SANBUMI HOLDINGS BERHAD
(8386-P)

Evolving & Transformation

ANNUAL REPORT 2019

EVOLVING & TRANSFORMATION

Transformation is a key theme for SANBUMI as we sought new ways to serve a new generation of stakeholders whose expectations and lifestyles are being influenced by the megatrend of digitalisation.

Recognising that innovation knows no boundaries in our inter-connected world, the Group is gearing itself to tap into multiple sources of creativity to develop empowering solutions that will make life simpler and more accessible to all. The depiction of a fluid globe structure expresses how the Group is setting its sights on the larger picture and creating an innovation-focused work culture. We believe this will help nurture a future-ready workforce that is agile and adaptive, with the right skillset and mindset to meet the increased and changing demands of our stakeholders, today, tomorrow and in the future.

CONTENTS

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

On behalf of the Board of Directors of Sanbumi Holdings Berhad, I present the Annual Report and the Audited Financial Statements of the Group and of the Company for the financial year ended 31 March 2019.

50th ANNUAL GENERAL MEETING OF SANBUMI HOLDINGS BERHAD (8386-P)

venue	**Iconic Hotel, Function Room, Level 7, 71 Jalan Icon City, Bukit Tengah, 14000 Bukit Mertajam, Penang.**
date	**Monday, 23 September 2019**
time	**10.30 a.m.**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fiftieth Annual General Meeting of Sanbumi Holdings Berhad will be held at the Function Room, Level 7, Iconic Hotel at 71, Jalan Icon City, Bukit Tengah, 14000 Bukit Mertajam, Penang on Monday, 23 September 2019 at 10.30 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 March 2019 together with the Directors' and Auditors' Reports thereon. **Please refer to Note A**

AS ORDINARY BUSINESS

2. To re-elect Mr Lim Thian Loong retiring under the provision of Article 93 of the Articles of Association of the Company, and who, being eligible, has offered himself for re-election. **Ordinary Resolution 1**

3. To re-elect the following Directors retiring under the provision of Article 100 of the Articles of Association of the Company, and who, being eligible, have offered themselves for re-election:-

   (i) Dato' Tan Kean Tet **Ordinary Resolution 2**

   (ii) Mr Tan Cho Chia **Ordinary Resolution 3**

   (iii) Mr Leow Chan Khiang **Ordinary Resolution 4**

4. To re-appoint Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to determine their remuneration. **Ordinary Resolution 5**

AS SPECIAL BUSINESS

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

Ordinary Resolutions

5. To approve the payment of Directors' fees of RM216,000 for the financial year ended 31 March 2019. **Ordinary Resolution 6**

6. To approve the payment of Directors' benefits of up to RM20,000 in accordance with Section 230(1) of the Companies Act 2016 from 24 September 2019 until the next Annual General Meeting of the Company. **Ordinary Resolution 7**

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

   "THAT authority be and is hereby given to Dato' Ir. Zainurin bin Karman who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting." **Ordinary Resolution 8**

   "THAT subject to the passing of Ordinary Resolution 1, authority be and is hereby given to Mr Lim Thian Loong who has served as an Independent Non-Executive Director of the Company since 8 December 2010 and will reach the nine years term limit on 7 December 2019, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting." **Ordinary Resolution 9**

NOTICE OF ANNUAL GENERAL MEETING

8. **Authority to Issue Shares**

Ordinary Resolution 10

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and the Constitution of the Company and subject to approvals from Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant governmental/regulatory authorities where such authority shall be necessary, the Board of Directors be and is hereby authorised to issue and allot shares in the Company from time to time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued shall not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being, and that the Board of Directors be and is also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities."

9. **Share Buy-Back Authority**

Ordinary Resolution 11

"THAT subject to the provisions under the Companies Act 2016 ("the Act"), the Articles of Association of the Company (and the Constitution of the Company being adopted upon the passing of the special resolution below), Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and the approvals of all relevant authorities (if any), the Company be and is hereby authorised to purchase such number of ordinary shares in the Company ("SANBUMI Shares") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution shall not exceed ten per centum (10%) of the total number of issued shares of the Company as at the point of purchase ("Share Buy-Back Authority").

THAT the maximum amount of funds to be utilised for the purpose of the Share Buy-Back Authority shall not exceed the Company's retained profits.

THAT authority be and is hereby given to the Directors of the Company to decide at their discretion as may be permitted and prescribed by the Act and/or any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities for the time being in force to deal with any SANBUMI Shares so purchased by the Company in the following manner:-

(i) the SANBUMI Shares so purchased could be cancelled; or
(ii) the SANBUMI Shares so purchased could be retained as treasury shares for distribution as share dividends to the shareholders of the Company and/or resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently; or
(iii) combination of (i) and (ii) above.
(iv) in accordance with the relevant prevailing statutory provisions and guidelines.

THAT the authority conferred by this resolution will be effective immediately from the passing of this ordinary resolution until:-

(i) the conclusion of the next annual general meeting of the Company following the general meeting at which such resolution was passed, at which time the authority would lapse unless renewed by ordinary resolution, either unconditionally or conditionally; or
(ii) the passing of the date on which the next annual general meeting of the Company is required by law to be held; or
(iii) the authority is revoked or varied by resolution of the shareholders of the Company in a general meeting;

whichever occurs first."

NOTICE OF ANNUAL GENERAL MEETING

10. **Proposed Alteration of the Existing Memorandum and Articles of Association by replacing with a New Constitution ("Proposed Alteration")**

    Special Resolution 1

    "THAT the existing Memorandum and Articles of Association of the Company be hereby altered by replacing with a New Constitution attached hereto as Annexure A with effect from the date of passing this Special Resolution.

    THAT the Directors of the Company be hereby authorised to do all such acts and things and to take all such steps as they deem fit, necessary, expedient and/or appropriate in order to complete and give full effect to the Proposed Alteration with full powers to assent to any condition, modification, variation and/or amendment as may be required or imposed by the relevant authorities."

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

By Order of the Board

LIM CHOO TAN (LS 0008888)
CHEW SIEW CHENG (MAICSA 7019191)
Company Secretaries

Penang

Date: 31 July 2019

Note A

This Agenda Item is meant for discussion only as the provision of Section 248(2) and Section 340 of the Companies Act 2016 do not require a formal approval of the shareholders and hence is not put forward for voting.

NOTES

1. A member entitled to attend and vote at the Annual General Meeting shall be entitled to appoint not more than two (2) proxies to attend, participate, speak and vote in his/her stead at the same meeting. A proxy need not be a member of the Company.

2. Where a member appoints two (2) proxies, the appointments shall be invalid unless the percentage of the holding to be represented by each proxy is specified.

3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

NOTICE OF ANNUAL GENERAL MEETING

NOTES (CONT'D)

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

6. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at Wisma EMC, 972, Jalan Baru, 13700 Prai, Penang not less than forty-eight (48) hours before the time set for holding the Annual General Meeting or any adjournment thereof.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting in accordance with Section 333 of the Companies Act 2016.

8. Only members registered in the Record of Depositors as at 12 September 2019 shall be eligible to attend the meeting or appoint proxies and vote on their behalf.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. **Ordinary Resolution 6 – To approve the payment of Directors' fees of RM216,000 for the financial year ended 31 March 2019**

   The Ordinary Resolution 6, if passed, will authorise the payment of the Directors' fees for the financial year ended 31 March 2019 amounting to RM216,000.

2. **Ordinary Resolution 7 – To approve the payment of Directors' benefits of up to RM20,000 in accordance with Section 230(1) of the Companies Act 2016 with effect from 24 September 2019 until the next Annual General Meeting of the Company**

   The Ordinary Resolution 7, if passed, will authorise the payment of Directors' benefits of up to RM20,000 in accordance with Section 230(1) of the Companies Act 2016 with effect from 24 September 2019 until the next Annual General Meeting of the Company.

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

   The Board of Directors has via the Nomination Committee conducted an annual performance evaluation and assessment of Dato' Ir. Zainurin bin Karman. Dato' Ir. Zainurin bin Karman has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements and the Board considers him to be independent and believes that he should be re-appointed and retained as Independent Non-Executive Director, in particular his experience and contributions to the Board. The Board will be seeking for shareholders' approval through a two-tier voting process as recommended by the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") at the 50th AGM to retain him as an Independent Non-Executive Director ("INED") as his tenure as an INED has exceeded 12 years.

4. **Ordinary Resolution 9 - Authority to continue in office as an Independent Non-Executive Director**

   The Board of Directors has via the Nomination Committee conducted an annual performance evaluation and assessment of Mr Lim Thian Loong. Mr Lim Thian Loong has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements and the Board considers him to be independent and believes that he should be re-appointed and retained as Independent Non-Executive Director, in particular his experience and contributions to the Board. The Board will be seeking for shareholders' approval at the 50th AGM to retain him as an Independent Non-Executive Director ("INED") as his tenure as an INED will reach the nine years term limit on 7 December 2019.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON SPECIAL BUSINESS (CONT'D)

5. **Ordinary Resolution 10 - Authority to issue shares**

   The Mandate will provide flexibility to the Company for any possible fundraising activities, including but not limited to placing of shares, for the purpose of funding further investment project(s), working capital and/or acquisition.

   This proposed Ordinary Resolution 10, if passed, will empower the Directors of the Company to issue and allot shares in the Company up to an amount not exceeding 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This Authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of the Company.

6. **Ordinary Resolution 11 - Share Buy-Back Authority**

   The proposed Ordinary Resolution 11 if passed, will allow the Company to purchase its own shares. The total number of shares purchased shall not exceed 10% of the total number of issued shares of the Company. This Authority will, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting of the Company.

7. **Special Resolution 1 - Proposed Alteration of the Existing Memorandum and Articles of Association by replacing with a New Constitution ("Proposed Alteration")**

   This proposed Special Resolution 1, if passed, will enable the Company to alter its existing Memorandum and Articles of Association by replacing with a new Constitution which is drafted in accordance with the relevant provisions of the Companies Act 2016, relevant amendments of Chapter 7 and other Chapters of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and other provisions of laws and regulations that are applicable to the Company.

   For further information on the Proposed Alteration, please refer to the Annexure A enclosed together with this Notice of Annual General Meeting of the Company dated 31 July 2019.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(pursuant to paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

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

General Mandate for Issue of Securities pursuant to Paragraph 6.03(3) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements

This Mandate will provide flexibility to the Company for any possible fundraising activities, including but not limited to placing of shares, for the purpose of funding further investment project(s), working capital and/or acquisition.

STATEMENT TO SHAREHOLDERS

IN RELATION TO THE PROPOSED AUTHORITY FOR SHARE BUY-BACK BY THE COMPANY OF UP TO TEN PER CENTUM (10%) OF ITS TOTAL NUMBER OF ISSUED SHARES ("PROPOSED SHARE BUY-BACK AUTHORITY")

This Statement is important and requires your immediate attention. If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisors immediately.

Bursa Malaysia Securities Berhad ("Bursa Securities") takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement. This Statement has not been perused by Bursa Securities before its issuance.

1. INTRODUCTION

On 9 July 2019, the Company announced that it proposed to seek authority from its shareholders to purchase shares of the Company up to a maximum of ten per centum (10%) of the total number of issued shares of the Company through the Bursa Securities pursuant to Section 127 of the Companies Act 2016 ("the Act") at the forthcoming Annual General Meeting ("AGM") to be held on 23 September 2019.

The purpose of this Statement is to provide the shareholders with information on the Proposed Share Buy-Back Authority and to seek the shareholders' approval for the ordinary resolution relating to the Proposed Share Buy-Back Authority under Agenda 9 of the Notice of the AGM in this Annual Report of the Company for the financial year ended 31 March 2019 to be tabled at the forthcoming AGM.

2. DETAILS OF THE PROPOSED SHARE BUY-BACK AUTHORITY

The Board of the Directors ("the Board") proposes to seek approval from its shareholders for authorisation to enable the Company to purchase and/or hold as treasury shares in aggregate of up to ten per centum (10%) of the total number of issued shares of the Company at any point in time through stockbroker(s) to be appointed by the Company.

As at 1 July 2019, the total number of issued shares of the Company is represented by 249,011,232 ordinary shares, equivalent to RM45,679,342.44. Hence, the maximum number of shares may be purchased by the Company will be 24,901,123 ordinary shares.

The approval from the shareholders for the Proposed Share Buy-Back Authority will be effective immediately upon the passing of the ordinary resolution for the Proposed Share Buy-Back Authority until:

(a) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed, at which time it will lapse, unless by resolution passed at a general meeting, the authority is renewed; or
(b) the expiration of the period within which the next AGM after that date is required by law to be held; or
(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting;

whichever occurs first.

In accordance with the Main Market Listing Requirements of Bursa Securities ("the MMLR"), the Proposed Share Buy-Back Authority must be made wholly out of retained profits of the listed company. The maximum amount of funds to be allocated for the Proposed Share Buy-Back Authority will be subject to the retained profits of the Company. The actual number of shares which may be purchased and the timing of the purchase(s) will depend on, inter-alia, the market conditions, the availability of retained profits and financial resources of the Company as well as the Bursa Securities' requirement to maintain the necessary shareholding spread.

STATEMENT TO SHAREHOLDERS

IN RELATION TO THE PROPOSED AUTHORITY FOR SHARE BUY-BACK BY THE COMPANY OF UP TO TEN PER CENTUM (10%) OF ITS TOTAL NUMBER OF ISSUED SHARES ("PROPOSED SHARE BUY-BACK AUTHORITY")

2. DETAILS OF THE PROPOSED SHARE BUY-BACK AUTHORITY (CONT'D)

Based on the Company's latest audited financial statements for the financial year ended 31 March 2019, the accumulated losses of the Company amounted to RM6,895,763 and the net loss of the Group attributable to the shareholders was RM16,052,296.

The funding of the Proposed Share Buy-Back Authority will be through internally generated funds and/or bank borrowings, the proportion of which will depend on the quantum of purchase consideration as well as the availability of any internally generated funds and borrowings and repayment capabilities of the Group at the time of purchase(s). As such, the funding is not expected to have a negative bearing on the cash flow position of the Group.

The amount of funds to be utilised for the Proposed Share Buy-Back Authority will only be determined later depending on the actual number of the Company's shares to be purchased, the availability of funds at the time of purchase(s) and other relevant cost factors.

Pursuant to the Listing Requirements, the Company may only purchase its own shares on Bursa Securities at a price which is not more than fifteen per centum (15%) above the weighted average market price of the shares for the five (5) market days immediately before the date of the purchase. The Company may only resell the purchased shares held as treasury shares on Bursa Securities at:-

(a) a price which is not less than the weighted average market price of the shares for the five (5) market days immediately before the resale; or

(b) a discounted price of not more than five per centum (5%) to the weighted average market price of the shares for the five (5) market days immediately before the resale provided that:-

    (i) the resale takes place no earlier than thirty (30) days from the date of purchase; and
    (ii) the resale price is not less than the cost of purchase of the shares being resold.

Pursuant to the provisions of Section 127(4) of the Act, the Directors may deal with the shares in the following manner:-

(i) cancel the shares so purchased;
(ii) retain the shares so purchased in treasury, which may be distributed as share dividends to the shareholders and/or be resold on Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be transferred for the purposes of an employees' share scheme and/or be transferred as purchase consideration and/or be cancelled subsequently and/or be sold, transferred or otherwise be used for such purposes of the Minister may by order prescribe; or
(iii) retain part of the shares so purchased as treasury shares and cancel the remainder.

While the purchased shares are held as treasury shares, the rights attached to them as to attending meetings, voting, receiving dividends and participation in other distributions whether cash or otherwise shall not be conferred to the holder of such treasury shares and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purpose including substantial shareholdings, take-overs, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

STATEMENT TO SHAREHOLDERS

IN RELATION TO THE PROPOSED AUTHORITY FOR SHARE BUY-BACK BY THE COMPANY OF UP TO TEN PER CENTUM (10%) OF ITS TOTAL NUMBER OF ISSUED SHARES ("PROPOSED SHARE BUY-BACK AUTHORITY")

3. RATIONALE FOR THE PROPOSED SHARE BUY-BACK AUTHORITY

The Proposed Share Buy-Back Authority will enable the Company to utilise its financial resources not required for immediate use, to fund the purchase of its shares. In addition, it is expected to help stabilise the market price as well as the supply and demand of the Company's shares, which is expected to enhance investors' confidence in the performance of the price of the Company's shares. All things being equal, the Proposed Share Buy-Back Authority, whether the Company's shares to be purchased are maintained as treasury shares or cancelled, will improve the Earnings Per Share ("EPS") of the Company due to the reduction in the number of shares used for the purpose of computing EPS. This in turn, may have a positive impact on the market price of shares. If the purchased shares are held as treasury shares, they could be resold with the intention of realising a potential gain and/or distributed as share dividends to reward the shareholders of the Company.

In the event the treasury shares are distributed as share dividends to shareholders, it will serve as a reward to shareholders of the Company.

4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK AUTHORITY

The potential advantages of the Proposed Share Buy-Back Authority to the Company and its shareholders are outlined in Section 3 of this Statement.

The potential disadvantages of the Proposed Share Buy-Back Authority to the Company or its shareholders are as follows:-

(i) the Proposed Share Buy-Back Authority, if implemented, would reduce the financial resources of the Group and may result in the Group foregoing better investment opportunities that may emerge in future; and
(ii) the Proposed Share Buy-Back Authority may also reduce the amount of resources available for the payment of cash dividends to shareholders of the Company.

However, the financial resources of the Group may increase pursuant to the resale of the purchased shares held as treasury shares at prices higher than the purchase price. In that regard, the Company would buy back the shares only after the Directors have given due consideration to the potential impact on the Group's earnings and financial position and the Directors are of the opinion that it would be in the interests of the Company and the minority shareholders to do so.

5. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK AUTHORITY

5.1 Share Capital

The effect of the Proposed Share Buy-Back Authority on the number of issued shares of the Company will depend on whether purchased shares are cancelled or retained as treasury shares. The Proposed Share Buy-Back Authority will result in a reduction in the number of issued shares of the Company if the purchased shares are cancelled.

In the event the Proposed Share Buy-Back Authority is implemented in full and all the purchased shares are subsequently cancelled, the proforma effects on the total number of issued shares of the Company as at 1 July 2019, are as follows:-

	Number of Shares
Existing number of issued shares as at 1 July 2019	249,011,232
Cancellation of purchased shares	(24,901,123)
Resultant number of issued shares upon completion of the Proposed Share Buy-Back Authority	224,110,109

STATEMENT TO SHAREHOLDERS

IN RELATION TO THE PROPOSED AUTHORITY FOR SHARE BUY-BACK BY THE COMPANY OF UP TO TEN PER CENTUM (10%) OF ITS TOTAL NUMBER OF ISSUED SHARES ("PROPOSED SHARE BUY-BACK AUTHORITY")

5. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK AUTHORITY CONT'D)

5.1 Share Capital (Cont'd)

However, the Proposed Share Buy-Back Authority will have no effect on the number of issued shares of the Company if all the purchased shares are to be retained as treasury shares, resold or distributed to the shareholders.

5.2 Net Assets per Share

The Proposed Share Buy-Back Authority may increase or decrease the Net Assets ("NA") per Share depending on the purchase price(s) of the shares bought back. The NA per share will increase if the purchase price is less than the NA per share and will decrease if the purchase price exceeds the NA per share at the time when the shares are purchased.

