% (2016: 83%) of the Group's trade receivables were due from 2 (2016: 3) major customers who are computer retailers located in Malaysia.

The Company has no significant concentration of credits risks except for advances to its subsidiary companies where risks of default have been assessed to be low.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017
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34. FINANCIAL INSTRUMENTS *cont'd*

(b) Financial risk management objectives and policies *cont'd*

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year	1 - 2 years	2 - 5 years	After 5 years	Total contractual cash flows	Total carrying amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
2017						
Non-derivative financial liabilities						
Trade payables	3,531	-	-	-	3,531	3,531
Other payables	4,777	-	-	-	4,777	4,777
Finance lease liabilities	272	252	209	34	767	708
Bank overdrafts	587	-	-	-	587	587
	9,167	252	209	34	9,662	9,603
2016						
Non-derivative financial liabilities						
Trade payables	8,517	-	-	-	8,517	8,517
Other payables	5,196	-	-	-	5,196	5,196
Bankers' acceptance	5,360	-	-	-	5,360	5,360
Term loans	66	66	199	873	1,204	818
Finance lease liabilities	316	292	456	12	1,076	987
Bank overdrafts	528	-	-	-	528	528
	19,983	358	655	885	21,881	21,406

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017
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34. FINANCIAL INSTRUMENTS *cont'd*

(b) Financial risk management objectives and policies *cont'd*

(ii) Liquidity risk cont'd

	On demand or within 1 year	Total contractual cash flows	Total carrying amount
	RM'000	RM'000	RM'000
Company			
2017			
Non-derivative financial liability			
Other payables	147	147	147
2016			
Non-derivative financial liability			
Other payables	116	116	116

(c) Market risk

(i) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar (USD).

The Group and the Company have not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Denominated in USD
	RM'000
Group	
2016	
Cash and bank balances	46

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017
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34. FINANCIAL INSTRUMENTS *cont'd*

(c) Market risk *cont'd*

(i) Foreign currency risk cont'd

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's loss before tax to a reasonably possible change in the USD exchange rates against RM, with all other variables held constant.

		2016
	Change in currency rate	Effect on loss before tax
	RM'000	RM'000
Group		
USD	Strengthened 5%	2
	Weakened 5%	(2)

(ii) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

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

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets	1,503	2,055	1,180	1,143
Financial liabilities	(708)	(987)	-	-
	795	1,068	1,180	1,143
Floating rate instruments				
Financial liabilities	(587)	(6,706)	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017
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34. FINANCIAL INSTRUMENTS *cont'd*

(c) Market risk *cont'd*

(ii) Interest rate risk cont'd

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group' loss before tax by RM6,000 (2016: RM67,000), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Fair value of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term loans and borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

The carrying amount of long term floating rate loans approximate their fair value as the loans will be re-priced to market interest rate on or near reporting date.

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments not carried at fair value			
	Level 1	Level 2	Level 3	Carrying amount
	RM'000	RM'000	RM'000	RM'000
2017				
Group				
Financial liability				
Finance lease payables (Non-current)	-	461	-	465
2016				
Financial liability				
Finance lease payables (Non-current)	-	769	-	712

NOTES TO THE FINANCIAL STATEMENTS
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34. FINANCIAL INSTRUMENTS *cont'd*

(d) Fair value of financial instruments *cont'd*

(i) Policy on transfer between levels

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

There were no transfers between levels during current financial year and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

35. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017
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35. CAPITAL MANAGEMENT *cont'd*

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants which is net debt, loan and borrowings, trade and other payables, less cash and cash equivalents. Capital represents equity attributable to the owners of the Company. The gearing ratios at end of the reporting period are as follows:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Loans and borrowings	1,295	7,693	-	-
Trade and other payables	8,308	13,713	147	116
Total liabilities	9,603	21,406	147	116
Less: Fixed deposits, cash and bank balances	(8,188)	(7,900)	(4,058)	(1,227)
Net debt	1,415	13,506	(3,911)	(1,111)
Total equity	48,700	72,499	76,679	103,127
Net debt	1,415	13,506	(3,911)	(1,111)
Equity	50,115	86,005	72,768	102,016
Gearing ratio	3%	16%	*	*