In the event the purchased shares which are retained as treasury shares are resold, the NA of the Group will increase or decrease depending on whether a gain or a loss is realised upon the resale. The quantum of the increase or decrease in NA will depend on the actual disposal price and the number of the purchased shares, retained as treasury shares, which are resold.

5.3 Working Capital

The Proposed Share Buy-Back Authority will reduce the working capital of the Group, the quantum of which depends on the actual purchase price and number of shares purchased. However, it is not expected to have a material adverse effect on the working capital of the Group. If purchased shares are treated as treasury shares and subsequently resold on Bursa Securities, the working capital of the Group will increase if the Company realized a gain from the resale.

5.4 EPS

The effect of the Proposed Share Buy-Back Authority on the EPS of the Company is dependent on, inter-alia, the actual number of the shares bought back and the purchase prices of the shares and the effective funding cost to the Company.

Assuming that the purchased shares are retained as treasury shares and resold, the EPS will increase if the selling price is higher than the cost of the shares purchased and the interest foregone or interest expense incurred on the purchased shares. If the purchased shares are cancelled, the EPS will increase provided that the income foregone and interest expense incurred on the purchased shares is less than the EPS before the Proposed Share Buy-Back Authority.

The effective reduction in the number of shares in the computation of the consolidated EPS pursuant to the Proposed Share Buy-Back Authority may generally, all other things remaining equal, have a positive impact on the consolidated EPS of the Company for the financial year in which the shares are purchased.

5.5 Dividends

Assuming the Proposed Share Buy-Back Authority is implemented in full, dividends will be paid on the remaining number of shares of the Company (excluding the shares already purchased). The Proposed Share Buy-Back Authority may reduce the amount of distributable reserves available for payment of dividend in the immediate future.

STATEMENT TO SHAREHOLDERS

IN RELATION TO THE PROPOSED AUTHORITY FOR SHARE BUY-BACK BY THE COMPANY OF UP TO TEN PER CENTUM (10%) OF ITS TOTAL NUMBER OF ISSUED SHARES ("PROPOSED SHARE BUY-BACK AUTHORITY")

6. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The effects of the Proposed Share Buy-Back Authority on the shareholdings of the directors and substantial shareholders based on the Company's Registers of Directors' Shareholdings and Substantial Shareholders as at 1 July 2019 are as follows:-

(i) Directors

Name of Directors	Before the Proposed Share Buy-Back Authority				After the Proposed Share Buy-Back Authority Assuming 10% of the share capital is purchased and cancelled			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Dato' Tan Kean Tet	46,124,154	18.52	7,970,300[(1)]	3.20	46,124,154	20.58	7,970,300[(1)]	3.56
Dato' Chua Tiong Moon	24,310,362	9.76	2,198,113[(2)]	0.88	24,310,362	10.85	2,198,113[(2)]	0.98
Tan Cho Chia	1,300,000	0.52	7,970,300[(1)]	3.20	1,300,000	0.58	7,970,300[(1)]	3.56
Dato' Ir Zainurin bin Karman	-	-	-	-	-	-	-	-
Lim Thian Loong	-	-	-	-	-	-	-	-
Leow Chan Khiang	-	-	-	-	-	-	-	-

(1) Deemed interested by virtue of his shareholdings in Legacy 888 Sdn Bhd pursuant to Section 8 of the Act
(2) Deemed interested by virtue of his shareholdings in Equal Accord Sdn Bhd pursuant to Section 8 of the Act

STATEMENT TO SHAREHOLDERS

IN RELATION TO THE PROPOSED AUTHORITY FOR SHARE BUY-BACK BY THE COMPANY OF UP TO TEN PER CENTUM (10%) OF ITS TOTAL NUMBER OF ISSUED SHARES ("PROPOSED SHARE BUY-BACK AUTHORITY")

6. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS (CONT'D)

(ii) Substantial Shareholders

Name of Substantial Shareholders	Before the Proposed Share Buy-Back Authority				After the Proposed Share Buy-Back Authority Assuming 10% of the share capital is purchased and cancelled			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Dato' Tan Kean Tet	46,124,154	18.52	7,970,300[1]	3.20	46,124,154	20.58	7,970,300[1]	3.56
Dato' Chua Tiong Moon	24,310,362	9.76	2,198,113[2]	0.88	24,310,362	10.85	2,198,113[2]	0.98

(1) Deemed interested by virtue of his shareholdings in Legacy 888 Sdn Bhd pursuant to Section 8 of the Act

(2) Deemed interested by virtue of his shareholdings in Equal Accord Sdn Bhd pursuant to Section 8 of the Act

7. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED WITH DIRECTORS AND MAJOR SHAREHOLDERS

Save for the changes in percentage of shareholdings and/or voting of the Shareholders resulting from the Proposed Share Buy-Back Authority, none of the Directors and Substantial Shareholders has any interest, direct or indirect, in the Proposed Share Buy-Back Authority and, if any, the resale of treasury shares. In addition, in so far as the Directors are aware, none of the persons connected to the Directors and Substantial Shareholders has any interest, direct or indirect, in the Proposed Share Buy-Back Authority and, if any, in the resale of treasury shares.

8. HISTORICAL SHARE PRICE OF THE COMPANY

The monthly highest and lowest closing price of shares as traded on Bursa Securities for the past twelve (12) months are as follows:

Year 2018/2019	High (RM)	Low (RM)
2018		
July	0.160	0.140
August	0.195	0.145
September	0.225	0.180
October	0.340	0.195
November	0.370	0.295
December	0.380	0.320

STATEMENT TO SHAREHOLDERS

IN RELATION TO THE PROPOSED AUTHORITY FOR SHARE BUY-BACK BY THE COMPANY OF UP TO TEN PER CENTUM (10%) OF ITS TOTAL NUMBER OF ISSUED SHARES ("PROPOSED SHARE BUY-BACK AUTHORITY")

8. HISTORICAL SHARE PRICE OF THE COMPANY (CONT'D)

Year 2018/2019	High (RM)	Low (RM)
2019		
January	0.445	0.330
February	0.380	0.320
March	0.360	0.300
April	0.490	0.315
May	0.445	0.315
June	0.365	0.325

(Source : Bursa Malaysia Securities Berhad)

The last transacted price of shares on 19 July 2019 being the latest practicable date prior to the printing of this Statement was RM0.355.

9. IMPLICATIONS OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS 2016

Under Malaysian Code on Take-Overs and Mergers 2016 ("the Code"), a director and any person acting in concert with him or a relevant shareholder will be required to make a mandatory general offer for the remaining ordinary shares of the Company not already owned by him/them if his/their stake in the Company is increased to beyond 33% or if his/their existing shareholdings is between 33% and 50% and increases by another 2% in any subsequent 6 months' period.

Notwithstanding the above, such person and any person acting in concert may make an application to the Securities Commission for an exemption from a mandatory general offer under the Code.

As at the date of this Statement, the Company has yet to decide on the percentage of its own shares to be purchased pursuant to the Proposed Share Buy-Back Authority. In any case, it is not the intention of the Company to cause any shareholder to trigger an obligation to undertake a mandatory general offer under the Code and the Company will be mindful of the above implications of the Code in making any purchase of its own shares under the Proposed Share Buy-Back Authority.

10. PURCHASE, RESALE AND CANCELLATION OF SHARES MADE IN THE LAST TWELVE MONTHS

The Company did not purchase its own shares previously and as such, there were no resale or cancellation of any treasury shares in the past twelve (12) months preceding the date of this Statement.

11. PUBLIC SHAREHOLDING SPREAD

As at 1 July 2019, the public shareholding spread of the Company was approximately 67.11%. The public shareholding spread is expected to be reduced to approximately 63.45% assuming the Proposed Share Buy-Back Authority is implemented in full and all the shares so purchased are cancelled. In this regard, the Board undertakes that the purchase of shares will be conducted in compliance with the 25% public shareholding spread as required by the Main Market Listing Requirements.

STATEMENT TO SHAREHOLDERS

IN RELATION TO THE PROPOSED AUTHORITY FOR SHARE BUY-BACK BY THE COMPANY OF UP TO TEN PER CENTUM (10%) OF ITS TOTAL NUMBER OF ISSUED SHARES ("PROPOSED SHARE BUY-BACK AUTHORITY")

12. APPROVAL REQUIRED

The Proposed Share Buy-Back Authority is subject to the approval of the shareholders of the Company at the forthcoming AGM of the Company to be convened or at any adjournment thereof. Save for the approval of the shareholders of the Company, there are no other approvals required.

13. DIRECTORS' RECOMMENDATION

The Directors, having considered all aspects of the Proposed Share Buy-Back Authority, are of the opinion that the Proposed Share Buy-Back Authority is in the best interest of the Company. Accordingly, the Directors recommend that the shareholders vote in favour of the Ordinary Resolution pertaining to the Proposed Share Buy-Back Authority to be tabled at the forthcoming AGM of the Company.

14. FURTHER INFORMATION

Shareholders are advised to refer to Appendix I of this Statement for further information.

STATEMENT TO SHAREHOLDERS

IN RELATION TO THE PROPOSED AUTHORITY FOR SHARE BUY-BACK BY THE COMPANY OF UP TO TEN PER CENTUM (10%) OF ITS TOTAL NUMBER OF ISSUED SHARES ("PROPOSED SHARE BUY-BACK AUTHORITY")

APPENDIX I

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Directors of the Company and they collectively and individually accept full responsibility for the accuracy of the information given in this Statement and confirm that after having made all reasonable enquiries and to the best of their knowledge, information and belief, there are no other facts the omission of which would make any statement in this Statement misleading.

2. DOCUMENTS AVAILABLE FOR INSPECTION

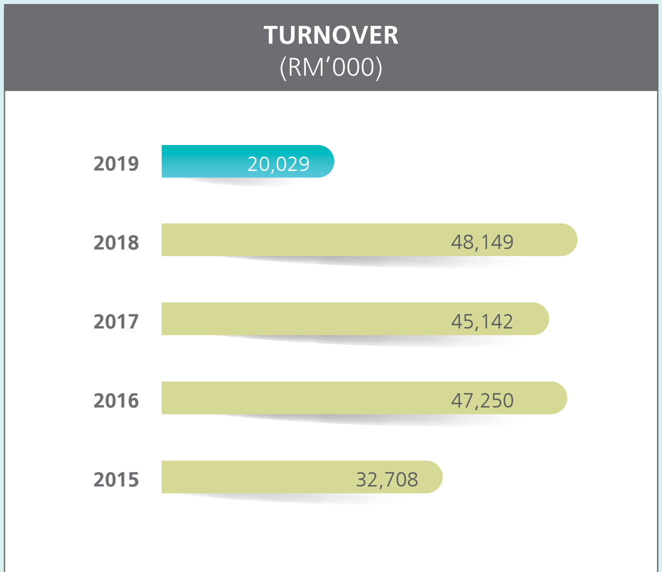
Copies of the following documents are available for inspection at the Registered Office of the Company, during normal business hours on any weekday (except public holidays) from the date of this Statement up to and including the date of the forthcoming AGM:

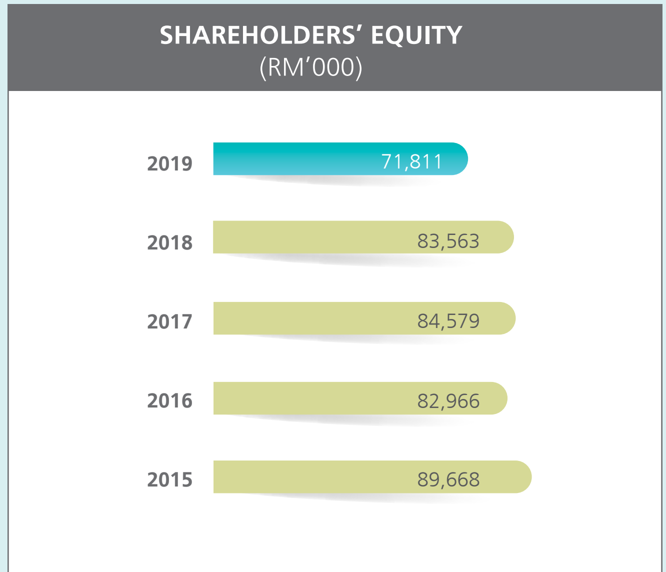
(a) The Memorandum and Articles of Association of the Company; and

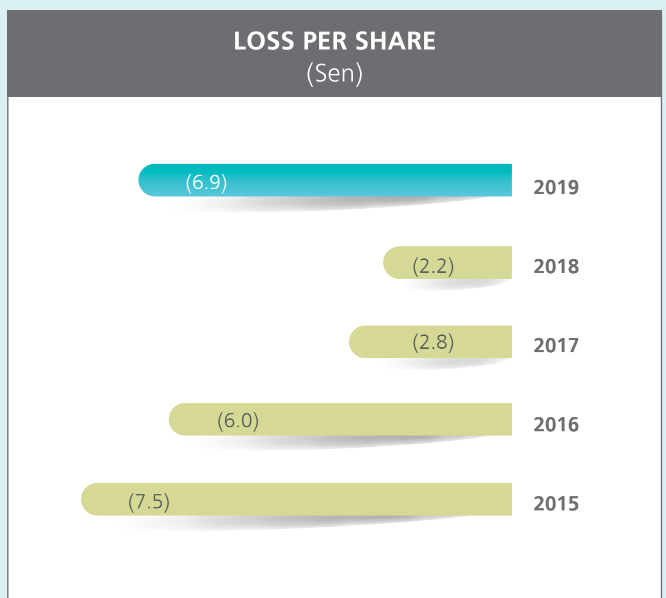
(b) Audited financial statements of the Company for the two (2) financial years ended 31 March 2018 and 31 March 2019.

FINANCIAL HIGHLIGHTS

The Group's Five Year Financial Highlights







CORPORATE INFORMATION

As at 1 July 2019

BOARD OF DIRECTORS

DATO' IR. ZAINURIN BIN KARMAN
Chairman / Independent
Non-Executive Director
(Appointed on 26/08/2005)

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

DATO' TAN KEAN TET
Executive Director
(Appointed on 23/04/2019)

TAN CHO CHIA
Executive Director
(Appointed on 09/01/2019)

LIM THIAN LOONG
Independent Non-Executive Director
(Appointed on 08/12/2010)

LEOW CHAN KHIANG
Independent Non-Executive Director
(Appointed on 15/03/2019)

AUDIT COMMITTEE

Chairman
LIM THIAN LOONG

Members
DATO' IR. ZAINURIN BIN KARMAN
LEOW CHAN KHIANG

NOMINATION COMMITTEE

Chairman
DATO' IR. ZAINURIN BIN KARMAN

Members
LIM THIAN LOONG
LEOW CHAN KHIANG

REMUNERATION COMMITTEE

Chairman
DATO' IR. ZAINURIN BIN KARMAN

Members
LIM THIAN LOONG
LEOW CHAN KHIANG

COMPANY SECRETARIES

CHEW SIEW CHENG (Ms)
(MAICSA 7019191)
LIM CHOO TAN (Ms)
(LS 0008888)

REGISTERED OFFICE

WISMA EMC
972, JALAN BARU
13700 PRAI
PENANG
: 604-390 3699
: 604-390 3636

SHARE REGISTRAR

TRICOR INVESTOR & ISSUING HOUSE
SERVICES SDN BHD (11324-H)
UNIT 32-01, LEVEL 32, TOWER A
VERTICAL BUSINESS SUITE
AVENUE 3, BANGSAR SOUTH
NO. 8, JALAN KERINCHI
59200 KUALA LUMPUR
: 603-2783 9299
: 603-2783 9222

AUDITORS

CROWE MALAYSIA PLT
Kuala Lumpur Office
(Chartered Accountants)
LEVEL 16 TOWER C
MEGAN AVENUE II
12 JALAN YAP KWAN SENG
50450 KUALA LUMPUR

PRINCIPAL BANKERS

MALAYAN BANKING BERHAD
HONG LEONG BANK BERHAD

STOCK EXCHANGE LISTING

MAIN MARKET OF BURSA
MALAYSIA SECURITIES BERHAD
STOCK NAME : SANBUMI
STOCK CODE : 9113

CORPORATE STRUCTURE

As at 1 July 2019

SANBUMI HOLDINGS BERHAD
(8386-P)

TOURISM SERVICES

100% SANBUMI CAPITAL SDN BHD

- 100% — PEWTER ART INDUSTRIES (M) SDN BHD
- 100% — TOURISM INFORMATION CENTRE SDN BHD
- 100% — FINE TASTE PRODUCTS SDN BHD
- 100% — FINE TASTE PRODUCTS (KL) SDN BHD
- 100% — SANBUMI HOLIDAY SDN BHD
- 100% — SANBUMI AIR TRANSPORT SDN BHD
- 100% — NOUVELLE HOTEL (KL) SDN BHD
- 100% — ICONIC HOTEL MANAGEMENT SDN BHD *(formerly known as NOUVELLE HOTEL (KULAI) SDN BHD)*
- 100% — TROPIKS PRODUCTS SDN BHD
- 100% — SINORENO JEWELLERY SDN BHD
- 100% — NOUVELLE HOTEL SDN BHD
- 100% — FINE PEWTERWARE (KL) SDN BHD
- 100% — NOUVELLE RESTAURANT SDN BHD
- 100% — SRI DONDANG RESTAURANT SDN BHD

OTHER SERVICES

100% ICONIC MAISON SDN BHD
(formerly known as SANBUMI SAWMILL SDN BHD)

- 100% — SANBUMI DEVELOPMENT SDN BHD
- 100% — MIRIM TIMBER SDN BHD

100% AKALAJU SDN BHD

100% EMC CRANES SDN BHD

100% EMC CRANES (KL) SDN BHD

100% EMC MARKETING SDN BHD

100% EMC CAPITAL SDN BHD

70% EMC CONTAINERS SDN BHD

49% FERROTRANS SDN BHD

PROFILE OF THE BOARD OF DIRECTORS

DATO' IR. ZAINURIN BIN KARMAN

Chairman / Independent Non-Executive Director
Male | Age : 55
Nationality : Malaysian

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

Dato' Ir. Zainurin bin Karman does not hold any directorship in other public companies. He has no family relationship with any director and/or substantial shareholders of the Company. He has no conflict of interest with the Company and has no conviction for any offences within the past five (5) years other than traffic offences, if any.

DATO' CHUA TIONG MOON

Managing Director
Male | Age : 60
Nationality : Malaysian

Dato' Chua Tiong Moon is a businessman with vast experience being primarily responsible for the operations and management of companies involved in property development, hospitality services and tourism related services. He also has vast knowledge on the timber industry with extensive experience in timber extraction, saw milling and plywood productions. Besides these, he also has vast experience being primarily responsible for the operations and financial management of companies involved in manufacturing and quarry businesses. He has been the Managing Director of the Sanbumi Holdings Berhad and its subsidiary companies since 2001 and also sits on the Board of several other private limited companies.

Dato' Chua Tiong Moon does not hold any directorship in other public companies. He has no family relationship with any director and/or substantial shareholders of the Company. He has no conflict of interest with the Company and has no conviction for any offences within the past five (5) years other than traffic offences, if any.

PROFILE OF THE BOARD OF DIRECTORS

DATO' TAN KEAN TET

Executive Director
Male | Age : 57
Nationality : Malaysian

Dato' Tan Kean Tet is the visionary founder and chairman of Iconic Group Sdn Bhd ("Iconic") and its group of companies ("Iconic Group"), a property development group based in Penang.