* *Gearing ratio is not presented as the Company is in net cash position as at 31 March 2017 and 31 March 2016.*

36. SIGNIFICANT EVENTS

During the financial year, the following significant events took place for the Company and its subsidiary companies:

(a) Sterling Progress Berhad ("the Company" or "SPB")

(i) The Company had on 1 June 2016 entered into a conditional share sale agreement ("SSA") with MMAG Holdings Berhad ("MMAG") for the disposal of the entire equity interest in Inventure Congolomerate Sdn. Bhd. (formerly known as Tarita Multimedia Sdn. Bhd.)("ICSB"), comprising 1,000,000 ordinary shares of RM1.00 each in ICSB for a sale consideration of RM950,585 to be satisfied entirely by cash.

The disposal has completed during the financial year.

(ii) On 8 September 2016, the Board of Directors of SPB announced that the Company propose to undertake the following:

(1) Proposed par value reduction of its issued and fully paid-up share capital of SPB via the cancellation of RM0.075 of the par value of every existing ordinary share of RM0.10 each to RM0.025 each in SPB pursuant to Section 64 of the Companies Act, 1965 ("Proposed Par Value Reduction"); and

(2) Proposed share consolidation of every four (4) ordinary shares of RM0.025 each in SPB into one (1) new ordinary share of RM0.100 each in SPB ("Consolidated Share") after the Proposed Par Value Reduction.

On 9 January 2017, the High Court of Malaya had granted an order confirming the Par Value Reduction pursuant to Section 64 of the Companies Act, 1965 and the sealed court order was duly lodged with the Companies Commission of Malaysia on 18 January 2017.

On 10 February 2017, the Board of Directors of the Company announced that the Share Consolidation has been completed following the listing of and quotation for 247,294,982 consolidated shares on the ACE Market of Bursa Malaysia Securities Berhad.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017
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36. SIGNIFICANT EVENTS *cont'd*

During the financial year, the following significant events took place for the Company and its subsidiary companies: *cont'd*

(a) Sterling Progress Berhad ("the Company" or "SPB") *cont'd*

(iii) The Company had on 14 December 2017 entered into a conditional SSA with Hairul Anuar Bin Aman @ Ahmad and Mohd Raimi Bin Ghazali for the disposal of the entire equity interest in Prestige Atoz Sdn. Bhd.)("PASB"), comprising 2,000,000 ordinary shares of RM1.00 each in PASB for a sale consideration of RM2,018,000 to be satisfied by settlement of RM2,018,000 due from the Company to PASB.

The disposal has completed during the financial year.

(iv) The Company had on 6 March 2017 entered into a conditional SSA with Lim Lee Wah and Hong Shann Yun for the disposal of the entire equity interest in Essential Action Sdn. Bhd.)("EASB"), comprising 500,000 ordinary shares of RM1.00 each in EASB for a sale consideration of RM1,540,000 to be satisfied by settlement of RM1,310,000 due from the Company to EASB and cash consideration of RM230,000.

The disposal has completed during the financial year.

(b) PDA Expert Mobility Sdn. Bhd. ("PDA")

PDA, a wholly-owned subsidiary company of SPB, had on 1 June 2016 entered into a conditional SSA with MMAG for the disposal of the entire equity interest in Vsurf Sdn. Bhd. ("VSB"), comprising 100 ordinary shares of RM1.00 each in VSB for a sale consideration of RM819,424 to be satisfied entirely by cash.

The disposal has completed during the financial year.

(c) Tejari Engineering Sdn. Bhd. ("TESB")

On 5 August 2016, TESB, the wholly-owned subsidiary company of SPB entered into a sale and purchase agreement with a third party for the disposal of freehold land and building bearing postal address No.916, Jalan Juru, 14100 Juru, Simpang Ampat, Pulau Pinang for a total cash consideration of RM7,500,000.

The disposal has completed during the financial year.

(d) TI Development Sdn. Bhd. ("TISB")

(i) On 13 March 2017, TISB changed its name from Tejari Hoseal Solutions Sdn. Bhd. to TI Development Sdn. Bhd.

(ii) On 17 February 2017, TISB, the wholly-owned subsidiary company of SPB, entered into a Business Right Agreement with Tandop Hotel Sdn. Bhd. ("Vendor") for the acquisition of business rights under the brand of T+ Hotel and Time Capsule Hotel for a total cash consideration of RM3,500,000 ("Proposed Acquisition"). On the same date, TISB has entered into a Profit Guarantee Agreement with Vendor whereby the Vendor provided a guarantee that the guarantee profit after tax of TISB shall not less than RM800,000 for five financial years from 2018 to 2022.

The Proposed Acquisition has completed on 6 April 2017.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2017
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37. SUBSEQUENT EVENTS

Subsequent to the financial year, the following subsequent events took place for the Company:

(a) On 26 April 2017, the Company had incorporated a wholly-owned subsidiary company known as Progress Works Sdn. Bhd. ("PWSB").

PWSB is a company incorporated in Malaysia under the Companies Act, 2016 with an initial issued and paid-up capital of RM100.00 comprising 100 ordinary shares for the purpose of undertaking the principal business activity as a building contractor.

(b) On 26 April 2017, the Company had incorporated a wholly-owned subsidiary company known as Sterpro Land Sdn. Bhd. ("SLSB").

SLSB is a company incorporated in Malaysia under the Companies Act, 2016 with an initial issued and paid-up capital of RM100.00 comprising 100 ordinary shares for the purpose of undertaking the principal business activity as a property developer.

38. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 13 July 2017.

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31 MARCH 2017
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39. SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

The following analysis of realised and unrealised accumulated losses of the Group and of the Company as at the reporting date is 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 Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidiary companies				
- realised	24,168	(40,898)	29,747	(10,274)
- unrealised	-	(239)	-	-
	24,168	(41,137)	29,747	(10,274)
Less: Consolidation adjustments	(23,860)	(70)	-	-
Total retained earnings/(accumulated losses)	308	(41,207)	29,747	(10,274)

The disclosure of realised and unrealised profits or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

LIST OF PROPERTIES
AS AT 31 MARCH 2017

Description	Existing use	Address	Tenure	Date of Acquisition	Approximate Age of Building	Net Book Value RM
Land & Build up - approximately 1,500 Sq Feet	Shoplot for Rental	42, Jalan Bawal, Taman Kimsar, 13700 Prai, Pulau Pinang.	Freehold	22-Nov-99	21 yrs	218,466.67
Land & Build up - approximately 1,500 Sq Feet	Shoplot for Rental	44, Jalan Bawal, Taman Kimsar, 13700 Prai, Pulau Pinang.	Freehold	9-Nov-94	21 yrs	229,766.67
Land & Build up - approximately 1,540 Sq Feet	Office	184, Jalan Kuala Kangsar, 30010 Ipoh, Perak.	Leasehold Tenure: 999 years	28-Jul-95	40 yrs	139,366.68
Land & Build up - approximately 3,390 Sq Feet	Commercial building	No.3, Jalan Seri Damai 4, Taman Seri Damai, Jalan Semenyih.	Freehold Building	30-Mar-09	8 yrs	344,400.00
Land & Build up - approximately 3,390 Sq Feet	Commercial building	No.1 Jalan Seri Damai 4, 43000 Kajang, Selangor Darul Ehsan.	Freehold Building	30-Mar-09	8 yrs	344,400.00
Land & Build up - approximately 1,980 Sq Feet	Commercial building	No.46, Jalan Seri Damai 1, 43000 Kajang, Selangor Darul Ehsan.	Freehold Building	30-Mar-09	26 yrs	262,400.00
Land & Build up - approximately 1,600 Sq Feet	Commercial building	PT4075, Taman Seri Timah, Seri Kembangan, Selangor.	Leasehold Tenure: 99 years	25-Mar-09	28 yrs	98,400.00
Land & Build up - approximately 1,600 Sq Feet	Commercial building	PT4082, Taman Seri Timah, Seri Kembangan, Selangor.	Leasehold Tenure: 99 years	25-Mar-09	20 yrs	98,400.00
Land & Build up - approximately 2,213 Sq Feet	Shoplot for Rental	B-10-05, TYPE B, (3 2 Square) Lot 32 Seksyen 36, Bandar Petaling Jaya, Petaling Jaya, Selangor.	Leasehold Tenure: 99 years (expiring 2106)	8-Apr-09	8 yrs	936,736.21