Dato' Tan Kean Tet started his career in 1991 as a consultant with Penshrimp Sdn Bhd, an aquaculture company incorporated on 22 March 1991. Subsequently, he acquired Penshrimp Sdn Bhd and was appointed as the chairman and director of Penshrimp Sdn Bhd on 19 May 1993, a position which he held until January 2015. On 14 February 1997, 23 July 2002 and 22 August 2013, he incorporated Penshrimp Hatchery Sdn Bhd, Penshrimp Aquaculture Sdn Bhd and Penshrimp Fishery Sdn Bhd respectively, all of which are principally involved in breeding marine fishes for export.

After 20 years of experience in running his own aquaculture companies, he ventured into property development through the incorporation of Iconic in 2011 and subsequently expanded the business of Iconic into the hospitality sector in 2016. Since the incorporation of Iconic, he has led Iconic Group in completing property development projects worth approximately RM500 million in gross development value. Among the notable projects completed by Iconic Group are Icon City and Iconic Skies.

As the founder and chairman of Iconic Group, Dato' Tan Kean Tet is responsible for the overall management and strategic planning of Iconic Group corporate activities and projects. To date, he has accumulated more than eight (8) years of experience in property development as well as hotel development and management.

Dato' Tan Kean Tet does not hold any directorship in other public companies. He has no conviction for any offences within the past five (5) years other than traffic offences, if any.

Dato' Tan Kean Tet is the father of Tan Cho Chia, an Executive Director of the Company. He has no family relationship with other directors and/or substantial shareholders of the Company.

TAN CHO CHIA

Executive Director
Male | Age : 28
Nationality : Malaysian

Tan Cho Chia is currently the Executive Director of Sanbumi Holdings Berhad. He obtained his Bachelor Of Engineering (Honours) from University Of Manchester, United Kingdom in 2013 and completed his Master of Science in Civil Engineering with distinction from University College London, United Kingdom in 2014.

Tan Cho Chia began his career as a Project Manager in Iconic Development Sdn Bhd ("IDSB") in 2014. He was responsible for managing the construction activities of the various development projects undertaken by IDSB, where he had been involved from the design, construction and handover stages of these projects.

Tan Cho Chia has experience in the construction and development of various commercial, hotel and residential development projects mainly in Penang which include Icon City, Juru, Iconic Hotel and Iconic Skies.

In 2018, he was promoted to Project Director of IDSB. Currently, he is responsible in leading the development team to develop new property development projects in Pulau Pinang. Apart from this, he is also actively involved in the management of Iconic Hotel, a 4-Star hotel in Icon City, Penang.

Tan Cho Chia does not hold any directorship in other public companies. He has no conviction for any offences within the past five (5) years other than traffic offences, if any.

Tan Cho Chia is the son of Dato' Tan Kean Tet, an Executive Director and substantial shareholder of the Company. He has no family relationship with other directors and/or major shareholders of the Company.

PROFILE OF THE BOARD OF DIRECTORS

LIM THIAN LOONG

Independent Non-Executive Director
Male | Age : 55
Nationality : Malaysian

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

Lim Thian Loong has no family relationship with any director and/or substantial shareholders of the Company. He has no conflict of interest with the Company and has no conviction for any offences within the past five (5) years other than traffic offences, if any. Lim Thian Loong also sits on the Boards of Grand Central Enterprises Berhad, Eduspec Holdings Berhad and Hotel Grand Central Limited, a company listed on the Stock Exchange of Singapore.

LEOW CHAN KHIANG

Independent Non-Executive Director
Male | Age : 53
Nationality : Malaysian

Leow Chan Khiang is a Chartered Accountant and a member of the Malaysian Institute of Accountants ("MIA") and a Fellow member of the Association of Chartered Certified Accountants, United Kingdom ("FCCA"). He also holds a Master Degree in Business Administration from Northern University of Malaysia and a Bachelor Degree in Economics from University of Malaya.

Leow Chan Khiang began his career in 1991 as corporate banking executive in Hong Leong Bank Berhad and resigned in 1996 to join Malaysian International Merchant Bankers Berhad ("MIMB"). In MIMB, he was responsible for various corporate debts and fund raising exercises as well as general advisory works. In 2001, he resigned from his position as an assistant manager of MIMB and joined a local logistic company for a short stint of one year. In 2002, he joined CAB Cakaran Sdn. Bhd. as a director of corporate finance and subsequently in 2003 appointed to the board of CAB Cakaran Corporation Berhad ("CAB") as an executive director where he was responsible for corporate planning, accounting and tax as well as joint ventures matters. In 2007, he resigned from CAB and was subsequently appointed to the board of SLP Resources Berhad as a non-independent non-executive director.

Presently, he is a non-independent non-executive director of SLP Resources Berhad and an independent non-executive director of Ni Hsin Resources Berhad, Salutica Berhad and Tek Seng Holdings Berhad, all of which are listed on Bursa Malaysia Securities Berhad. He is also a director and shareholder of a few private limited companies involved in corporate and financial services, food and confectionery.

Leow Chan Khiang has no family relationship with any director and/or substantial shareholders of the Company. He has no conflict of interest with the Company and has no conviction for any offences within the past five (5) years other than traffic offences, if any.

PROFILE OF KEY SENIOR MANAGEMENT

DATO' CHUA TIONG MOON

Managing Director
Male | Age : 60
Nationality : Malaysian

Dato' Chua Tiong Moon was appointed as the Managing Director on 23 February 2001. His profile is presented on page 18.

DATO' TAN KEAN TET

Executive Director
Male | Age : 57
Nationality : Malaysian

Dato' Tan Kean Tet was appointed as Executive Director on 23 April 2019. His profile is presented on page 19.

TAN CHO CHIA

Executive Director
Male | Age : 28
Nationality : Malaysian

Tan Cho Chia was appointed as Executive Director on 1 March 2019. His profile is presented on page 19.

WOON YEAT POR

Project Director
Male | Age : 54
Nationality : Malaysian

Woon Yeat Por was appointed on 2 May 2019 and is currently the Project Director of Iconic Maison Sdn Bhd. He obtained his Bachelor of Science (Housing, Building & Planning) with Honours Degree from University of Science, Malaysia in 1990 and Master of Business Administration from the same University in 2006.

He is responsible for the planning, budgeting and execution of development projects for the Group and the company. He has 29 years of working experience in the construction and property development industry in the east coast and northern region of Malaysia.

He started his career as a site Quantity Surveyor in Ho Hup Construction Sdn Bhd in 1990, Mudajaya Construction Sdn Bhd in 1991 and Bridgecon Engineering Sdn Bhd in 1993. In his 5 years tenure with these companies he was involved in the North-South Interurban Expressway projects and a high rise residential project. He continued his career in the property division of Ban Hin Lee Group in 1995 before he joined Malvest Group in 1997 until 2015. He has vast experience in the development of various commercial, residential and hypermarket development projects in Penang as well as in Kelantan with Malvest Group.

He joined Iconic Development Sdn Bhd in 2015 as the General Manager and was responsible for the group's overall business operations. During his 3 years tenure there he had successfully led the team in completing the 4-star Iconic Hotel in 2016 and the Iconic Skies, a luxury condominium project in Relau, Penang in 2017.

He has no family relationship with any director and/or substantial shareholders of the Company. He has no conflict of interest with the Company and has no conviction for any offences within the past five (5) years other than traffic offences, if any.

PROFILE OF KEY SENIOR MANAGEMENT

SELVAKUMARAN P SATHASIVAM

Senior Manager, Finance and Administration
Male | Age : 50
Nationality : Malaysian

Selvakumaran P Sathasivam was appointed on 2 March 2000 and is currently the Senior Manager, Finance and Administration of Sanbumi Holdings Berhad. He has been with the company for the past 19 years and is responsible for preparing and reporting on the Group's financial and related matters as well as all non-financial related matters for purpose of submission to the management, regulatory authorities and other relevant or related authorities.

He started his career in finance in 1989 when he joined one of the big four audit firms as an audit assistant and worked his way to become an assistant audit manager before joining Sanbumi in the year 2000. During his tenure in the field of auditing, he gained vast exposure and experiences being involved in audits, tax, liquidation, special audits and investigations, the development and implementation of internal control systems and corporate advisory work. His portfolio of clients ranged from medium sized local trading and manufacturing companies to large multi-national manufacturing companies, public listed companies, finance companies, government agencies, property developers and stockbrokers.

He has no family relationship with any director and/ or substantial shareholders of the Company. He has no conflict of interest with the Company and has no conviction for any offences within the past five (5) years other than traffic offences, if any.

KEVIN CHEAH UI MUN

General Manager, Hotel
Male | Age : 43
Nationality : Malaysian

Kevin Cheah Ui Mun joined Iconic Hotel Management Sdn Bhd on 1 April 2019 and is currently the General Manager in charge of Iconic Hotel Penang. He brings more than 20 years of hospitality experience to the hotel which includes leadership positions with award-winning independent hotels and international chains such as Shangri-la International Hotels & Resorts and Millennium Hotels & Resorts. Additionally, he plays an active role in Penang travel industry by being the Exco member of Malaysia Association of Hotels (Penang Chapter).

He is a double Diploma graduate in Hotel & Travel Management from Reliance College. Having worked locally and abroad, he has extensive experience of driving revenues from both international and domestic markets while maintaining the high service level of hospitality.

He started his career with Penang Mutiara Resort (a member of Leading Hotels of the world) as Events Coordinator and worked his way up his career. His last posting was with G Hotel Penang as Executive Asst Manager and successfully positioning the hotel as the leading hotel in the region. He has also pre-opening experience and was responsible in the area of Sales & Marketing for G Hotel Kelawai, Penang.

He has no family relationship with any director and/ or substantial shareholders of the Company. He has no conflict of interest with the Company and has no conviction for any offences within the past five (5) years other than traffic offences, if any.

MANAGEMENT DISCUSSION AND ANALYSIS

Sanbumi Holdings Berhad ("SHB or Company") is principally engaged in the business of investment holding whereas the principal activities of its subsidiary companies are classified into 'Tourism Services' and 'Others'. The Tourism Services comprises of businesses involved in hospitality services, inbound and outbound tours and ticketing services as well as tourism-related retail outlets whereas Others comprises businesses involved in investment holding, property development and other trading and services, neither of which are of sufficient size to be reported separately.

During the Financial Year Ended 31 March 2019 ("FYE 2019") SHB, through its subsidiary companies ("SHB Group") shifted its focus by being involved in the property development business as part of the SHB Group's turnaround efforts. During the year SHB Group obtained the approved development order from the local council to commence works on a mixed development project located in Alma, Bukit Mertajam in the district of Seberang Perai Tengah, Penang. SHB Group had also submitted applications for a mixed development project to be developed in its piece of land located in Prai in the district of Seberang Perai Tengah, Penang. Nonetheless, SHB Group continued its efforts in reorganizing its tourism segment with a view to improve the prospects of its businesses. In this regards the SHB Group made efforts to expand its tourism business by venturing into the provision of hotel management services and as a result successfully secured the following:

On 1 April 2019, the Company announced that Iconic Hotel Management Sdn Bhd ("IHMSB") (formerly known as Nouvelle Hotel (Kulai) Sdn Bhd), a wholly-owned subsidiary of SHB, entered into a Hotel Management Agreement with Lucky 888 Sdn Bhd for the provision of hotel management services for Iconic Hotel for a period of one year at a total fee of RM3.6 million. The Iconic Hotel is a 15-storey, four-star Business Class Hotel with 195 rooms located at 71, Jalan Icon City, Icon City, 14000 Bukit Mertajam, Penang.

Moving forward, this contract is expected to provide a stable recurring revenue and additional income stream to SHB Group's existing tourism business. This will also provide IHMSB with an opportunity to leverage on the experiences and expertise of Dato' Tan Kean Tet and Tan Cho Chia, the Executive Directors of SHB, in the business of providing hotel management services in the future.

In addition to the above, SHB had on 2 April 2019, announced its intention to undertake a multiple proposal comprising the following:

(a) Proposed joint venture via the joint venture agreement between Iconic Maison Sdn Bhd (formerly known as Sanbumi Sawmill Sdn Bhd), a wholly-owned subsidiary of SHB, and Iconic Development Sdn Bhd ("IDSB") in relation to the mixed development project comprising 48 units of 3-storey semi-detached shopoffice, 1 unit of 3-storey detached shopoffice, a 4-storey 48 rooms budget hotel, and 3 units of 2-storey detached shop on a piece of freehold land held under Lot No. 458, Mukim 14, Daerah Seberang Perai Selatan, Pulau Pinang, held under Geran Mukim 85 to be named as Iconic Point;

(b) Proposed issuance of 57,324,840 new redeemable convertible preference shares ("RCPS") of SHB to IDSB pursuant to the terms and conditions of the Joint Venture Agreement;

(c) Proposed special issue of up to 74,703,000 new ordinary shares in SHB to independent third party investor(s) to be identified at an issue price to be determined at a later date; and

(d) Proposed amendments to the Constitution of SHB to facilitate the proposed issuance of the RCPS.

The estimated gross development value for Iconic Point project is RM127.81 million and it is expected to be completed in December 2021. The Proposed Joint Venture will provide the Company with a fasttrack opportunity to participate in the development of a prime land into an attractive development project in Simpang Ampat in the district of Seberang Perai Selatan, Penang.

MANAGEMENT DISCUSSION AND ANALYSIS

After taking into consideration the strategic location of Iconic Point which is within the Simpang Ampat township, a prime location with connectivity to key major highways, commercial centers, banks, hotels, amenities and historical sites, Iconic Point would be able to cater to the anticipated demand for commercial properties within the prime Simpang Ampat township.

Once completed, Iconic Point is expected to become one of the key commercial center and landmark in the Simpang Ampat township area. In recent years, property development projects in the Simpang Ampat and Batu Kawan have received strong interest from investors. Further to the south-west of Iconic Point is the third satellite township of Penang known as Batu Kawan. Prominent landmarks in the vicinity include the Batu Kawan Penang State Stadium, Sekolah Kebangsaan Bukit Tambun, Vortex Business Park (Phase 1), Sekolah Rendah Jenis Kebangsaan (Cina) Keng Koon, Bukit Tambun Police Station, Batu Kawan Industrial Park, Premium Shopping Outlets and the newly opened IKEA Store.

On 2 May 2019, the company also announced the Proposed Change of Name from "Sanbumi Holdings Berhad" to "Iconic Worldwide Berhad", which is subject to the approval of the shareholders of the Company at the Extraordinary General Meeting to be convened at a date to be announced later. The Proposed Change of Name is expected to better represent the Company's future business direction.

BUSINESS OVERVIEW AND GROUP FINANCIAL PERFORMANCE

The tourism business segment remained as the core business segment of SHB Group throughout FYE2019. The tourism business segment of SHB Group had been, since its inception, almost entirely designed and structured to specifically cater for inbound tourists from China. Since FYE2018, SHB Group had embarked into an internal rationalization exercise of its Tourism Segment with a view to streamline and improve the financial performances of the companies under this segment. While such efforts led to a more efficient and leaner operating structure, as expected the segment's overall capacity to handle tourist arrivals experienced a decline by approximately 54.1% in the FYE2019 as compared to FYE2018.

For the FYE2019 the SHB Group recorded a revenue of approximately RM20.0 million or 58.4% lower than the approximate RM48.1 million reported in FYE2018. The decline in revenue was among others a major contributor to the loss after tax of approximately RM16.1 million recorded by SHB Group for FYE2019 as compared to the approximate RM4.9 million loss after tax recorded a year ago. FYE2019 continued to be a challenging year for the SHB Group as its core tourism business was exposed to the impact of the ongoing internal rationalization exercise and the immense pressure from competition within the industry despite reports of increase in the number of Chinese tourist arrivals to Malaysia. During FYE2019 it was reported that the number of Chinese tourist arrivals to Malaysia increased from approximately 2.3 million visitors in 2017 to almost 2.9 million in 2018.

OPERATIONS REVIEW

The 'Tourism Services' segment, being the core business segment for SHB Group, contributed 97.2% (2018: 99.0%) of the total revenue with the 'Others' segment providing the remainder 2.8% (2018: 1.0%) for the FYE2019. The Tourism Services segment registered a total revenue of approximately RM19.5 million or a 59.1% lower than the approximate RM47.7 million reported a year ago. The drop in revenue was mainly attributed by the decline in the volume of tourist arrivals registered by the SHB Group. The ongoing internal rationalization exercise consolidated the tourism operations structure to be more efficient and leaner but along the way resulted in the discontinuance and/or merger of certain business operations. As anticipated this led to the drop in the tourist arrivals registered by the SHB Group from 254,982 persons in FYE2018 to 116,910 persons in FYE2019.

The Tourism Services segment registered a pre-tax loss of RM8.9 million (2018: RM3.8 million) whereas the Others segment registered a pre-tax loss of RM7.1 million (2018: RM1.0 million) for FYE2019. The higher pre-tax losses in the Tourism Services segment was directly attributable to the significant decline in revenue whereas the higher pre-tax losses in the Others segment was mainly attributed by the impact of the write down on the development cost amounting to RM6.8 million.

MANAGEMENT DISCUSSION AND ANALYSIS

MOVING FORWARD

The SHB Group has over the years weathered the storm and endured the challenges in the global and domestic economic landscape that had resulted in adverse impact on the business prospects and the financial performances of its core tourism business segment. The SHB Group is optimistic that upon completion of the internal rationalization exercise, the tourism business segment will be placed on a better footing and be able to contribute positively towards improving the future financial performances of the SHB Group.

With the new prospects through the proposed joint venture project, SHB Group hopes that venture into the property development business and the recognition of the benefits and gains arising therefrom would be much earlier than anticipated moving forward. Nonetheless the SHB Group will continue to monitor closely all indicators/sentiments in the property market to ensure that the progress of SHB Group's ventures into the property development business is aligned with the market demands and is secured in the best interest of its investors.

SHB Group hopes that efforts put in the drive towards diversifying and venturing into the property development and investment business will provide a new platform for revenue generation in the near future and help reduce or eliminate the risks of high dependence on the Tourism Services business segment.

The Board is upbeat on Dato' Tan Kean Tet coming onboard as a new Director and substantial shareholder of the Company as the SHB Group will be able to leverage on his experiences in the property development and hospitality sectors. The Board believes that with his guidance SHB Group will be able to aggressively venture into the property development as well as hospitality business and accelerate its turnaround prospects.

SUSTAINABILITY REPORT

1. INTRODUCTION

This Sustainability Report has been prepared in accordance with the Practice Note 9 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") using the Bursa Malaysia Sustainability Reporting Guide 2015.

The report focuses on the Group's sustainability initiatives for the period of 1st April 2018 to 31st March 2019 and covers the most active subsidiaries listed below:-

- Iconic Hotel Management Sdn Bhd (formerly known as Nouvelle Hotel (Kulai) Sdn Bhd)
- Tropiks Products Sdn Bhd

2. SCOPE AND APPROACH

The following was conducted to develop the Group's Sustainability Report:-

a. To conduct a materiality assessment workshop with the key personnel to obtain an assessment of their materiality factors relevant to the business today via discussions and survey sessions.
b. To conduct interviews with relevant key personnel to further understand the current sustainability initiatives.
c. To obtain relevant information for the sustainability initiatives taken.

Period of review: April 2018 to March 2019 (Financial Year Ended ("FYE") 31st March 2019)

3. MANAGING SUSTAINABILITY

The Group ensures that sustainability values are created economically, environmentally and socially by emphasising their core principles throughout the organisation.

Vision
To commit to continuous sustainable growth economically, environmentally and socially to provide value to all stakeholders.

Mission
To integrate sustainable practices in daily business operations to continuously create value for all stakeholders.

Sustainability Strategy and Core Focus Areas

- ***Governance***
  - To ensure responsible business practices and continuous adherence to the relevant rules and regulations.

- ***Economic***
  - To ensure that the business model prioritises sustainability and add value to stakeholders apart from optimising returns.

SUSTAINABILITY REPORT

3. MANAGING SUSTAINABILITY (CONT'D)

Sustainability Strategy and Core Focus Areas (Cont'd)

- ***Environment***
  - To ensure business decisions minimise negative environmental impact apart from preserving sustainability.

- ***Social***
  - To ensure that social engagements by the Group are diverse, fair and free from discrimination.

4. SUSTAINABILITY GOVERNANCE

The Group demonstrates its commitment to ensure sustainable practices by having proper oversight by the BOD and they are assisted by the Sustainability Committee ("SC"), whose duties and responsibilities are outlined in their respective Terms of Reference.

Where required, the BOD and SC will discuss highlights of the sustainability matters to ensure that the goals are met through effective implementation and monitoring.

*(Please refer to **page 35** for the Sustainability Committee Terms of Reference)*

Standard Operating Procedures
The Group has established key standard operating procedures to govern daily processes and encourage best management practices in its operations.

Risk Management
The Group reviews the risks that are significant to the key operations and take necessary on-going actions to mitigate the risks in its Risk Register.

Between the review period, the Group has assessed and prioritised 7 risks under the 'High' category and 4 under the 'Moderate' category with on-going mitigation action plans.

Whistleblowing Management
The Group has in place a Whistleblowing Policy that outline the procedures and appropriate whistleblowing channels.

Between the review period, there were no whistleblowing incidents reported through the available channels to the Group.

Other Committees
Apart from the BOD and SC, the Group has various committees in place to ensure proper oversight and the existence of an effective control environment:-

- Audit Committee.
- Nomination Committee.
- Remuneration Committee.

The committees above have also undertaken their duties with respect to their terms of reference.

SUSTAINABILITY REPORT

5. STAKEHOLDER ENGAGEMENT

The Group aims to maintain a balanced level of communication with internal and external stakeholders to ensure effectiveness to the organisation.

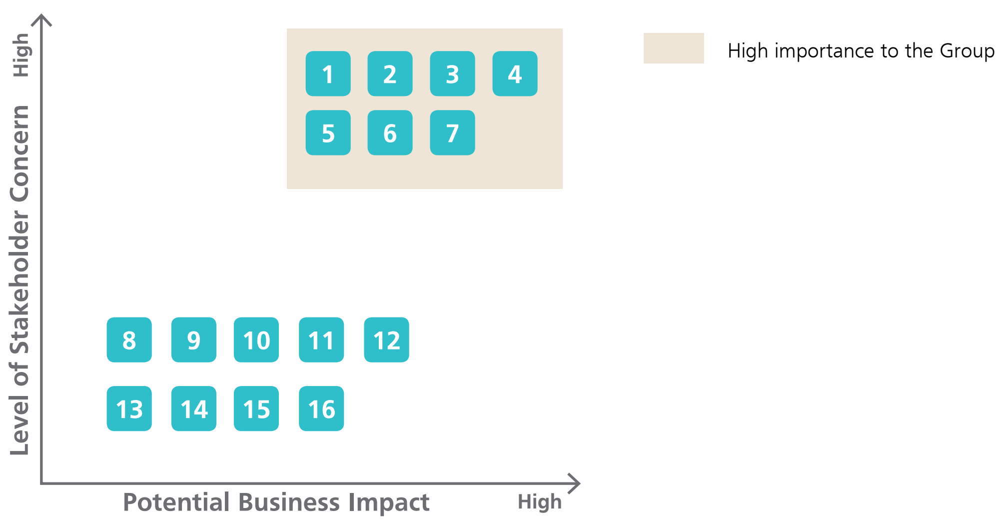
The key stakeholders and the relevant methods of engagement are listed below:-

Stakeholders	Methods of Engagement
Regulatory Agencies & Statutory Bodies	• Continuously be up-to-date with regulations to ensure continuous compliance. • Connect with regulators as and when required.
Customers / Guests	• Feedback to management. • Regular visits to key entities to ensure standards are maintained. • Updates via Group website.
Employees	• Periodic internal meetings / reviews to discuss performance / career development. • Briefing / orientation for new staff. • Training and development.
Investors	• Communication via Annual General Meetings. • Updates via Group website. • Press releases.
Suppliers	• Fair and transparent procurement process in accordance to established policies and procedures.
Communities	• Corporate social investments with charitable organisations.

6. MATERIALITY ASSESSMENT

A materiality assessment was conducted to ensure that material sustainable matters from an Economic, Environment, Social and Governance ("EESG") perspective were identified and prioritised to ensure key initiatives are taken in line with the direction of the Group.

The results of the materiality assessment are as below:-



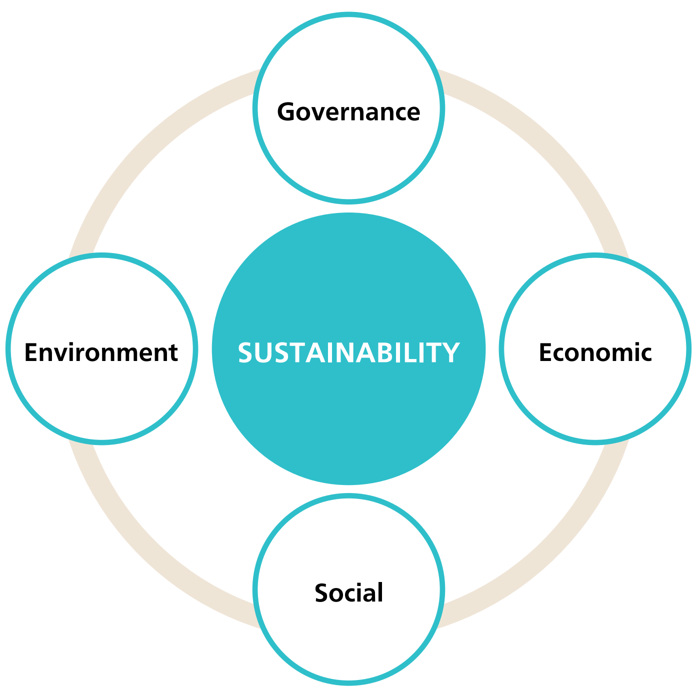
SUSTAINABILITY REPORT

6. MATERIALITY ASSESSMENT (CONT'D)

No	Material EESG matters
1	ENERGY
2	WATER
3	PROCUREMENT PRACTICES
4	OCCUPATIONAL SAFETY & HEALTH
5	DIVERSITY
6	LABOUR PRACTICES
7	COMMUNITY INVESTMENT
8	WASTE & EFFLUENT
9	HUMAN RIGHTS
10	COMPLIANCE (SOCIAL)
11	INDIRECT ECONOMIC IMPACT
12	PRODUCT & SERVICES RESPONSIBILITY (SOCIAL)
13	EMISSIONS
14	ANTI-CORRUPTION
15	ANTI-COMPETITIVE BEHAVIOUR
16	SUPPLY CHAIN (SOCIAL)

7. SUSTAINABILITY PILLARS

To align with the sustainability strategy for the Group, the following pillars are established:-



SUSTAINABILITY REPORT

8. ECONOMIC SUSTAINABILITY

Financial Performance
The table below shows the comparison of the Group's overall financial performance:-

Item	FYE 31st March 2018	FYE 31st March 2019*
Revenue (RM '000)	48,149	20,029
Loss Before Tax (RM '000)	(4,576)	(16,200)
Loss Per Share (Sen)	(2.18)	(6.93)

The Group currently focuses on the tourism services sector. Future plans for the Group as part of its strategy to diversify its operations into the property development sector, amongst others include the following:-

- Subsidiary Iconic Hotel Management Sdn Bhd (formerly known as Nouvelle Hotel (Kulai) Sdn Bhd) to provide services via a Hotel Management Agreement with a Penang-based hotel for stable recurring revenue and additional income stream to the Group.
- Joint venture under subsidiary Iconic Maison Sdn Bhd (formerly known as Sanbumi Sawmill Sdn Bhd) for a mixed development project in Penang.

The Group expects the overall financial position to be more favourable with its new direction towards the property development sector.

Procurement / Supply Chain Management
The Group emphasises on establishing the best practices when engaging with the relevant stakeholders across the supply chain by establishing ethical and transparent practices when dealing with suppliers to obtain maximum benefit.

The suppliers that are engaged with the Group and its subsidiaries go through a thorough evaluation process in accordance to the established standard operating procedures to ensure fairness and transparency.

To date, 95% of the suppliers engaged and transacted with the Group are locally based as an effort to support the home-grown economy.

9. ENVIRONMENT SUSTAINABILITY

Energy Management
The table below shows the energy consumption for the FYE 2018 and 2019 respectively:-

Subsidiary	TOTAL ENERGY CONSUMPTION (kwh)		% Increase / (reduction) in usage
	FYE 31st March 2018	FYE 31st March 2019	
Iconic Hotel Management Sdn Bhd (formerly known as Nouvelle Hotel (Kulai) Sdn Bhd)	389,450	297,306	(23.67)
Tropiks Products Sdn Bhd	31,136	33,390	7.24

Some of the initiatives taken by the active subsidiaries to reduce energy consumption includes turning off lights in unoccupied spaces and providing reminders to customers / guests to switch off lights when not in use through signages.

SUSTAINABILITY REPORT

9. ENVIRONMENT SUSTAINABILITY (CONT'D)

Energy Management (Cont'd)
Moving forward, the Group will strive to enhance their energy conservation initiatives for all active subsidiaries to be in line with their sustainability strategy with the proposed initiatives below:-

- Installation of energy-efficient lightbulbs.
- Installation of energy / solar panels.
- Upkeep of equipment to ensure efficient operations / Re-furbishment of air-conditioners.

Water Management
The table below shows the water consumption for the FYE 31st March 2018 and 2019 respectively:-

Property	TOTAL WATER CONSUMPTION (m3)		% Increase / (reduction) in usage
	FYE 31st March 2018	FYE 31st March 2019	
Iconic Hotel Management Sdn Bhd (formerly known as Nouvelle Hotel (Kulai) Sdn Bhd)	5,695	2,689	(52.78)
Tropiks Products Sdn Bhd.	2,403	2,246	(6.53)

To ensure adequate water management for the active subsidiaries, the Group performs regular checks to replace leaking tanks and pipes. Moving forward, the Group intends to explore the following initiatives:-

- Reduction in periodic maintenance of swimming pools with substitution of enhanced chemical use.
- Use of recycled water from the air-conditioning chiller plant to the hot water system for domestic consumption.
- Explore the rainwater harvesting system.

Waste Management
The Group is currently exploring ways to improve their waste management practices and reduce waste disposal costs.

This includes engaging with a licensed contractor for proper disposal of waste and cleaning of grease traps. Moving forward, the Group intends to explore recycling initiatives to reduce waste at the Group level.

10. SOCIAL SUSTAINABILITY

Employee Profile
The Group strives for a culture that respects and balances the diversity of our employees to create equal opportunities for all employees regardless of the demographic status.

To date, the breakdown of employees for the Group is as follows:-

Executive	Non-Executive	Total
11	21	**32**

Employee Training
The Group emphasises on personal development to all levels of employees to enhance individual knowledge base. During the financial year, various trainings were held such as Board Effectiveness to trainings for ground employees; i.e. Food Handlers Course and Grooming Standards. In the future, the Group intends to explore possibilities of management trainings.

SUSTAINABILITY REPORT

10. SOCIAL SUSTAINABILITY (CONT'D)

Employee Turnover Rate
The Group strives to maintain a reasonable turnover rate by keeping the employees contented at all times.

Employee Welfare & Rights
The Group ensures that employee satisfaction is maintained physically and mentally by providing the minimum provisions of monetary allowances, healthcare benefits, insurance coverage, medical compensations and leave / travel allowances. Throughout the year, team-building activities are held, ranging from 'gotong-royong' excursions to sports activities to sustain staff morale.

Gotong-royong excursion

Badminton Day at Jesselball Sports Centre

Ultimately, the Group abides by a Code of Conduct to ensure that the behaviour and mindsets of the employees are aligned and properly guided.

Occupational Health & Safety
The Group has in place an Emergency Response Team to manage and handle emergency crisis at the active subsidiaries to ensure that a safe environment is present for the employees. To date, the Group is proud to be in a 'Zero Accident' environment.

SUSTAINABILITY REPORT

10. SOCIAL SUSTAINABILITY (CONT'D)

Guest / Customer Management

Security measures such as closed-circuit television ("CCTV"), designated security guards are in place around the premises of the active subsidiaries to create a safe environment for hotel guests and customers.

Corporate Social Responsibility

Throughout the financial year, the Group has also given back to the social community as stated below:-

- Monetary contribution to assist in funding a heart operation for a 6-year old girl.

- Monetary donation to SK Sungai Nibong for maintenance and upkeep of furniture.

SUSTAINABILITY REPORT

10. SOCIAL SUSTAINABILITY (CONT'D)

Corporate Social Responsibility (Cont'd)

- Charity visit to the Salvation Army Children's Home.

SUSTAINABILITY REPORT

SUSTAINABILITY COMMITTEE TERMS OF REFERENCE

PURPOSE

The objective of the Sustainability Committee is to:-

- Establish, monitor, manage and coordinate the sustainable strategy of the Group.
- Develop and increase stakeholder awareness of the need and benefit of sustainable behaviour and initiates change and continuous improvements.
- Identify and assess together with the top management, the significant economic, environmental and social matters to ensure the Group remain as a leading responsible company in the industry.
- Provide suitable steps and appropriate information and controls to identify economic, environment and social risk to ensure the business operations of the Group is conducted in responsible manner.

COMPOSITION

The Sustainability Committee should comprise of a minimum of two Directors.

MEETINGS

The Committee shall meet at least twice a year.

Additional meetings shall be scheduled where deemed necessary by the Committee or acting Chairperson. The Committee may establish any procedures from time to time to govern its meetings, keeping of minutes and its administration.

The agenda for each meeting shall be circulated at least five days before each meeting to the Committee members and all those who are required to attend the meeting. Written materials including information requested by the Committee from management shall be received together with the agenda for the meetings.

DUTIES

The duties of the Sustainability Committee are as follows:-

- To manage sustainability matters for the Group.
- To review and approve the sustainability strategy and direction of the Group.
- To oversee management and advise the Board regarding sustainability matters.
- To review and evaluate the effectiveness and competence of the sustainability strategy.
- To review the sustainability report prior to the approval from the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors is committed to maintain high standards of corporate governance and strives to ensure that it is practised throughout the Company and its subsidiaries ("the Group") as a fundamental part of discharging its responsibilities in order to protect and enhance shareholders' value and raise the performance of the Group.

COMPLIANCE WITH THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2017

In this Statement, the Board reports on the manner the Group has adopted and applied the principles and best practices as set out in the Malaysian Code on Corporate Governance 2017 ("the Code") and the governance standards prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") throughout the year under review. This Statement is to be read together with the CG Report 2019 of the Company which is available on the Company's website at **www.sanbumi.com.my**.

PRINCIPLE A - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

I. BOARD RESPONSIBILITIES

The Company is led and managed by an experienced Board, comprising members who have a wide range of experience in fields such as management, finance, construction and engineering to successfully direct and supervise the Group's business activities. A brief profile of each Director is presented on pages 18 and 20 of the Annual Report.

The Board will continue to retain full and effective control of the Group. This includes responsibility for reviewing and adopting a strategic plan for the Company and overseeing the conduct of the Company's business.

Key decisions relating to acquisitions and disposals, material agreements, major capital expenditure, budgets, long term plans and succession planning for top management is the prerogative of the Board.

The Board delegates the responsibility of implementing the Group's strategies, business plans, policies and decisions to the Management which is led by the Group Managing Director.

The Board will always act in the best interests of the Company and has a duty of confidentiality in relation to the Company's confidential information.

The Board has three Board Committees namely the Nomination Committee, the Audit Committee and the Remuneration Committee, to assist the Board and each committee is governed by their Terms of Reference.

The roles of the Chairman and Group Managing Director are distinct and separated to ensure a balance of power and authority.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

I. BOARD RESPONSIBILITIES (CONT'D)

The Chairman is responsible for the overall leadership and efficient functioning of the Board. The key roles of the Chairman, amongst others, are as follows:-

(i) ensure that the Board functions effectively, cohesively and independently of Management;

(ii) leading the Board in establishing and monitoring good corporate governance practices in the Company and Group;

(iii) leading the Board, including presiding over Board meetings and Company meetings and directing Board discussions to effectively address the critical issues facing the Company, in addition to encouraging active participation from Board members;

(iv) promoting constructive and respectful relationship between board members and between board members and management; and

(v) ensure that there are effective communication between the Company and/or Group and its shareholders and relevant stakeholders.

The Group Managing Director is responsible to the Board for the day-to-day management of the Group. The Board gives direction and exercises judgement in setting the Company's objectives and overseeing their implementation. The key roles of the Group Managing Director, amongst others, are as follows:-

(i) developing the strategic direction of the Group;

(ii) ensure that the Company and/or the Group's business is properly and efficiently managed by ensuring that the executive team implements the policies and strategies adopted by the Board and its Committees;

(iii) ensuring an effective management team below the level of the Managing Director and to develop an active succession plan;

(iv) ensure that the objectives and standards of performance are understood by the Management and employees;

(v) ensure that the operational planning and control systems are in place;

(vi) monitoring performance results against plans; and

(vii) taking remedial action, where necessary.

The Group Managing Director also provides assistance whenever appropriate and works with the Board and the Board Committees in discharging their duties. He will report on the performance and activities of the Group for the period under review, including explanations when there are changes or significant fluctuations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

I. BOARD RESPONSIBILITIES (CONT'D)

The Company is supported by two (2) qualified Company Secretaries who possess the requisite qualification and are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016. They play a supportive role by ensuring adherence to the Company's Constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations from time to time. The Company Secretaries monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations.

The Company has in place a Board Charter that sets out, among others, the responsibilities, authorities, procedures, evaluations and structures of the Board and Board Committees, as well as the relationship between the Board with its management and shareholders. The Board Charter is reviewed by the Board, with Nomination Committee's recommendation, annually and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.

The Board Charter is made available for reference in the Company's website at **www.sanbumi.com.my**.

The Board Charter was last reviewed on 22 February 2019.

The Directors are expected to conduct themselves with the highest ethical standards. All Directors and employees of the Company are expected to behave ethically and professionally at all times and thereby protect and promote the reputation and performance of the Company.

The Code of Ethics was adopted by the Board on 2 July 2018 and is made available for reference on the Company's website, **www.sanbumi.com.my**.