LIST OF PROPERTIES
AS AT 31 MARCH 2017
cont'd

Description	Existing use	Address	Tenure	Date of Acquisition	Approximate Age of Building	Net Book Value RM
Land & Build up - approximately 2,213 Sq Feet	Shoplot for Rental	B-10-03A, TYPE B, (3 2 Square) Lot 32 Seksyen 36, Bandar Petaling Jaya, Petaling Jaya, Selangor.	Leasehold Tenure: 99 years (expiring 2106)	28-Sep-09	8 yrs	936,736.21
Land & Build up - approximately 2,595 Sq Feet	Commercial building	No. 6B, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor.	Leasehold Tenure: 99 years (expiring 2090)	25-Apr-14	3 yrs	1,470,557
						5,079,629.44

ANALYSIS OF SHAREHOLDINGS
AS AT 18 JULY 2017

Issued & Paid-up Share Capital	:	RM38,531,000
Type of Shares	:	Ordinary Shares
No. of Shareholders	:	3,607
Voting Rights	:	One vote for every share

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	172	4.7685	6,696	0.0023
100 - 1,000	309	8.5667	135,863	0.0486
1,001 - 10,000	1,142	31.6607	5,757,184	2.0613
10,001 - 100,000	1,663	46.1048	56,635,650	20.2780
100,001 - 13,964,748 (*)	318	8.8162	121,863,575	43.6325
13,964,748 - and above (**)	3	0.0832	94,896,014	33.9769
TOTAL	**3,607**	**100.00**	**279,294,982**	**100.00**

Remark:

** - Less than 5% of issued shares*
*** - 5% and above of issued shares*

LIST OF TOP 30 SHAREHOLDERS

No.	Name	Holdings	%
1	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR FNS AVENUE SDN BHD*	65,869,014	23.5840
2	FNS AVENUE SDN BHD	14,960,000	5.3563
3	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIM BOON HONG*	14,067,000	5.0366
4	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIN PEI WEN*	6,050,700	2.1664
5	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ANG LIN CHU*	5,867,200	2.1007
6	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHONG LOONG MEN*	4,400,000	1.5754
7	WONG KOK SIN	2,775,000	0.9936
8	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR CHEW CHEONG BER (M02)*	2,712,500	0.9712
9	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LOH LEE YIN*	2,500,900	0.8954
10	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR TEH POO SENG (M02)*	2,250,000	0.8056
11	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TEH POO SENG (CEB)*	2,025,000	0.7250
12	CHOW KIM YANG	2,004,000	0.7175
13	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR SOO SIEW SENG (CEB)*	1,835,000	0.6570
14	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TAN CHONG SWEE*	1,800,000	0.6445
15	LIM YOON LOY	1,752,500	0.6275

ANALYSIS OF SHAREHOLDINGS
AS AT 18 JULY 2017
cont'd

LIST OF TOP 30 SHAREHOLDERS *cont'd*

No.	Name	Holdings	%
16	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHAI HON WAI (8072204)*	1,500,000	0.5371
17	WEE YEOW TIN	1,451,400	0.5197
18	PAKIRISAMY BASKARAN A/L P THANGAVELU	1,331,000	0.4766
19	MOHD NOOR BIN HASHIM	1,300,000	0.4655
20	TA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LEE CHEE MING*	1,167,000	0.4178
21	TAY KHAI WEI	1,150,000	0.4118
22	TAN TECK HENG	1,012,500	0.3625
23	TAN KHENG SHEN	1,000,000	0.3580
24	WONG KOK KEONG	1,000,000	0.3580
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD *CHOW HUNG KHIM*	970,000	0.3473
26	FOO FONG ENG	940,000	0.3366
27	KWAN SWEE CHEONG	866,600	0.3103
28	CHEN SIEW LEE	831,400	0.2977
29	LAU HENG LOON	802,500	0.2873
30	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIM POH YIT*	800,000	0.2864
	TOTAL:	**146,991,214**	**52.6294**