During the financial year ended 31 March 2019, six (6) Board Meetings were held. The attendance record of each Director is as follows:-

Board of Directors' Meeting		May 2018	Jul 2018	Aug 2018	Oct 2018	Nov 2018	Feb 2019		
Directors	**Position**	**Attendance**						**Total**	**%**
Dato' Ir. Zainurin bin Karman	Chairman	•	•	x	•	•	•	5/6	83
Dato' Chua Tiong Moon	Managing Director	•	•	•	•	•	•	6/6	100
Tan Cho Chia (Appointed on 9 January 2019)	Executive Director	-	-	-	-	-	•	1/1	100
Lim Thian Loong	Director	•	•	•	•	•	•	6/6	100
Lee See Hong (Resigned on 18 March 2019)	Director	•	•	•	x	•	•	5/6	83
Chu Yoke Loong (Resigned on 31 January 2019)	Executive Director	•	•	•	•	•	-	5/5	100
Datuk Wira Rahadian Mahmud bin Mohammad Khalil (Resigned on 25 February 2019)	Director	x	•	•	x	•	•	4/6	67
Leow Chan Khiang (Appointed on 15 March 2019)	Director	-	-	-	-	-	-	n/a	n/a

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

I. BOARD RESPONSIBILITIES (CONT'D)

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

During the financial year ended 31 March 2019, the Board has undertaken an assessment of the training needs of each director. The trainings that the Directors have attended for the financial year are as follows:-

Dato' Chua Tiong Moon	
• Board Evaluation and Board Effectiveness Assessment - Moving the Performance Paradigm	27 August 2018
Datuk Wira Rahadian Mahmud bin Mohammad Khalil	
• Board Evaluation and Board Effectiveness Assessment - Moving the Performance Paradigm	27 August 2018
Dato' Ir. Zainurin bin Karman	
• Board Evaluation and Board Effectiveness Assessment - Moving the Performance Paradigm	27 August 2018
Lim Thian Loong	
• Board Evaluation and Board Effectiveness Assessment - Moving the Performance Paradigm	27 August 2018
• 2019 Budget Proposals and Tax Updates	4 December 2018
• ACRA-SGX-SID Audit Committee Seminar 2019	16 January 2019
Lee See Hong	
• Board Evaluation and Board Effectiveness Assessment - Moving the Performance Paradigm	27 August 2018
Chu Yoke Loong	
• Board Evaluation and Board Effectiveness Assessment - Moving the Performance Paradigm	27 August 2018
Tan Cho Chia	
• Mandatory Accreditation Programme	26-27 February 2019
• LHDNM-MEP Seminar 2019 - Voluntary Disclosure: What Taxpayers Should Know	27 March 2019
Leow Chan Khiang	
• Understanding the Tax Landscape in Malaysia	3 August 2018
• GST Abolishment and SST Implementation	24 September 2018
• KPMG Penang Tax Summit 2018	22 November 2018
• The New Malaysian Code on Corporate Governance	29 November 2018

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

II. BOARD COMPOSITION

As at 31 March 2019, the Board comprised five (5) members, one (1) Independent Non-Executive Chairman, two (2) Executive Directors and two (2) Independent Non-Executive Directors. The composition of the Board complies with paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. In view of their diversified background and extensive experience, they bring a wide range of technical skills and expertise to the Group and have contributed significantly towards performance monitoring, control as well as governance.

All directors of the Company do not hold more than 5 directorships in listed companies as required under paragraph 15.06 of the Main Market Listing Requirements.

The Board believes that the current composition is appropriate given the collective skills and experiences of the Directors and the Group's current size and nature of business. The Board will continue to monitor and review the Board's size and composition as may be needed. If there is a need to appoint additional Board member, the Company will consider utilizing the pool of directors from independent sources.

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

If the Board intends to retain an independent director beyond nine (9) years, it should justify and seek annual shareholders' approval.

If the Board continues to retain the independent director after the twelfth (12) year, the Board should seek annual shareholders' approval through a two-tier voting process.

Presently, there is an Independent Director of the Company, namely Dato' Ir. Zainurin bin Karman whose tenure has exceeded a cumulative term of twelve (12) years and another Independent Director of the Company, namely Mr Lim Thian Loong who has served as an Independent Non-Executive Director since 8 December 2010, will reach the nine (9) year term limit on 7 December 2019.

Letters of support from the Managing Director recommending Dato' Ir. Zainurin bin Karman and Mr Lim Thian Loong who have served on the Board as Independent Non-Executive Directors of the Company to be retained as Independent Non-Executive Directors of the Company were tabled at the Nomination Committee Meeting held on 30 May 2019. The Nomination Committee members reviewed the letters of support and were satisfied that Dato' Ir. Zainurin bin Karman and Mr Lim Thian Loong still maintain independency despite their extended long services to the Company and recommended to the Board to seek for shareholders' approval at the Annual General Meeting to be held on 23 September 2019.

As recommended by the MCCG, the Board has recommended Dato' Ir. Zainurin bin Karman who has served as an Independent Non-Executive Director for a cumulative term of more than 12 years, to continue to act as an Independent Non-Executive Director of the Company subject to the shareholders' approval through a two-tier voting process at the Fiftieth Annual General Meeting of the Company to be held on 23 September 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

II. BOARD COMPOSITION (CONT'D)

The Group does not practise discrimination on any form of gender, ethnicity and age group as the Group is an equal opportunity employer and all appointments and employments are based strictly on merits and suitability. The Board does not have any target or measure to meet the 30% women directors. The Board is supportive of the gender boardroom diversity recommended by the Code and will strive towards introducing more female Board members when it reviews its board composition.

The Boardroom Diversity Policy is made available for reference in the Company's website at **www.sanbumi.com.my**.

The age and gender diversity of the Board as at the end of the financial year are as follows:-

The Board through the Nomination Committee periodically reviews the required mix of skills and experience and other qualities, including core competencies that Non-Executive Directors should bring to the Board. The Nomination Committee will carry out its duties and responsibilities as set out in its Terms of Reference which can be viewed on the Company's website. The Nomination Committee will convene its meeting at least once a year and they may invite other Board members, officers of the Company, employees and any other external parties to attend meetings or part thereof as and when necessary. Through its Chairman, the Nomination Committee reports to the Board on matters discussed at the next Board of Directors' Meeting after each meeting. The Company Secretary is the Secretary to the Nomination Committee.

The re-election of the Board is also done in accordance with the Company's Articles of Association whereby one-third (1/3) of the Directors for the time being or, if their number is not a multiple of three (3), the number nearest to one-third (1/3) with minimum of one (1), shall retire from office and an election of Directors shall take place. The Articles further provide that each Director shall retire once in every three (3) years but shall be eligible for re-election.

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

II. BOARD COMPOSITION (CONT'D)

The Nomination Committee is also responsible for recommending to the Board those Directors who are eligible to stand for re-election/re-appointment. During the year the Nomination Committee assessed and was satisfied and made recommendations to the Board for the re-election of four (4) directors, namely Mr Lim Thian Loong, Mr Tan Cho Chia, Dato' Tan Kean Tet and Mr Leow Chan Khiang who are due to retire but shall be eligible for re-election at the forthcoming AGM to be held on 23 September 2019.

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

(1) reviewed its terms of reference;
(2) reviewed the structure, size and composition of the Board and made recommendation to the Board as regards any changes that may, in their view, be beneficial to the Company;
(3) reviewed the required mix of skills, experience and core competencies which Non-Executive Directors bring to the Board;
(4) implemented a process, assessed the effectiveness of the Board as a whole, committees of the Board and the contribution of individual directors;
(5) recommended to the Board the re-election of those directors who retire by rotation at the forthcoming AGM;
(6) recommended to the Board the appointment of Directors;
(7) reviewed and recommended to the Board to seek shareholders' approval at the forthcoming AGM for Directors who served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to be Independent Non-Executive Directors;
(8) assessed the independence of each of the existing Independent Directors with each director abstaining from deliberation on his own assessment; and
(9) reviewed the terms of office and performance of the Audit Committee and each of its members.

During the financial year ended 31 March 2019, the Nomination Committee had three (3) meetings:

Nomination Committee Meeting		May 2018	Nov 2018	Feb 2019		
Directors	**Position**	**Attendance**			**Total**	**%**
Dato' Ir. Zainurin bin Karman	Chairman	•	•	•	3/3	100
Lim Thian Loong	Member	•	•	•	3/3	100
Lee See Hong (Resigned on 18 March 2019)	Member	•	•	•	3/3	100

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

II. BOARD COMPOSITION (CONT'D)

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

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

Each independent director completed his/her own Independent Director checklist and the Nomination Committee carried out the independence assessment of the Independent Directors at its meeting on 30 May 2019. Each independent director abstained from deliberation on his/her own assessment. The Nomination Committee was satisfied that the Independent Directors still maintain their independence.

The Nomination Committee has based on the guidelines set out in the Listing Requirements to assess the independence of candidate for directorship and existing directors. The Directors are also required to confirm their independence by completing the independence checklist on an annual basis.

The Nomination Committee last reviewed its Terms of Reference on 22 February 2019.

III. REMUNERATION

The Remuneration Committee, comprises only independent directors, will recommend to the Board the remuneration packages of the Executive Directors to ensure that the Company attracts and retains directors needed to run the Company. The Remuneration Committee is responsible for recommending to the Board the policy framework on terms of employment and on all elements of the remuneration of Executive Directors.

During the financial year ended 31 March 2019, the Remuneration Committee had one (1) meeting:

Remuneration Committee Meeting		Feb 2019		
Directors	**Position**	**Attendance**	**Total**	**%**
Dato' Ir. Zainurin bin Karman	Chairman	•	1/1	100
Lim Thian Loong	Member	•	1/1	100
Lee See Hong (Resigned on 18 March 2019)	Member	•	1/1	100

The Directors' fees and emoluments are subject to endorsement of the Board and approval of the shareholders. Directors who are shareholders will abstain from voting at general meetings to approve their fees. Executive Directors also will not be involved in deciding their own remuneration.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

III. REMUNERATION (CONT'D)

Details of the Directors' Remuneration for the financial year ended 31 March 2019 in Sanbumi Group are as follows:-

	ZK	CTM	RMK	LTL	CYL	LSH	TCC	LCK
Director's Fees	36,000	36,000	32,423	36,000	30,000	34,731	8,308	1,615
Salaries	-	300,000	-	-	150,000	-	20,000	-
Other emoluments	-	52,255	-	-	19,046	-	2,609	-
Bonus	-	-	-	-	-	-	-	-
Benefit-In-Kind	-	-	-	-	-	-	-	-
Total	**36,000**	**388,255**	**32,423**	**36,000**	**199,046**	**34,731**	**30,917**	**1,615**

Band (RM)	Company		Group	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
RM50,000 and below	1	5	1	5
RM50,001 - RM100,000	-	-	-	-
RM100,001 - RM150,000	-	-	-	-
RM150,001 - RM200,000	1	-	-	-
RM200,001 - RM250,000	-	-	-	-
RM250,001 - RM300,000	-	-	1	-
RM300,001 - RM350,000	-	-	-	-
RM350,001 - RM400,000	1	-	1	-
RM400,001 - RM450,000	-	-	-	-
Total	3	5	3	5

Note:

ZK - Dato' Ir. Zainurin bin Karman
CTM - Dato' Chua Tiong Moon
RMK - Datuk Wira Rahadian Mahmud bin Mohammad Khalil (Resigned on 25 February 2019)
LTL - Lim Thian Loong
CYL - Chu Yoke Loong (Resigned on 31 January 2019)
LSH - Lee See Hong (Resigned on 18 March 2019)
TCC - Tan Cho Chia (Appointed on 9 January 2019)
LCK - Leow Chan Khiang (Appointed on 15 March 2019)

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

III. REMUNERATION (CONT'D)

Remuneration of Senior Management

The Company has three (3) Senior Management staff. Details of remuneration received by the Senior Management on named basis are not disclosed in this report.

The Company has seriously considered but had chosen to depart from Practices 7.2 and 7.3 of the MCCG 2017 to avoid any adverse effects, including dissatisfaction and animosity among employees in the event the Company disclosed the details on salaries, bonuses, benefit-in-kind and other emoluments of Senior Management on named basis.

The aggregate remuneration paid to the staff including the Senior Management are disclosed in Note 25 to the Financial Statements.

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

The Audit Committee comprises three (3) Independent Directors. The Chairman of the Audit Committee is not the Chairman of the Board. The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee. The Audit Committee has assessed the suitability, objectivity and independence of the external auditors. The Company adopted the External Auditors Assessment Policy on 2 July 2018 and the Policy is available at the Company's website.

During the financial year, the amount of audit fee and non-audit fee paid to the External Auditors by the Company and the Group for the financial year ended 31 March 2019 were as follows:-

	Group (RM)	Company (RM)
Audit Fees	188,000	55,000
Non-Audit Fees	5,000	5,000

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Group's internal audit function is outsourced to a professional services firm, IBDC (Malaysia) Sdn. Bhd. to assist the Board and Audit Committee in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control systems.

The risk management framework and internal audit function are disclosed under the Statement of Risk Management and Internal Control on pages 54 to 55 of this Annual Report.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

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

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

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

Dato' Ir. Zainurin bin Karman	:	Senior Independent Non-Executive Director
Telephone number	:	04-390 3699
Facsimile number	:	04-390 3636

The Company encourages all employees and stakeholders to report any improper conduct on the part of employees, management, directors and vendors in particular with respect to their obligation towards the Company's interest. Employees and stakeholders who have been aggrieved or have concerns to raise can raise them through the grievance procedure or to the Audit Committee Chairman.

The Whistle Blowing Policy is made available for reference on the Company's website, **www.sanbumi.com.my**.

II. CONDUCT OF GENERAL MEETINGS

Through the Company's general meetings, it provides shareholders with the opportunity to engage in candid dialogue to seek and clarify issues and to have a better understanding of the Group's performance. The Board encourages shareholders' active participation at such meetings and members of the Board and the external auditors will be present to address any queries raised during the meetings. The Company will also ensure that the notice for AGM will be given to its shareholders at least 28 days prior to the meeting.

All resolutions set out in the notice of general meetings will be carried out by poll voting. The Board makes an announcement of the detailed results showing the number of votes cast for and against each resolution at general meetings for shareholders' information.

The Statement was approved by the Board of Directors on 9 July 2019.

ADDITIONAL COMPLIANCE INFORMATION

a) Utilisation of proceeds raised from Corporate Proposals

On 13 July 2016, the Company completed the Private Placement of 52,240,000 new ordinary shares of RM0.10 each at a placement price of RM0.115 each. The total capital raised from the placement of shares amounted to RM6,007,600 and the proceeds are to be allocated and utilised in accordance with the approved utilisation plan. The status of the utilisation as at 31 March 2019 was as follows:

Purpose	Utilisation		Intended	Deviation	
	Proposed RM'000	Actual RM'000	Timeframe for Utilisation	RM'000	%
Expenses in relation to Corporate Proposals	300	298	Within 1 month	2	0.7
Funding for Proposed Development	5,000	5,000	Within 24 months	-	-
Working capital requirements of the group	708	710	Within 12 months	(2)	(0.3)
	6,008	6,008			

As at 12 July 2018, the proceeds were fully utilised as allocated in accordance with the approved utilisation plan.

On 9 January 2019, the Company completed the Private Placement of 22,637,384 new ordinary shares at a placement price of RM0.173 each. The total capital raised from the placement of shares amounted to RM3,916,267.44 and the proceeds are to be allocated and utilised in accordance with the approved utilisation plan. The status of the utilisation as at 31 March 2019 was as follows:

Purpose	Utilisation		Intended	Deviation	
	Proposed RM'000	Actual RM'000	Timeframe for Utilisation	RM'000	%
Expenses in relation to Proposed Placement	180	180	Within 12 months	-	-
Working capital and/or future business project(s)/investment(s)	3,736	1,476	Within 12 months		
	3,916	1,656			

b) Non-audit fees

The fee payable by the Company to the external auditors for non-audit services provided during the financial year ended 31 March 2019 amounted to RM5,000. There were no fees payable by the Group to a company affiliated to the external auditors for non-audit services provided during the financial year ended 31 March 2019.

ADDITIONAL COMPLIANCE INFORMATION

c) Material contracts

Save as disclosed below, there were no contracts of the Company or its subsidiary companies, which are or may be material, involving directors and major shareholders' interest still subsisting as at the end of the financial year ended 31 March 2019:

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

(ii) Service Agreement dated 1 March 2019 between Sanbumi Holdings Berhad ("the Company") and Mr Tan Cho Chia whereby the Company agrees to employ Mr Tan Cho Chia as the Executive Director of the Company for a term of 3 years with effect from 1 February 2019. The remuneration of the Executive Director shall be a fixed salary of RM10,000.00 per month (or such higher rate as the Company may, in its discretion from time to time decide or award).

d) Recurrent related party transactions

There were no recurrent transactions entered into by the Company or its subsidiary companies with related parties during the financial year ended 31 March 2019.

AUDIT COMMITTEE REPORT

Chairman

Lim Thian Loong
(Independent Non-Executive Director)

Members

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

Leow Chan Khiang *(Appointed on 2 April 2019)*
(Independent Non-Executive Director)

Lee See Hong *(Resigned on 18 March 2019)*
(Independent Non-Executive Director)

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee are incorporated in the Board Charter and can be viewed in the Company's website at **www.sanbumi.com.my**.

DETAILS OF ATTENDANCE OF MEMBERS AT AUDIT COMMITTEE MEETINGS

During the financial year ended 31 March 2019, there were six (6) Audit Committee Meetings held. The details of the attendance of each member are as follows:-

Audit Committee Meeting		May '18	Jul '18	Aug '18	Nov '18	Feb '19	Mar '19		
Committee Members	**Position**	**Attendance**						**Total**	**%**
Lim Thian Loong	Chairman	•	•	•	•	•	•	6/6	100
Dato' Ir. Zainurin bin Karman	Member	•	•	x	•	•	•	5/6	83
Lee See Hong *(resigned on 18 March 2019)*	Member	•	•	•	•	•	-	5/5	100

Total number of meetings held: 6

SUMMARY OF WORK OF THE AUDIT COMMITTEE

In discharging its functions and duties in accordance with its Terms of Reference, the Audit Committee ("AC") had carried out the following work during the financial year ended 31 March 2019:-

1. The AC had two (2) private meetings with the representatives from Crowe Malaysia PLT (formerly known as Crowe Malaysia)("Crowe"), the external auditors of the Company, on 25 May 2018 and 2 July 2018, in the absence of the Executive Board Members to discuss on any significant audit issues which may have arisen in the course of their audit of the Group. The AC enquired the external auditors on the management's co-operation. The external auditors reported that most audit issues raised at the earlier meeting had been addressed.

AUDIT COMMITTEE REPORT

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

2. At their Meeting held on 25 May 2018, the AC reviewed and discussed the following:

    a. The unaudited condensed interim financial report of the Group for the fourth financial quarter and the financial year ended 31 March 2018. The AC noted that the condensed interim financial report had been prepared in accordance with applicable Malaysian Financial Reporting Standard ("MFRS") 134: "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 and Appendix 9B of Chapter 9 Part K of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and were in compliance with the accounting standards and other legal requirements. There were no items or incidences of an unusual nature not otherwise dealt with which may or has substantially affect the value of assets, liabilities, equity, net income or cash flows of the Group for the current financial quarter under review and the financial period to date. After deliberation the AC agreed that recommendations were made to the Board of Directors for the approval of the unaudited condensed interim financial report of the Group for the fourth financial quarter and financial year ended 31 March 2018;

    b. The external auditors presented the Audit Review Memorandum (ARM) dated 25 May 2018 in respect of their audit of Sanbumi Group for the financial year ended 31 March 2018. The external auditors confirmed that Crowe was and had been independent throughout the audit engagement in accordance with the terms of all relevant professional and regulatory requirements, including the By-laws (on Professional Ethics, Conducts and Practice) of the Malaysian Institute of Accountants. They further stated that they were not aware of any relationship between themselves and Sanbumi Group that in their professional judgment, may reasonably be thought to impair their independence;

    c. The external auditors briefed on MFRS 9 (Financial Instruments), MFRS 15 (Revenue from Contracts with Customers) and MFRS 16 (Leases) which came into effect on 1 January 2018. MFRS 9 will have an impact on the impairment on trade receivables in the 4th Quarter financial results for the period ended 31 March 2019; and

    d. The AC received and discussed the performance of the Group against the Budget for the financial year ended 31 March 2018.

3. At their Meeting held on 2 July 2018, the AC reviewed the ARM (Closing Meeting) presented by the external auditors setting out the status update on the ARM presented on 25 May 2018. The external auditors confirmed that there was no material deviation between the actual results of the Group and the unaudited results announced previously for the financial year ended 31 March 2018. The AC also reviewed and discussed the Business Plan and Budget for the financial year ending 31 March 2019 and after due deliberation agreed to recommend to the Board of Directors for approval. At the same meeting, the AC also:

    a. reviewed and recommended to the Board of Directors the re-appointment and remuneration of the external auditors;

    b. reviewed and approved the Audit Committee Report for inclusion in the 2018 Annual Report;

    c. reviewed the draft External Auditors Assessment Policy; and

    d. reviewed the scope, function, competency and resources of the Internal Audit and concluded that the aforesaid were adequate.

AUDIT COMMITTEE REPORT

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

4. At their Meetings held on 27 August 2018, 23 November 2018 and 22 February 2019, the AC reviewed and discussed the Group's unaudited first, second and third quarter results for the financial year ended 31 March 2019 together with the relevant reports and made recommendations to the Board of Directors for approval. The condensed interim financial reports which were unaudited and had been prepared in accordance with MFRS 134: "Interim Financial Reporting" issued by MASB and Paragraph 9.22 and Appendix 9B of Chapter 9 Part K of the MMLR of Bursa Securities were in compliance with the accounting standards and other legal requirements. There were no items or incidences of an unusual nature not otherwise dealt with in this report which may or has substantially affected the value of assets, liabilities, equity, net income or cash flows of the Group for the respective financial quarters under review and the financial period to-date.

5. At their Meeting held on 22 February 2019, the AC reviewed the external auditors' Audit Planning Memorandum for the audit of the Group for the financial year ending 31 March 2019 outlining their work scope and proposed fees for the statutory audit and review of Statement on Risk Management and Internal Control. The external auditors briefed on MFRS 9 Financial Instrument which is a new classification and measurement requirements for financial assets. The AC approved the 2019 Audit Planning Memorandum for implementation.

6. At their Meeting held on 28 March 2019, the AC reviewed the related party transaction in relation to the Hotel Management Agreement between Iconic Hotel Management Sdn Bhd (formerly known as Nouvelle Hotel (Kulai) Sdn Bhd) ("IHM") and Lucky 888 Sdn Bhd. The AC recommended the provision of hotel management services by IHM to the Board for approval.

7. At their Meeting held on 27 August 2018, the internal auditors presented their internal audit report in relation to the review of the internal control systems of Fine Taste Products Sdn. Bhd. (Kuala Lumpur), Fine Taste Products Sdn. Bhd. (Melaka), Tourism Information Centre Sdn. Bhd., Sinoreno Jewellery Sdn. Bhd. and Pewter Art Industries (M) Sdn. Bhd. At their Meeting held on 23 November 2018, the internal auditors presented their internal audit report in relation to the review of the internal control systems of Tropiks Products Sdn. Bhd.

8. Management also reported on the Group's risk management and internal control system on 27 August 2018, 23 November 2018 and 22 February 2019.

9. The AC receives and discusses the Internal Audit Reports containing the audit findings and recommendations made by the internal auditors on areas to be improved in the systems of internal control and the Management responses on those issues. The AC monitors the progress on the corrective actions taken by the Management on a quarterly basis until it is satisfied that the weaknesses identified had been adequately addressed.

10. At every quarterly meeting, there is an agenda to discuss on related party transactions (if any). During the financial year ended 31 March 2019, the AC noted that, save as reported there were no other related party transactions.

11. At every quarterly meeting, the schedule showing the advances to/repayments from the subsidiaries of the Company are tabled to the AC for notation and discussion.

12. The AC is kept abreast on the Group's compliance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements, Financial Reporting Standards issued by the Malaysian Accounting Standards Board and other relevant legal and regulatory requirements through updates received from the external auditors and the company secretary.

AUDIT COMMITTEE REPORT

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Group has outsourced the Internal Audit function to IBDC (Malaysia) Sdn. Bhd. for the financial year ended 31 March 2019. The responsibility of the Internal Auditors is to review the Group's system of internal control and report its adequacy, effectiveness and efficiency to the AC. The Internal Auditors adopt a risk-based audit approach in auditing objectively to provide the assurance that risks were mitigated to acceptable levels. This approach draws the Internal Auditors' attention towards gaining an understanding of the Group's interaction with external forces, changes in the strength of the relationships during the period under audit, and the risk of potential future changes presented by the external forces. Their approach entails understanding on how the business risks translate to audit risks, and communicating value added input to the management through the audit process. Whenever required, the Internal Auditors would make reference to the Group's policies and procedures, established practices, listing requirements and recommended industry practices.

During the financial year ended 31 March 2019, the internal audit work carried out for Sanbumi Group was the review of the internal control systems of Fine Taste Products Sdn. Bhd. (Kuala Lumpur), Fine Taste Products Sdn. Bhd. (Melaka), Tourism Information Centre Sdn. Bhd., Sinoreno Jewellery Sdn. Bhd., Pewter Art Industries (M) Sdn. Bhd. and Tropiks Products Sdn. Bhd.

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

- adopted and used accounting policies consistently in dealing with items which are considered material in relation thereto;
- made appropriate accounting estimates where applicable that are prudent, just and reasonable;
- ensured accounting and other records are properly kept to enable the preparation of financial statements with reasonable accuracy;
- ensured that the Company and the Group have taken reasonable and appropriate steps to detect and/or prevent fraud and other irregularities; and
- ensured adequate system of internal control is in place to safeguard the interest of the Group through prevention and detection of fraud and other irregularities.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

1. Regulatory Framework

Sanbumi Group is committed to embrace the Malaysian Code on Corporate Governance 2017 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

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

2. Accountability of the Board

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

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

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

The Board has not formed a formal Risk Management Committee due to the lack of resources. Nevertheless, the AC with the assistance of the Senior Management periodically reviews the risk management framework of the Group. The ongoing process for identifying, evaluating and establishing mitigating procedures for new and significant risk identified within the operations as a result of changes in business environment and regulatory requirements are periodically reviewed by the AC and Board.

The Board delegates to the senior management, the implementation of the systems of risk management and internal control within an established framework throughout the Group. The Management together with the internal auditors continuously update the Group's Enterprise Risk Management framework.

3. An Integrated Risk Management and Internal Control Framework

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

3.1 Financial reports are presented to the Audit Committee and the Board on a quarterly basis for review and if necessary corrective action to be taken.

3.2 Budgets for all active operating units are prepared annually and periodic review is carried out together with the Management. The results are communicated to the Board on a timely basis.

3.3 A defined organisational and hierarchical structure outlining the line of reporting and job responsibilities at the operational level.

3.4 In ensuring that each operating unit is functioning efficiently, emphasis is placed on personnel employed where the integrity and competence of personnel are ensured through recruitment evaluation process.

3.5 The Board, Audit Committee and Management regularly review the internal audit reports and monitor the status of the implementation of recommendations to address any internal control weaknesses identified.

3.6 Regular reporting made to the Board at its meetings on corporate and accounting developments, in turn facilitates the prioritisation of risk related issues for the Sanbumi Group to plan its resources and address the risk accordingly.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

4. Internal Audit

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

The Internal Audit function of the Group is outsourced to IBDC (Malaysia) Sdn. Bhd. for the financial year ended 31 March 2019. Internal audits were conducted on the internal control system of the Cash and Bank Management, Sales Processing Procedure, Human Resource Management, Information System & Technology, Inventory Control Management, Property, Plant and Equipment, Safety & Security, Management & Financial Control, Planning and Operations Review of the Group's tourism business operations for the financial year ended 31 March 2019.

The cost incurred for the internal audit function in respect of the financial year ended 31 March 2019 was RM26,566.30.

5. Effectiveness Of The System Of Risk Management And Internal Control

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

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

6. Review Of The Statement By External Auditors

Pursuant to paragraph 15.23 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, the external Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the 2019 Annual Report. Their limited assurance review was performed in accordance with Audit Assurance Practice Guide 3 ("AAPG 3") [formerly known as Recommended Practice Guide ("RPG") 5 (revised 2015)] issued by the Malaysian Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers to be set out, nor is factually inaccurate.

FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2019.

PRINCIPAL ACTIVITIES

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

RESULTS

	The Group RM'000	The Company RM'000
Loss after taxation for the financial year	(16,053)	(27,850)
Attributable to:-		
Owners of the Company	(16,051)	(27,850)
Non-controlling interests	(2)	-
	(16,053)	(27,850)

DIVIDEND

No dividend was recommended by the directors for the financial year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) the Company increased its issued and paid-up share capital from RM22,637,385 to RM26,373,653 by way of an issuance of 22,637,384 new ordinary shares for a cash consideration of RM3,736,268 pursuant to the approved Corporate Proposals for purpose of private placement to approved individual. The details of the share capital are disclosed in Note 17 to the financial statements.

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

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

DIRECTORS' REPORT

OPTIONS GRANTED OVER UNISSUED SHARES

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

DIRECTORS' REPORT

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The names of the directors of the Company who served during the financial year and up to the date of this report are as follows:-

Dato' Ir. Zainurin Bin Karman
Dato' Chua Tiong Moon*
Lim Thian Loong
Tan Cho Chia* (Appointed on 9.1.2019)
Leow Chan Khiang (Appointed on 15.3.2019)
Dato' Tan Kean Tet (Appointed on 23.4.2019)
Chu Yoke Loong* (Resigned on 31.1.2019)
Datuk Wira Rahadian Mahmud bin Mohammad Khalil* (Resigned on 25.2.2019)
Lee See Hong (Resigned on 18.3.2019)

* Directors of the Company and its subsidiaries.

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

Chai Kim Chong
Lee Meow Soon
Selvakumaran A/L P. Sathasivam
Chua Yin Seng (Resigned on 12.2.2019)

DIRECTORS' REPORT

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares			
	At 1.4.2018/ Date of Appointment	**Bought**	**Sold**	**At 31.3.2019**
The Company				
Direct Interests				
Dato' Chua Tiong Moon	24,310,362	-	-	24,310,362
Indirect Interests				
Dato' Chua Tiong Moon#	2,198,113	-	-	2,198,113
Tan Cho Chia*	-	7,970,300	-	7,970,300

Deemed interested by virtue of his direct substantial shareholding in Equal Accord Sdn. Bhd.

* Deemed interested by virtue of his direct substantial shareholding in Legacy 888 Sdn. Bhd.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

DIRECTORS' REPORT

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 30 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, the amount of indemnity coverage and insurance premium paid for the directors of the Company were RM3,000,000 and RM12,085 respectively. There is no indemnity given to or professional indemnity insurance effected for auditors of the Company.

SUBSIDIARIES

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

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING DATE

The significant events occurring after the reporting date is disclosed in Note 36 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia), have expressed their willingness to continue in office.

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

Signed in accordance with a resolution of the directors dated 9 July 2019

Dato' Ir. Zainurin Bin Karman

Dato' Chua Tiong Moon

STATEMENT BY DIRECTORS

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

We, Dato' Ir. Zainurin Bin Karman and Dato' Chua Tiong Moon, being two of the directors of Sanbumi Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 68 to 137 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2019 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 9 July 2019

Dato' Ir. Zainurin Bin Karman

Dato' Chua Tiong Moon

STATUTORY DECLARATION

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

I, Dato' Chua Tiong Moon, being the director primarily responsible for the financial management of Sanbumi Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 68 to 137 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Dato' Chua Tiong Moon,
at Kuala Lumpur
in the Federal Territory
on this 9 July 2019

Before me

Dato' Chua Tiong Moon

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

Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Sanbumi Holdings Berhad, which comprise the statements of financial position as at 31 March 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 68 to 137.

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 2019, 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 Responsibilities

We are independent of the Group and Company in accordance with the By-Laws (*on Professional Ethics, Conduct and Practice*) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants ("*IESBA Code*"),* and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

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

Key Audit Matters (Cont'd)

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

Impairment of property and equipment ("PPE")
Refer to Note 5 to the financial statements

Key Audit Matter	How our audit addressed the Key Audit Matter
As at 31 March 2019, the carrying amount of PPE was RM49,102,636. RM48,558,119 were freehold and leasehold lands and buildings. The Group is required to assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group shall estimate the recoverable amount of the PPE. During the current financial year, the management have identified indicators of impairment which are described below: (i) Decreasing trend in revenue; (ii) Deterioration of gross profit margin; (iii) Net loss incurred for the financial year; and (iv) Negative operating cashflows for the financial year. Given the significance of the PPE to the Group, the judgements and estimates involved the assessment of the recoverable amounts, we have identified this as an important area to our audit. The aforementioned impairment review gave rise to impairment loss of RM1,353,655 to the Group as disclosed in Note 5 to the financial statements.	• Our procedures in relation to management's impairment assessment included:- - Making enquiries of management on the methodology, input and assumptions adopted by the management in determining the recoverable amount of the PPE. - Assessing the basis used by management in determining the impairment loss of PPE.

Recoverability of trade receivables
Refer to Note 13 to the financial statements

Key Audit Matter	How our audit addressed the Key Audit Matter
We focused on this area because there are indications of impairment in relation to the recoverability of receivables. The Group assesses at the end of each reporting period whether there is any objective evidence that a receivable is impaired, by considering the factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments; and expectations of future cash flows arising from the receivable.	• Our procedures in relation to management's impairment assessment included:- - Circularisation of receivables for confirmation of balances; - Reviewing the ageing analysis of receivables and testing the reliability thereof; - Reviewing subsequent cash collections for major receivables and overdue amounts; and - Testing the adequacy of the Group's allowance for impairment losses on trade receivables by assessing the Group's policy.

INDEPENDENT AUDITORS' REPORT

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

Key Audit Matters (Cont'd)

Valuation of investment properties

Refer to Note 7 to the financial statements

Key Audit Matter	How our audit addressed the Key Audit Matter
We focus on this area because the determination of fair value of investment properties ("IP") may involve subjective judgement made by the Directors. As disclosed in Note 7 to the financial statements, the Group's investment properties are stated at fair value. The fair values of the investment properties are derived based on valuation reference to valuation report by an independent professional valuer. The independent professional valuer used the Comparison Method by estimating the current market value of the subject property with vacant possession, title being good, registrable, marketable and free from all encumbrances, endorsement, statutory notices and outgoings.	• Our procedures in relation to management's fair value assessment included:- - Evaluating the independence, capabilities and objectivity of the professional valuer; - Assessing the appropriateness of the methodologies used and the appropriateness of the key assumptions; and - Assessing the reasonableness of the assumptions used in the valuation and judgements made.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

INDEPENDENT AUDITORS' REPORT

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

Responsibilities of the 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 have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT

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

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- 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.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Malaysia PLT
LLP0018817-LCA & AF 1018
Chartered Accountants

Onn Kien Hoe
01772/11/2020 J
Chartered Accountant

9 July 2019

Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION

At 31 March 2019

		The Group		The Company	
		2019	**2018**	**2019**	**2018**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
ASSETS					
NON-CURRENT ASSETS					
Property and equipment	5	**49,103**	51,095	**16,943**	16,041
Prepaid lease payments	6	**-**	507	**-**	-
Investment properties	7	**7,150**	6,690	**7,150**	6,690
Investments in subsidiaries	8	**-**	-	**7,637**	31,305
Investment in an associate	9	**-**	-	**-**	-
Amount owing by subsidiaries	10	**-**	-	**-**	-
		56,253	58,292	**31,730**	54,036
CURRENT ASSETS					
Inventories	11	**144**	2,150	**-**	-
Development costs	12	**19,375**	26,017	**-**	-
Trade receivables	13	**148**	2,549	**4**	97
Other receivables, deposits and prepayments	14	**1,967**	3,102	**238**	186
Amount owing by subsidiaries	10	**-**	-	**19,530**	28,063
Amount owing by an associate	15	**-**	12	**-**	12
Current tax assets		**214**	455	**24**	74
Fixed deposits with licensed banks	16	**1,150**	5,843	**1,000**	1,500
Cash and bank balances		**3,731**	2,558	**2,320**	15
		26,729	42,686	**23,116**	29,947
TOTAL ASSETS		**82,982**	100,978	**54,846**	83,983

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

STATEMENTS OF FINANCIAL POSITION

At 31 March 2019

		The Group		The Company	
		2019	**2018**	**2019**	**2018**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	**45,679**	22,637	**45,679**	22,637
Retained profits/(Accumulated losses)		**366**	16,487	**(6,896)**	27,818
Other reserves	18	**25,766**	44,439	**12,181**	30,638
Equity attributable to owners of the Company		**71,811**	83,563	**50,964**	81,093
Non-controlling interests		**(115)**	(113)	**-**	-
TOTAL EQUITY		**71,696**	83,450	**50,964**	81,093
NON-CURRENT LIABILITIES					
Term loan	19	**3,317**	3,576	**-**	-
Deferred tax liabilities	20	**4,352**	4,501	**1,039**	948
		7,669	8,077	**1,039**	948
CURRENT LIABILITIES					
Trade payables	21	**652**	1,525	**-**	-
Other payables and accruals	22	**2,700**	7,298	**434**	491
Amount owing to subsidiaries	10	**-**	-	**2,409**	1,451
Term loan	19	**258**	239	**-**	-
Current tax liabilities		**7**	389	**-**	-
		3,617	9,451	**2,843**	1,942
TOTAL LIABILITIES		**11,286**	17,528	**3,882**	2,890
TOTAL EQUITY AND LIABILITIES		**82,982**	100,978	**54,846**	83,983

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 March 2019

		The Group		The Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
REVENUE	23	**20,029**	48,149	**549**	491
COST OF SALES		**(19,484)**	(40,503)	**-**	-
GROSS PROFIT		**545**	7,646	**549**	491
OTHER INCOME		**970**	1,868	**512**	657
		1,515	9,514	**1,061**	1,148
ADMINISTRATIVE EXPENSES		**(4,743)**	(9,488)	**(1,690)**	(1,812)
OTHER EXPENSES		**(10,426)**	(2,371)	**(23,723)**	(1,599)
FINANCE COSTS		**(332)**	(342)	**-**	(1)
NET IMPAIRMENT LOSS ON FINANCIAL ASSETS	24	**(2,214)**	(1,889)	**(3,483)**	(767)
LOSS BEFORE TAXATION	25	**(16,200)**	(4,576)	**(27,835)**	(3,031)
INCOME TAX BENEFIT/(EXPENSE)	26	**147**	(352)	**(15)**	(30)
LOSS AFTER TAXATION		**(16,053)**	(4,928)	**(27,850)**	(3,061)
OTHER COMPREHENSIVE INCOME	27				
Items that Will Not Be Reclassified Subsequently to Profit or Loss					
Revaluation surplus on land and buildings, net of tax		**736**	3,914	**875**	1,662
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR		**(15,317)**	(1,014)	**(26,975)**	(1,399)

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 March 2019

		The Group		The Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
LOSS AFTER TAXATION					
ATTRIBUTABLE TO:-					
Owners of the Company		**(16,051)**	(4,930)	**(27,850)**	(3,061)
Non-controlling interests		**(2)**	2	**-**	-
		(16,053)	(4,928)	**(27,850)**	(3,061)
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO:-					
Owners of the Company		**(15,315)**	(1,016)	**(26,975)**	(1,399)
Non-controlling interests		**(2)**	2	**-**	-
		(15,317)	(1,014)	**(26,975)**	(1,399)
LOSS PER SHARE (SEN)	28				
- Basic		**(6.93)**	(2.18)		
- Diluted		**(6.93)**	(2.18)		