DIRECTORS' SHAREHOLDINGS
as per the Register of Directors' Shareholdings as at 18 July 2017

		No. of ordinary shares			
		Direct Interest	%	Deemed Interest	%
1.	Leong Seng Wui	-	-	80,829,014	28.94
2.	Low Wey Heng	-	-	-	-
3.	Kenny Khow Chuan Wah	-	-	-	-
4.	Major General Dato' Mamat Ariffin Bin Abdullah (B)	-	-	-	-
5.	Lionel Vernon Yong Nguon Kee	-	-	-	-
6.	Tan Ooi Jin	-	-	-	-

SUBSTANTIAL SHAREHOLDERS
(excluding bare trustees) according to the Register of Substantial Shareholders as at 18 July 2017

		No. of ordinary shares			
		Direct Interest	%	Deemed Interest	%
1.	FNS Avenue Sdn Bhd	80,829,014	28.94	-	-
2.	Leong Seng Wui	-	-	80,829,014(*)	28.94
3.	Low Wey Heng	-	-	80,829,014(*)	28.94

Note:

(*) *Deemed interested by virtue of his equity interest in FNS Avenue Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.*

ANALYSIS OF WARRANT HOLDINGS
AS AT 18 JULY 2017

Number of outstanding warrants	:	315,018,000
Exercise period	:	The exercise period is at any time within a period of 10 years from the date issue up to expiry date of 17 February 2021
Exercise price	:	RM0.48 and subject to further adjustments (where applicable) in accordance with the conditions provided in the Deed Poll
Warrant Entitlement period to	:	Each warrant entitles the registered holder during the Exercise subscribe for one new ordinary share at Exercise price
Number of warrant holders as at 18 July 2017	:	1,404

Size of Holdings	No. of Holders	%	No. of Warrants	%
1 - 99	133	10.6656	2,836	0.0036
100 - 1,000	59	4.7314	27,534	0.0349
1,001 - 10,000	307	24.6191	1,512,861	1.9209
10,001 - 100,000	609	48.8372	23,549,149	29.9019
100,001 - 3,937,724 (*)	137	10.9864	44,386,120	56.3601
3,937,724 - and above (**)	2	0.1604	9,276,000	11.7783
TOTAL	**1,247**	**100.00**	**78,754,500**	**100.00**

Remark:

* *- Less than 5% of issued warrants*

** *- 5% and above of issued warrants*

LIST OF TOP 30 WARRANT HOLDERS

No.	Name	Holdings	%
1	PANG LOK MENG @ PANG HUN YET	4,715,700	5.9878
2	TA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LEE CHEE MING*	4,560,300	5.7905
3	LAILA BINTI ISMAIL	2,500,000	3.1744
4	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR PANG LOK MENG @ PANG HUN YET*	1,510,000	1.9174
5	SOO KAU MOI	1,425,675	1.8103
6	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WONG PONG LEN (E-TMM)*	1,272,500	1.6158
7	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR MOHAMAD FADZLI BIN JAMALUDDIN*	1,130,000	1.4348
8	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR HOW TECK SOON (ET)*	1,125,000	1.4285
9	WONG KOK KEONG	933,250	1.1850
10	TAN SOW (SIEW) HUA	897,100	1.1391
11	CHONG CHEE KWONG	850,000	1.0793
12	NG JIN THONG	813,400	1.0328
13	CHEW CHEE PENG	785,600	0.9975
14	SON KAT PEE @ SOIN KAT PEE	780,750	0.9914
15	HOO HAI SEOANG @ LAWRENCE HOO	750,000	0.9523