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2019

	← Non – Distributable				→	Distributable			
The Group	**Share Capital RM'000**	**Share Premium RM'000**	**Capital Reserve RM'000**	**Revaluation Reserve RM'000**	**Capital Redemption Reserve RM'000**	**(Accumulated Losses)/ Retained Profits RM'000**	**Attributable to Owners of the Company RM'000**	**Non-controlling Interests RM'000**	**Total Equity RM'000**
Balance at 1.4.2017	22,637	4,201	1,582	19,637	15,105	21,417	84,579	89	84,668
Loss after taxation for the financial year	-	-	-	-	-	(4,930)	(4,930)	2	(4,928)
Other comprehensive income for the financial year:									
- Revaluation surplus on land and buildings, net of tax	-	-	-	3,914	-	-	3,914	-	3,914
Total comprehensive expenses for the financial year	-	-	-	3,914	-	(4,930)	(1,016)	2	(1,014)
Balance carried forward	22,637	4,201	1,582	23,551	15,105	16,487	83,563	91	83,654
Changes in subsidiaries' ownership interests	-	-	-	-	-	-	-	(204)	(204)
Balance at 31.3.2018	22,637	4,201	1,582	23,551	15,105	16,487	83,563	(113)	83,450

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2019

		← Non – Distributable				→	Distributable			
The Group	**Note**	**Share Capital RM'000**	**Share Premium RM'000**	**Capital Reserve RM'000**	**Revaluation Reserve RM'000**	**Capital Redemption Reserve RM'000**	**(Accumulated Losses)/ Retained Profits RM'000**	**Attributable to Owners of the Company RM'000**	**Non-controlling Interests RM'000**	**Total Equity RM'000**
Balance at 31.3.2018/ 1.4.2018		22,637	4,201	1,582	23,551	15,105	16,487	83,563	(113)	83,450
Changes in accounting policies	37	-	-	-	-	-	(173)	(173)	-	(173)
Balance at 31.3.2018/ 1.4.2018 (restated)		22,637	4,201	1,582	23,551	15,105	16,314	83,390	(113)	83,277
Loss after taxation for the financial year		-	-	-	-	-	(16,051)	(16,051)	(2)	(16,053)
Other comprehensive income for the financial year:										
- Revaluation surplus on land and buildings, net of tax	27	-	-	-	736	-	-	736	-	736
Total comprehensive expenses for the financial year		-	-	-	736	-	(16,051)	(15,315)	(2)	(15,317)
Balance carried forward		22,637	4,201	1,582	24,287	15,105	263	68,075	(115)	67,960

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2019

The Group	Note	Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Revaluation Reserve RM'000	Capital Redemption Reserve RM'000	(Accumulated Losses)/ Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
		Non – Distributable					Distributable			
Balance brought forward		22,637	4,201	1,582	24,287	15,105	263	68,075	(115)	67,960
Contributions by and distributions to owners of the Company:										
- Issuance of shares	17	3,736	-	-	-	-	-	3,736	-	3,736
- Transfer to share capital upon implementation of the Companies Act 2016	17	19,306	(4,201)	-	-	(15,105)	-	-	-	-
Total transactions with owners		23,042	(4,201)	-	-	(15,105)	-	3,736	-	3,736
Transfer due to crystallisation of revaluation reserve	18	-	-	-	(103)	-	103	-	-	-
Balance at 31.3.2019		45,679	-	1,582	24,184	-	366	71,811	(115)	71,696

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2019

The Company	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Capital Redemption Reserve RM'000	(Accumulated Losses)/ Retained Profits RM'000	Total Equity RM'000
	← Non – Distributable			→	Distributable	
Balance at 1.4.2017	22,637	4,201	9,670	15,105	30,879	82,492
Loss after taxation for the financial year	-	-	-	-	(3,061)	(3,061)
Other comprehensive income for the financial year:						
- Revaluation surplus on land and buildings, net of tax	-	-	1,662	-	-	1,662
Total comprehensive expenses for the financial year	-	-	1,662	-	(3,061)	(1,399)
Balance at 31.3.2018	22,637	4,201	11,332	15,105	27,818	81,093

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2019

The Company	Note	← Non – Distributable: Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Capital Redemption Reserve RM'000 →	Distributable: (Accumulated Losses)/ Retained Profits RM'000	Total Equity RM'000
Balance at 31.3.2018/1.4.2018		22,637	4,201	11,332	15,105	27,818	81,093
Changes in accounting policies	37	-	-	-	-	(6,890)	(6,890)
Balance at 31.3.2018/1.4.2018 (restated)		22,637	4,201	11,332	15,105	20,928	74,203
Loss after taxation for the financial year		-	-	-	-	(27,850)	(27,850)
Other comprehensive income for the financial year:							
- Revaluation surplus on land and buildings, net of tax	27	-	-	875	-	-	875
Total comprehensive expenses for the financial year		-	-	875	-	(27,850)	(26,975)
Contributions by and distributions to owners of the Company:							
- Issuance of shares	17	3,736	-	-	-	-	3,736
- Transfer to share capital upon implementation of the Companies Act 2016	17	19,306	(4,201)	-	(15,105)	-	-
Total transactions with owners		23,042	(4,201)	-	(15,105)	-	3,736
Transfer due to crystallisation of revaluation reserve	18	-	-	(26)	-	26	-
Balance at 31.3.2019		45,679	-	12,181	-	(6,896)	50,964

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

STATEMENTS OF CASH FLOWS

For the financial year ended 31 March 2019

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FOR OPERATING ACTIVITIES				
Loss before taxation	(16,200)	(4,576)	(27,835)	(3,031)
Adjustments for:-				
Amortisation of prepaid lease payments	233	233	-	-
Depreciation of property and equipment	1,886	2,110	49	62
Development cost written down	6,817	-	-	-
Impairment loss:				
- investments in subsidiaries	-	-	23,668	1,537
- amount owing by subsidiaries	-	-	3,326	767
- trade and other receivables	2,413	1,980	177	-
- property and equipment	1,354	-	-	-
Inventories written down	176	-	-	-
Interest expense	328	342	-	1
Prepaid lease payments written off	274	-	-	-
Property and equipment written off	44	320	-	-
Fair value gain on investment properties	(460)	(570)	(460)	(570)
Gain on disposal of property and equipment	(3)	(5)	-	-
Interest income	(130)	(224)	(50)	(87)
Reversal of impairment losses on amount owing by associate	(20)	-	(20)	-
Reversal of impairment losses on trade receivables and other receivables	(179)	(91)	-	-
Reversal of inventories written down	(11)	(39)	-	-
Operating loss before working capital changes	(3,478)	(520)	(1,145)	(1,321)
Decrease/(Increase) in inventories	1,841	(193)	-	-
Increase in development costs	(611)	(3,764)	-	-
Decrease/(Increase) in trade and other receivables	1,129	3,375	(136)	7
(Decrease)/Increase in trade and other payables	(5,471)	833	(57)	6
CASH FOR OPERATIONS/ BALANCE CARRIED FORWARD	(6,590)	(269)	(1,338)	(1,308)

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

STATEMENTS OF CASH FLOWS

For the financial year ended 31 March 2019

		The Group		The Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
CASH FOR OPERATIONS/ BALANCE BROUGHT FORWARD		(6,590)	(269)	(1,338)	(1,308)
Income tax paid		(392)	(378)	-	(36)
Income tax refunded		129	2	49	-
Interest paid		(328)	(342)	-	(1)
Interest received		130	224	50	87
NET CASH FOR OPERATING ACTIVITIES		(7,051)	(763)	(1,239)	(1,258)
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES					
Investment in subsidiaries		-	-	-	(150)
Advances to subsidiaries		-	-	(1,683)	(3,003)
Repayment from/(Advances to) an associate		32	(8)	33	(8)
Purchase of property and equipment	29(a)	-	(29)	-	(6)
Proceeds from disposal of equipment		3	5	-	-
Decrease in placement of deposits with licensed bank with maturity of more than three months		1,417	3,996	500	4,000
NET CASH FROM/(FOR) INVESTING ACTIVITIES		1,452	3,964	(1,150)	833
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Additional investment in an existing subsidiary		-	(150)	-	-
Advances from subsidiaries		-	-	958	343
Proceeds from issuance of shares		3,736	-	3,736	-
Repayment of term loan	29(b)	(240)	(230)	-	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		3,496	(380)	4,694	343
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(2,103)	2,821	2,305	(82)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		5,834	3,013	15	97
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	29(c)	3,731	5,834	2,320	15

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

1. GENERAL INFORMATION

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 9 July 2019.

2. PRINCIPAL ACTIVITIES

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

3. BASIS OF PREPARATION

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

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

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

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

MFRS 15 Revenue from Contracts with Customers

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Amendments to MFRS 15: Effective Date of MFRS 15

Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'

Amendments to MFRS 140 – Transfers of Investment Property

Annual Improvements to MFRS Standards 2014 – 2016 Cycles

- Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters
- Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2019

3. BASIS OF PREPARATION (CONT'D)

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

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements except as follows:-

MFRS 9 and Amendments to MFRS 128 (Annual Improvements 2014- 2016 Cycle)
MFRS 9 introduces a new classification and measurement requirements for financial assets that reflects the business model in which the financial assets are managed and their cash flow characteristics. MFRS 9 contains 3 principal classification categories for financial assets i.e. measured at amortised cost, fair value through profit or loss, fair value through other comprehensive income and eliminates the previous categories of held to maturity, loans and receivables and available-for-sale financial assets. In addition, MFRS 9 replaces the 'incurred loss' model in MFRS 139 with the 'expected credit loss' model. This new impairment approach is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

MFRS 15 and related Amendments
MFRS 15 requires an entity to recognise revenue to depict the transfer of promised goods or services to customers for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services. In addition, more guidance has been added in MFRS 15 to deal with specific scenarios.

The changes in accounting policies as a consequence of the adoption of above accounting standards and interpretation (including the consequential amendments, if any) are presented in Note 37 to the financial statements.

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9: Prepayment Features with Negative Compensation	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
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property and equipment as at the reporting date is disclosed in Note 5 to the financial statements.

(b) Property under Revaluation

Certain properties of the Group are reported at revalued amounts which are based on valuations performed by independent professional valuers by reference to the selling prices of recent transactions and asking prices of similar properties of nearby location and where necessary, adjusting for tenure, location, size, market trends and others. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuations. The carrying amount of property and equipment measured at revaluation as at the reporting date is disclosed in Note 5 to the financial statements.

(c) Valuation of Investment Properties

Investment properties of the Group are reported at fair value which is based on valuations performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining discount rates, estimates of future cash flows, capitalisation rate, terminal year value, market rental and other factors used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates. The carrying amount of investment properties as at the reporting date is disclosed in Note 7 to the financial statements.

(d) Impairment of Property and Equipment

The Group determines whether its property and equipment is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of property and equipment as at the reporting date is disclosed in Note 5 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(e) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 11 to the financial statements.

(f) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables. The carrying amounts of trade receivable as at the reporting date are disclosed in Note 13 to the financial statements.

(g) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period. The carrying amounts of amounts owing by subsidiaries, other receivables and amount owing by an associate as at the reporting date are disclosed in Note 10, Note 14, and Note 15 to the financial statements.

(h) Income Taxes

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(a) Classification between Investment Properties and Owner-occupied Properties

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

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

(b) Contingent Liabilities

The recognition and measurement for contingent liabilities is based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business.

4.2 BASIS OF CONSOLIDATION

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

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

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

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(a) Merger Accounting for Common Control Business Combinations

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(c) Non-Controlling Interests

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

(d) Changes In Ownership Interests in Subsidiaries without Change of Control

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

(e) Loss of Control

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

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 (2018 - MFRS 139) or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.3 GOODWILL

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 GOODWILL (CONT'D)

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

4.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

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

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

(b) Foreign Currency Transactions and Balances

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

4.5 FINANCIAL INSTRUMENTS

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

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

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

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 - Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/ deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity Instruments

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

Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

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

(e) Financial Guarantee Contracts

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

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

<u>Accounting Policies Applied Until 31 March 2018</u>

As disclosed in Note 37 to the financial statements, the Group has applied MFRS 9 retrospectively with cumulative financial impacts recognised in the opening consolidated statement of financial position on 1 April 2018 (date of initial application of MFRS 9) and hence, the comparative information of its financial instruments is not restated. As a result, the comparative information of the Group's financial assets continues to be accounted for in accordance with its previous accounting policies as summarised below:-

- Financial assets were designated at fair value through profit or loss when the financial asset was either held for trading or was designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives were also classified as held for trading unless they were designated as hedges. Fair value through profit or loss category also comprises contingent consideration in a business combination. Financial assets at fair value through profit or loss were stated at fair value at each reporting date with any gain or loss arising on remeasurement recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

Accounting Policies Applied Until 31 March 2018 (Cont'd)

- Non-derivative financial assets with fixed or determinable payments and fixed maturities that the management had the positive intention and ability to hold to maturity were classified as held-to-maturity. The held-to-maturity investments were measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

- Unquoted trade receivables and other receivables with fixed or determinable payments were classified as loans and receivables financial assets, measured at amortised cost using the effective interest method, less any impairment loss. Interest income was recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- Available-for-sale financial assets were non-derivative financial assets not classified in any of the other categories. After initial recognition, available-for-sale financial assets were remeasured to fair value at each reporting date with any gain and loss recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve was reclassified from equity into profit or loss. Investments in equity instruments whose fair value cannot be reliably measured were measured at cost less accumulated impairment losses, if any.

4.6 INVESTMENTS IN SUBSIDIARIES

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

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

4.7 INVESTMENTS IN ASSOCIATES

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

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

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 31 March 2019. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 INVESTMENTS IN ASSOCIATES (CONT'D)

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

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

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9 (2018 - MFRS 139). Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate into profit or loss when the equity method is discontinued.

4.8 PROPERTY AND EQUIPMENT

All items of property and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and any impairment losses.

Freehold land is stated at valuation less impairment losses recognised after the date of the revaluation. Freehold buildings and leasehold land are stated at revalued amount less accumulated depreciation and impairment losses recognised after the date of the revaluation.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

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

Buildings	2% - 10%
Leasehold land	Over the lease period of 78 years
Motor vehicles	10% - 20%
Office equipment, renovation, furniture and fittings	10% - 33%

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 PROPERTY AND EQUIPMENT (CONT'D)

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

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

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

4.9 INVESTMENT PROPERTIES

Investment properties are properties which are owned or under a leasehold interest held either to earn rental income or for capital appreciation or for both but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Subsequent to initial recognition, investment properties are stated at fair value with fair value changes recognised in profit or loss.

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

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property or inventories, the fair value at the date of change becomes the cost for subsequent accounting purposes. If owner-occupied property becomes an investment property, such property shall be accounted for in accordance with the accounting policy for property and equipment up to date of change in use.

4.10 PREPAID LEASE PAYMENTS

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 LEASE ASSETS

(a) Finance Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. 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. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets required, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

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

(b) Operating Leases

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group and of the Company.

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

4.12 INVENTORIES

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

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

4.13 DEVELOPMENT COSTS

Development costs comprise cost associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Development costs that are not recognised as an expense are recognised as an asset and carried at the lower of cost and net realisable value.

When the financial outcome of a development activity can be reliably estimated, the amount of property revenues and expenses recognised in profit or loss are determined by reference to the stage of completion method. The stage of completion is determined based on the proportion that the development costs incurred for work performed to date bear to the estimated total development costs at the end of the reporting period.

When the financial outcome of a development activity cannot be reliably estimated, the development revenue is recognised only to the extent of development costs incurred that will be recoverable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 CASH AND CASH EQUIVALENTS

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

4.15 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income, trade receivables, other receivables and deposits with a financial institution and cash at bank.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

<u>Accounting Policies Applied Until 31 March 2018</u>

As disclosed in Note 37 to the financial statements, the Group has applied MFRS 9 retrospectively with cumulative financial impacts recognised in the opening consolidated statement of financial position on 1 April 2018 (date of initial application of MFRS 9) and hence, the comparative information of its financial instruments is not restated. As a result, the comparative information on the impairment of Group's financial assets has been accounted for in accordance with its previous accounting policy as summarised below:-

- The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset (or group of financial assets) was impaired. Impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that events had an impact on the estimated future cash flows of the financial asset (or group of financial assets) that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 IMPAIRMENT (CONT'D)

(b) Impairment of Non-financial Assets

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

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

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

4.16 PROVISIONS

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

4.17 EMPLOYEE BENEFITS

(a) Short-term Benefits

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 EMPLOYEE BENEFITS (CONT'D)

(b) Defined Contribution Plans

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

4.18 INCOME TAXES

(a) Current Tax

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

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

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

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

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

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4.20 OPERATING SEGMENTS

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

4.21 EARNINGS PER ORDINARY SHARE

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

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

4.22 BORROWING COSTS

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

4.23 FAIR VALUE MEASUREMENTS

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 FAIR VALUE MEASUREMENTS (CONT'D)

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

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
Level 3: Inputs are unobservable inputs for the asset or liability.

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

4.24 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

(a) Sale of Goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

(b) Rendering of Services

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

4.25 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

(a) Interest Income

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

(b) Rental and Management Fees

Rental and management fees are recognised on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

5. PROPERTY AND EQUIPMENT

The Group	Freehold Land and Buildings RM'000	Leasehold Land RM'000	Motor Vehicles RM'000	Office Equipment, Renovation, Furniture and Fittings RM'000	Total RM'000
2019					
Carrying amount					
At 1.4.2018	**36,824**	**10,900**	**1,260**	**2,111**	**51,095**
Revaluation surplus	**1,149**	**143**	**-**	**-**	**1,292**
Impairment loss	**-**	**-**	**(235)**	**(1,119)**	**(1,354)**
Writeoff	**-**	**-**	**(5)**	**(39)**	**(44)**
Depreciation charges	**(315)**	**(143)**	**(475)**	**(953)**	**(1,886)**
At 31.3.2019	**37,658**	**10,900**	**545**	**-**	**49,103**
2018					
Carrying amount					
At 1.4.2017	57,074	8,687	1,652	3,698	71,111
Additions	-	-	-	29	29
Revaluation surplus	2,312	2,326	-	-	4,638
Transfer (Note 12)	(22,253)	-	-	-	(22,253)
Writeoff	-	-	(9)	(311)	(320)
Depreciation charges	(309)	(113)	(383)	(1,305)	(2,110)
At 31.3.2018	36,824	10,900	1,260	2,111	51,095

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

5. PROPERTY AND EQUIPMENT (CONT'D)

The Group	Freehold Land and Buildings RM'000	Leasehold Land RM'000	Motor Vehicles RM'000	Office Equipment, Renovation, Furniture and Fittings RM'000	Total RM'000
2019					
At cost	**-**	**-**	**8,190**	**42,926**	**51,116**
At valuation	**39,950**	**11,434**	**-**	**-**	**51,384**
Accumulated impairment losses	**-**	**-**	**(244)**	**(23,773)**	**(24,017)**
Accumulated depreciation	**(2,292)**	**(534)**	**(7,401)**	**(19,153)**	**(29,380)**
Carrying amount	**37,658**	**10,900**	**545**	**-**	**49,103**
2018					
At cost	-	-	8,566	46,740	55,306
At valuation	38,801	11,291	-	-	50,092
Accumulated impairment losses	-	-	(9)	(22,654)	(22,663)
Accumulated depreciation	(1,977)	(391)	(7,297)	(21,975)	(31,640)
Carrying amount	36,824	10,900	1,260	2,111	51,095

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

5. PROPERTY AND EQUIPMENT (CONT'D)

The Company	Freehold Land and Buildings RM'000	Motor Vehicle RM'000	Office Equipment, Furniture and Fittings RM'000	Total RM'000
2019				
Carrying amount				
At 1.4.2018	**16,025**	**-**	**16**	**16,041**
Revaluation surplus	**951**	**-**	**-**	**951**
Depreciation charges	**(47)**	**-**	**(2)**	**(49)**
At 31.3.2019	**16,929**	**-**	**14**	**16,943**
2018				
Carrying amount				
At 1.4.2017	14,322	12	13	14,347
Additions	-	-	6	6
Revaluation surplus	1,750	-	-	1,750
Depreciation charges	(47)	(12)	(3)	(62)
At 31.3.2018	16,025	-	16	16,041
2019				
At cost	**-**	**125**	**787**	**912**
At valuation	**17,958**	**-**	**-**	**17,958**
Accumulated depreciation	**(1,029)**	**(125)**	**(773)**	**(1,927)**
Carrying amount	**16,929**	**-**	**14**	**16,943**
2018				
At cost	-	125	787	912
At valuation	17,007	-	-	17,007
Accumulated depreciation	(982)	(125)	(771)	(1,878)
Carrying amount	16,025	-	16	16,041

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

5. PROPERTY AND EQUIPMENT (CONT'D)

(a) During the financial year, the Group has carried out a review of the recoverable amount of certain equipment because the Group has been persistently making losses. An impairment loss of RM1,353,655 (2018 – RM Nil), representing the write-down of certain equipment to the recoverable amounts were recognised in "Other Expenses" line item of the consolidated statement of profit or loss and other comprehensive income as disclosed in Note 25 to the financial statements.