ANALYSIS OF WARRANT HOLDINGS
AS AT 18 JULY 2017
cont'd

LIST OF TOP 30 WARRANT HOLDERS *cont'd*

No.	Name	Holdings	%
16	LIEW LOO CHON	700,000	0.8888
17	TAM CHENG	700,000	0.8888
18	YEE TECK CHOON	697,600	0.8858
19	YEUNG KIN SING	644,250	0.8180
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD *ABDUL AZIZ BIN IBRAHIM*	627,800	0.7972
21	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR GAN SOON POH*	625,000	0.7936
22	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHAU KWONG LOONG (8082802)*	602,500	0.7650
23	BEATRICE ANDY	599,800	0.7616
24	TSE MING YEE	563,750	0.7158
25	SU PING SOON	540,000	0.6857
26	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WONG TECK WU (ET)*	530,000	0.6730
27	HLIB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR BONG KIM HIN (CCTS)*	500,000	0.6349
28	LEE YOK MOI	471,200	0.5983
29	LIM CHEE SING	462,500	0.5873
30	RICHARD LAU WEE LI	447,600	0.5683
	TOTAL:	**32,761,275**	**41.5992**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 12th Annual General Meeting ("AGM") of Sterling Progress Berhad ("the Company") will be held at Greens III, Sport Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 29 August 2017 at 2.00 p.m. for the following purposes:-

AGENDA

As Ordinary Business

1.	To receive the Audited Financial Statements for the financial year ended 31 March 2017 together with the Reports of Directors and Auditors thereon.	**Please refer to Explanatory Note 6**
2.	To re-elect Mr. Low Wey Heng, a Director who retires in accordance with Article 92 of the Company's Constitution and who, being eligible, offers himself for re-election.	**Resolution 1**
3.	To re-elect Mr. Lionel Vernon Yong Nguon Kee, a Director who retires in accordance with Article 92 of the Company's Constitution and who, being eligible, offers himself for re-election.	**Resolution 2**
4.	To approve the payment of Directors' Fees up to the amount of not exceeding RM300,000.00 for the financial year ending 31 March 2018.	**Resolution 3**
5.	To approve the payment of Directors' Benefits (excluding Directors' fees) up to the amount of not exceeding RM200,000.00 for the period from 31 January 2017 until the conclusion of the next AGM of the Company.	**Resolution 4**
6.	To re-appoint Messrs. UHY as auditors of the Company to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration.	**Resolution 5**

As Special Business

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

7. **PROPOSED RENEWAL OF GENERAL MANDATE FOR DIRECTORS TO ALLOT AND ISSUE NEW SHARES IN THE COMPANY** — **Resolution 6**

"THAT, subject always to the Companies Act, 2016, the Constitution of the Company, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the regulations, guidelines and practice notes issued from time to time by Bursa Securities or any other regulatory authorities, approval be hereby given for the Directors of the Company to allot and issue new shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may deem fit, PROVIDED THAT the aggregate number of shares to be issued does not exceed 10% of the total issued shares of the Company and that the approval conferred by this resolution shall take effect immediately upon the passing of this resolution and shall continue to be in force until:

(a) the conclusion of the AGM of the Company held next after the approval was given;

(b) the expiration of the period within which the next AGM of the Company is required to be held after the approval was given,

whichever is the earlier; or

(c) revoked or varied at any time by an Ordinary Resolution passed by the shareholders in a general meeting;

whichever is the earlier;

NOTICE OF ANNUAL GENERAL MEETING
cont'd

THAT, the Directors of the Company be hereby authorised to enter into such transactions, arrangements, agreements and documents as are necessary with full power to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities or as the Directors, in their absolute discretion deem fit and in the best interest of the Company.

AND THAT, any Executive Director and/or the Secretary of the Company be hereby authorised to obtain the approval from Bursa Securities for the listing and quotation of the additional shares to be issued and to do all such acts and things as are necessary to give full effect to such transactions as authorised by this resolution."

8. **PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

"That, subject always to the provisions of the Companies Act, 2016 ("CA 2016"), the Company's Constitution, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and/or any other regulatory authorities, the authority be and is hereby given for TI Development Sdn Bhd, a wholly-owned subsidiary of the Company to enter into recurrent related party transactions of a revenue or trading nature ("Proposed Shareholders' Mandate") as set out in Section 2.4 of the circular to shareholders in relation to the Proposed Shareholders' Mandate provided that such transactions are in the ordinary course of business which are necessary for the day-to-day operations on terms not more favourable to Tandop Hotel Sdn Bhd, the related party than those generally available to the public and are not to the detriment of the minority shareholders and that such authority shall continue to be in force until:

(a) the conclusion of the next AGM of the Company following the AGM at which the ordinary resolution for the Proposed Shareholders' Mandate was passed, at which time it will lapse unless by a resolution passed at the meeting, the authority is renewed;

(b) The expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(1) of the CA, 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the CA 2016); or

(c) revoked or varied at any time by an ordinary resolution passed by the shareholders in a general meeting,

whichever is the earlier;

And that, authority be and is hereby given to the Directors of the Company and its subsidiaries to complete and do all such acts and things (including executing such documents as may be required) to give effect to such transactions as authorised by this resolution."

9. To transact any other business of which due notice shall have been given in accordance with the Company's Constitution and the Companies Act, 2016. **Resolution 7**

FUTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the 12th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 23 August 2017. Only a depositor whose name appears on the Record of Depositors as at 23 August 2017 shall be entitled to attend the said meeting or appoint proxies to attend and/vote on his/her behalf.

NOTICE OF ANNUAL GENERAL MEETING
cont'd

By Order of the Board,

LEE PENG LOON (MACS 01258)
P'NG CHIEW KEEM (MAICSA 7026443)
Secretaries
Penang

Date: 31 July 2017

NOTES ON APPOINTMENT OF PROXY

1. *A proxy may but need not be a member of the Company.*

2. *For a proxy to be valid, the Proxy Form, duly completed must be deposited at the Registered Office of the Company at 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time for holding the meeting PROVIDED that in the event the member(s) duly executes the Proxy Form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, PROVIDED ALWAYS that the rest of the Proxy Form, other than the particulars of the proxy have been duly completed by the member(s).*

3. *A member shall be entitled to appoint two (2) or more proxies to attend and vote at the same meeting and the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*

4. *Where a member 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. *If the appointor is a corporation, the Proxy Form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.*

EXPLANATORY NOTES ON ORDINARY BUSINESS

6. *The Audited Financial Statements in Agenda 1 had been approved by the Board pursuant to Section 251(1) of the Companies Act, 2016. Hence, this agenda does not require formal approval of shareholders of the Company and is meant for discussion pursuant to Section 248(2) of the Companies Act 2016.*

7. *Major General Dato' Mamat Ariffin Abdullah (B) is retiring by rotation in accordance with Article 85 of the Company's Constitution as a Director of the Company at the forthcoming 12th AGM and he had indicated to the Board that he is not seeking for re-election as a Director of the Company.*

   Upon his retirement at the 12th AGM, Major General Dato' Mamat Ariffin Abdullah (B) will cease to be a member of the Audit & Risk Management Committee; Nominating Committee and Remuneration Committee.

   The Board would like to thank Major General Dato' Mamat Ariffin Abdullah (B) for his support, commitment and invaluable contributions to the Group.

EXPLANATORY NOTES ON SPECIAL BUSINESS

8. *The Resolution 6 is to seek a renewal of general mandate for the Directors of the Company to allot and issue new shares in the Company up to an amount not exceeding 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider will be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in a general meeting will expire at the conclusion of the next AGM.*

   The proposed renewal of general mandate for issuance of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares for the purpose of funding future investment, working capital and/or acquisition.

   As at the date of notice of 12th AGM, the Directors have not issued any shares pursuant to the general mandate granted at the last AGM of the Company.

9. *The Resolution 7 is to seek the mandate for TI Development Sdn Bhd, a wholly-owned subsidiary to enter into recurrent transactions involving the interests of a related party, Tandop Hotel Sdn Bhd which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of minority shareholders of the Company, particulars of which are set out in the Circular to Shareholders dated 31 July 2017 which has been despatched together with the Company's 2017 Annual Report.*

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(PURSUANT TO RULE 8.29 OF ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

1) *No individuals are standing for election as Directors at the forthcoming 12th Annual General Meeting ("AGM") of the Company.*

2) *The profiles of the Directors namely Mr. Low Wey Heng and Mr. Lionel Vernon Yong Nguon Kee, who are standing for re-election as in Agenda 2 and Agenda 3 of the Notice of the 12th AGM of the Company are set out in the Directors' Profile section of this Annual Report.*

3) *The details of Mr. Low Wey Heng's and Mr. Lionel Vernon Yong Nguon Kee's interests in the securities of the Company as at 18 July 2017 are set out in the Analysis of Shareholdings section of this Annual Report.*

4) *The Resolution 6 tabled under Special Business as per the Notice of 12th AGM of the Company dated 31 July 2017 is a renewal of general mandate granted by shareholders of the Company at the last AGM held on 24 August 2016.*

   The proposed renewal of general mandate for issuance of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for the purpose of funding future investment, working capital and/or acquisition.

   As at the date of notice of meeting, the Directors have not issued any shares pursuant to the general mandate granted at the last AGM of the Company.

STERLING PROGRESS

STERLING PROGRESS BERHAD
Company No. 679361-D
Incorporated in Malaysia

PROXY FORM

CDS account no.

I/We _____ *(Full name as per NRIC/Certificate of Incorporation)*

Company No./NRIC No. _____ *(new)* _____ *(old)*

of _____ *(full address)*

being a member of Sterling Progress Berhad hereby appoint _____

NRIC No. _____ *(new)* _____ *(old)* or failing him,

_____ NRIC No. _____ *(new)* _____ *(old)*

as my/our proxy to vote for me/us on my/our behalf at the 12th Annual General Meeting (AGM) of Sterling Progress Berhad to be held at Greens III, Sport Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 29 August 2017 at 2.00 p.m. and, at any adjournment thereof.

No.	Ordinary Resolutions		For	Against
1.	To re-elect Low Wey Heng as a Director of the Company	Resolution 1		
2.	To re-elect Lionel Vernon Yong Nguon Kee as a Director of the Company	Resolution 2		
3.	To approve the payment of Directors' Fees	Resolution 3		
4.	To approve the payment of Directors' Benefits	Resolution 4		
5.	To re-appoint UHY as auditors of the Company	Resolution 5		
6.	To authorize the Directors to allot and issue new shares	Resolution 6		
7.	To obtain the shareholders' mandate for recurrent related party transactions	Resolution 7		

Please indicate with an "X" in the appropriate space provided above on how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy may vote as he thinks fit.

The percentages of shareholdings to be represented by my proxies:

	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

Dated this _____ day of _____ 2017

Number of shares held	

_____
Signature(s) of Member(s)

Notes:-

1. *A proxy may but need not be a member of the Company.*
2. *To be valid, this form duly completed must be deposited at the Registered Office of the Company at 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time for holding the meeting PROVIDED that in the event the member(s) duly executes this form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, PROVIDED ALWAYS that the rest of this form, other than the particulars of the proxy have been duly completed by the member(s).*
3. *A member shall be entitled to appoint two (2) or more proxies to attend and vote at the same meeting and the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*
4. *Where a member is an exempt authorised nominee which holds ordinary shares of the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies it may appoint in respect of each omnibus account it holds.*
5. *If the appointor is a corporation, this form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.*
6. *In respect of deposited securities, only a depositor whose name appear on the Record of Depositors on 23 August 2017 shall be eligible to attend the meeting or appoint proxies to attend and/or vote on his/her behalf.*

Fold This Flap For Sealing

Then Fold Here

AFFIX
STAMP

The Company Secretary

STERLING PROGRESS BERHAD (679361-D)

51-21-A Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

1st Fold Here

www.1utopia.com.my

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(679361-D)

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