(b) Certain freehold land and buildings of the Group with a total net book value of RM13,532,119 (2018 - RM13,800,000) have been pledged to a licensed bank as security for banking facilities granted to the Group.

(c) During the financial year, the Group's freehold and leasehold land and buildings have been revalued by an independent professional valuer. The surpluses arising from the revaluation, net of deferred taxation, have been credited to other comprehensive income and accumulated in equity under the revaluation reserve.

(d) The details of the Group's property and equipment carried at fair value are analysed as follows:-

The Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2019				
Freehold land and buildings	**-**	**39,950**	**-**	**39,950**
Short-term leasehold land	**-**	**11,434**	**-**	**11,434**
	-	**51,384**	**-**	**51,384**
2018				
Freehold land and buildings	-	38,801	-	38,801
Short-term leasehold land	-	11,291	-	11,291
	-	50,092	-	50,092

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

There were no transfers between the levels during the financial year.

The fair value measurements of the freehold land, leasehold land and buildings are based on the highest and best use which does not differ from their actual use.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

6. PREPAID LEASE PAYMENTS

	The Group	
	2019	**2018**
	RM'000	**RM'000**
Carrying Amount		
At 1 April 2018/2017	**507**	2,100
Amortisation charges	**(233)**	(233)
Written off	**(274)**	-
At 31 March	**-**	507
Cost		
At 1 April 2018/2017	**2,100**	2,100
Written off during the year	**(2,100)**	-
At 31 March	**-**	2,100
Accumulated amortisation		
At 1.4.2018/2017	**(1,593)**	(1,360)
Amortisation for the financial year	**(233)**	(233)
Written off during the year	**1,826**	-
	-	(1,593)

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

7. INVESTMENT PROPERTIES

	The Group/The Company	
	2019	**2018**
	RM'000	**RM'000**
Freehold land and buildings, at fair value		
At 1 April 2018/2017	**6,690**	6,120
Fair value adjustment	**460**	570
At 31 March	**7,150**	6,690

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

7. INVESTMENT PROPERTIES (CONT'D)

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

Included in the statements of profit or loss and other comprehensive income relating to investment properties during the financial year are the following items:-

	The Group/The Company	
	2019	2018
	RM'000	RM'000
Rental income	**376**	320
Direct operating expenses	**63**	64

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

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

There were no transfers between the levels during the financial year.

8. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2019	2018
	RM'000	RM'000
Unquoted shares, at cost	**136,340**	136,340
Accumulated impairment losses:-		
At 1 April 2018/2017	**(105,035)**	(103,498)
Addition during the financial year	**(23,668)**	(1,537)
At 31 March	**(128,703)**	(105,035)
	7,637	31,305

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name of Subsidiaries	Effective Equity Interest held by The Company 2019 %	The Company 2018 %	Subsidiary 2019 %	Subsidiary 2018 %	Principal Activities
Iconic Maison Sdn.Bhd. (f.k.a. Sanbumi Sawmill Sdn. Bhd.)	**100**	100	**-**	-	Property development.
Akalaju Sdn. Bhd.	**100**	100	**-**	-	Trading of timber products.*
EMC Cranes Sdn. Bhd.	**100**	100	**-**	-	Rendering mobile crane services.*
EMC Cranes (K.L.) Sdn. Bhd.	**100**	100	**-**	-	Rendering mobile crane services.*
EMC Capital Sdn. Bhd.	**100**	100	**-**	-	Insurance agent.
EMC Containers Sdn. Bhd.	**70**	70	**-**	-	Servicing, handling, cleaning, repairing and storing of containers.*
Sanbumi Capital Sdn. Bhd.	**100**	100	**-**	-	Investment holding.
EMC Marketing Sdn. Bhd.	**100**	100	**-**	-	Trading in industrial supplies and lubricants. *
Subsidiaries of Iconic Maison Sdn. Bhd. (f.k.a. Sanbumi Sawmill Sdn. Bhd.)					
- Sanbumi Development Sdn. Bhd.	**-**	-	**100**	100	Manufacturing of downstream wood and providing planning services.*
- Mirim Timber Sdn. Bhd.	**-**	-	**100**	100	Trading in timber logs.*
Subsidiaries of Sanbumi Capital Sdn. Bhd.					
- Sanbumi Holiday Sdn. Bhd.	**-**	-	**100**	100	Travel agent.
- Sanbumi Air Transport Sdn. Bhd.	**-**	-	**100**	100	Carrier, transport provider, and travel agent. *
- Pewter Art Industries (M) Sdn. Bhd.	**-**	-	**100**	100	Trading in pewterware and souvenirs. *

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name of Subsidiaries	Effective Equity Interest held by The Company 2019 %	The Company 2018 %	Subsidiary 2019 %	Subsidiary 2018 %	Principal Activities
Subsidiaries of Sanbumi Capital Sdn. Bhd. (Cont'd)					
- Tourism Information Centre Sdn. Bhd.	**-**	-	**100**	100	Trading in local products, operating restaurant and engaged in business relating to tourism industry.
- Sri Dondang Restaurant Sdn. Bhd.	**-**	-	**100**	100	Restaurant operator.*
- Fine Taste Products (KL) Sdn. Bhd.	**-**	-	**100**	100	Trading in local cottage industry products relating to tourism industry.
- Nouvelle Hotel Sdn. Bhd.	**-**	-	**100**	100	Hotelier. *
- Fine Taste Products Sdn. Bhd.	**-**	-	**100**	100	Trading in local cottage industry products relating to tourism industry.
- Sinoreno Jewellery Sdn. Bhd.	**-**	-	**100**	100	Trading in costume jewellery primarily relating to tourism industry.
-Tropiks Products Sdn. Bhd.	**-**	-	**100**	100	Trading in local cottage industry products relating to tourism industry.
- Fine Pewterware (KL) Sdn. Bhd.	**-**	-	**100**	100	Trading in pewterware and souvenirs. *
- Nouvelle Restaurant Sdn. Bhd.	**-**	-	**100**	100	Restaurant operator.^
- Nouvelle Hotel (KL) Sdn. Bhd.	**-**	-	**100**	100	Hotelier.
- Iconic Hotel Management Sdn. Bhd. (f.k.a. Nouvelle Hotel (Kulai) Sdn. Bhd.)	**-**	-	**100**	100	Hotelier.

* These subsidiaries were not active during the financial year.

^ The subsidiary has yet to commence business.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

During the financial year, the Company has carried out its review of the recoverable amounts of its investments in certain subsidiaries that had been persistently making losses. A total impairment losses of RM23,668,052 (2018 - RM1,537,000), representing the write-down of the investments to their recoverable amounts, was recognised in "Other Expenses" line item of the consolidated statement of profit or loss and other comprehensive income as disclosed in Note 25 to the financial statements.

9. INVESTMENT IN AN ASSOCIATE

	The Group		The Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Unquoted shares, at cost	**637**	637	**637**	637
Accumulated impairment loss	**-**	-	**(637)**	(637)
	637	637	**-**	-
Share of post-acquisition losses	**(637)**	(637)	**-**	-
	-	-	**-**	-

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

Name of Associate	Effective Equity Interest 2019 %	Effective Equity Interest 2018 %	Principal Activity
Ferrotrans Sdn. Bhd.	**49**	49	Forwarding and warehousing services and sale of diesel.*

* The associate was not active during the financial year.

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

	2019 RM'000	**2018 RM'000**
Assets and Liabilities		
Current assets	**-**	57
Current liabilities	**1,375**	1,425
Results		
Loss for the financial year	**(6)**	(6)

(b) The Group has not recognised losses relating to Ferrotrans Sdn. Bhd., where its share of losses exceeded the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was RM58,968 (2018 - RM52,753). The Group has no obligation in respect of these losses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

10. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	2019	**2018**
	RM'000	**RM'000**
Amount Owing by Subsidiaries		
Non-current		
Long-term advances	**7,500**	7,500
Current		
Non-trade balances	**56,072**	54,389
Allowance for impairment losses:-		
- Long-term advances	**(7,500)**	(7,500)
- Non-trade balances	**(36,542)**	(26,326)
	19,530	28,063
Allowance for impairment losses:-		
- As previously reported	**(33,826)**	(33,059)
- Effects on adoption of MFRS 9	**(6,890)**	-
	(40,716)	(33,059)
Addition during the financial year (Note 24)	**(3,326)**	(767)
	(44,042)	(33,826)
Amount Owing to Subsidiaries		
Current		
Non-trade balances	**(2,409)**	(1,451)

(a) Long-term advances represent advances and payments made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substance, a part of the Company's net investment in the subsidiaries. The long-term advances are stated at cost less accumulated impairment losses, if any.

(b) The non-trade balances represent unsecured interest-free advances and payments made on behalf. The amounts owing are repayable on demand and are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2019

11. INVENTORIES

	The Group	
	2019	2018
	RM'000	RM'000
Goods held for resale	**144**	2,150
Recognised in profit or loss:-		
Inventories recognised as cost of sales	**1,833**	6,573
Inventories written down	**176**	-
Reversal of inventories previously written down	**(11)**	(39)

12. DEVELOPMENT COSTS

	The Group	
	2019	2018
	RM'000	RM'000
At cost:-		
At 1 April 2019/2018		
- land	**22,253**	-
- development costs	**3,764**	-
	26,017	-
Costs incurred during the financial year:		
- development costs	**611**	3,764
Written down during the financial year:		
- land	**(7,253)**	-
Transfer from property (Note 5)		
- land	**-**	22,253
At 31 March		
- land	**15,000**	22,253
- development costs	**4,375**	3,764
	19,375	26,017

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

13. TRADE RECEIVABLES

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Trade receivables	**5,715**	7,259	**321**	237
Allowance for impairment losses	**(5,567)**	(4,710)	**(317)**	(140)
	148	2,549	**4**	97
Allowance for impairment losses:-				
At 1 April:				
- As previously reported	**(4,710)**	(4,000)	**(140)**	(140)
- Effects on adoption of MFRS 9	**(173)**	-	**-**	-
- Amount reported under MFRS 9 (2018 - MFRS 139)	**(4,883)**	(4,000)	**(140)**	(140)
Addition during the financial year	**(1,113)**	(801)	**(177)**	-
Reversal during the financial year	**136**	91	**-**	-
Written off during the financial year	**293**	-	**-**	-
At 31 March	**(5,567)**	(4,710)	**(317)**	(140)

The Group's normal trade credit terms range from cash terms to 90 (2018 - 90) days.

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Other receivables:-				
Third parties	**11,742**	11,193	**1,117**	1,113
Allowance for impairment losses	**(11,276)**	(10,406)	**(961)**	(961)
	466	787	**156**	152
Deposits	**638**	1,855	**32**	34
Prepayments	**863**	460	**50**	-
	1,967	3,102	**238**	186

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Allowance for impairment losses:-				
At 1 April:				
- As previously reported	**(10,406)**	(9,227)	**(961)**	(961)
- Effects on adoption of MFRS 9	**-**	-	**-**	-
- Amount reported under MFRS 9 (2018 - MFRS 139)	**(10,406)**	(9,227)	**(961)**	(961)
Addition during the financial year	**(1,300)**	(1,179)	**-**	-
Written off during the financial year	**387**	-	**-**	-
Reversal during the financial year	**43**	-	**-**	-
At 31 March	**(11,276)**	(10,406)	**(961)**	(961)

15. AMOUNT OWING BY AN ASSOCIATE

	The Group/The Company	
	2019	**2018**
	RM'000	**RM'000**
Amount owing by an associate	**1,000**	1,032
Allowance for impairment losses	**(1,000)**	(1,020)
	-	12
Allowance for impairment losses:-		
At 1 April:		
- As previously reported	**(1,020)**	(1,020)
- Effects on adoption of MFRS 9	**-**	-
- Amount reported under MFRS 9 (2018 - MFRS 139)	**(1,020)**	(1,020)
Reversal during the financial year	**20**	-
At 31 March	**(1,000)**	(1,020)

The amount owing is non-trade in nature, unsecured and interest-free. The amount owing is repayable on demand and is to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

16. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group and of the Company at the end of reporting period bore effective interest rates ranging from 3.00% to 3.35% (2018 - 2.95% to 3.70%) per annum, 3.35% (2018 - 3.35%) per annum respectively. The fixed deposits have maturity periods ranging from 12 to 15 (2018 - 1 to 15) months and 15 (2018 - 15) months for the Group and the Company respectively.

17. SHARE CAPITAL

	The Group/The Company			
	2019	**2018**	**2019**	**2018**
	Number Of Shares ('000)		**RM'000**	**RM'000**
Issued and Fully Paid-Up				
Ordinary shares with no par value				
At 1 April	226,373	226,373	22,637	22,637
Issuance of new shares for cash	22,638	-	3,736	-
Transfer from share premium account	-	-	4,201	-
Capital redemption reserve	-	-	15,105	-
At 31 March	249,011	226,373	45,679	22,637

(a) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

(b) On 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act 2016. Consequently, during the financial year, the amount standing to the credit of the Company's share premium account and capital redemption reserve were transferred to the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Companies Act 2016. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

18. OTHER RESERVES

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Share premium	**-**	4,201	**-**	4,201
Revaluation reserve	**24,184**	23,551	**12,181**	11,332
Capital reserve	**1,582**	1,582	**-**	-
Capital redemption reserve	**-**	15,105	**-**	15,105
	25,766	44,439	**12,181**	30,638

The revaluation reserve comprises:-

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Surplus on revaluation of property and equipment				
At 1 April	**23,551**	19,637	**11,332**	9,670
Revaluation surplus on land and buildings,net of tax	**736**	3,914	**875**	1,662
Transfer due to crystallisation of revaluation reserve	**(103)**	-	**(26)**	-
At 31 March	**24,184**	23,551	**12,181**	11,332

The revaluation reserve represents the increase in the fair value of freehold land, leasehold land and buildings of the Group presented under property and equipment.

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

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

The other reserves are not distributable by way of dividends.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

19. TERM LOAN (SECURED)

	The Group 2019 RM'000	The Group 2018 RM'000
Current liabilities	**258**	239
Non-current liabilities	**3,317**	3,576
	3,575	3,815

(a) The term loan of the Group at the end of the reporting period bore an effective interest rate of 8.89% (2018 - 8.79%) per annum.

(b) The term loan is secured by:-

(i) a first party legal charge over 3 storey shop offices as disclosed in Note 5(a) to the financial statements;

(ii) a legal assignment of rental proceeds; and

(iii) a corporate guarantee of the Company.

(c) The term loan is repayable in 179 instalments of RM47,208 each and a final instalment of RM46,902, commencing from December 2011.

20. DEFERRED TAX LIABILITIES

The Group	At 1.4.2018 RM'000	Recognised in Profit or Loss (Note 26) RM'000	Recognised in Other Comprehensive Income (Note 27) RM'000	At 31.3.2019 RM'000
2019				
Deferred Tax Liabilities				
Property and equipment	260	(260)	-	**-**
Investment properties	44	23	-	**67**
Revaluation of land and building	4,197	(32)	120	**4,285**
	4,501	(269)	120	**4,352**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

20. DEFERRED TAX LIABILITIES (CONT'D)

	At 1.4.2017 RM'000	Recognised in Profit or Loss (Note 26) RM'000	Recognised in Other Comprehensive Income (Note 27) RM'000	At 31.3.2018 RM'000
2018				
Deferred Tax Liabilities				
Property and equipment	260	-	-	260
Investment properties	14	30	-	44
Revaluation of land and building	3,473	-	724	4,197
	3,747	30	724	4,501

The Company	At 1.4.2018 RM'000	Recognised in Profit or Loss (Note 26) RM'000	Recognised in Other Comprehensive Income (Note 27) RM'000	At 31.3.2019 RM'000
2019				
Deferred Tax Liabilities				
Investment properties	44	23	-	**67**
Revaluation of land and building	904	(8)	76	**972**
	948	15	76	**1,039**

	At 1.4.2017 RM'000	Recognised in Profit or Loss (Note 26) RM'000	Recognised in Other Comprehensive Income (Note 27) RM'000	At 31.3.2018 RM'000
2018				
Deferred Tax Liabilities				
Investment properties	14	30	-	44
Revaluation of land and building	816	-	88	904
	830	30	88	948

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

21. TRADE PAYABLES

The normal trade credit terms granted to the Group range from cash terms to 90 (2018 - 90) days.

22. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other payables	**1,853**	2,370	**91**	93
Deposit received	**142**	2,371	**60**	118
Accruals	**705**	2,557	**283**	280
	2,700	7,298	**434**	491

23. REVENUE

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Sale of goods	**14,461**	38,563	**-**	-
Services	**2,713**	5,085	**-**	-
Rental income from land and buildings	**2,855**	4,501	**549**	491
	20,029	48,149	**549**	491

24. NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Impairment losses during the financial year:				
- Individually impaired under MFRS 139 (Notes 10, 13 and 14)	**-**	1,980	**-**	767
- Additions under MFRS 9 (Notes 10, 13 and 14)	**2,413**	-	**3,503**	-
Reversal of impairment losses (Notes 13, 14 and 15)	**(199)**	(91)	**(20)**	-
	2,214	1,889	**3,483**	767

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2019

25. LOSS BEFORE TAXATION

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Loss before taxation is arrived at after charging/(crediting):-				
Amortisation of prepaid lease payments (Note 6)	**233**	233	**-**	-
Auditors' remuneration:				
- current financial year	**188**	188	**55**	55
- overprovision in the previous financial year	**(1)**	-	**-**	-
Depreciation of property and equipment	**1,886**	2,110	**49**	62
Development cost written down	**6,817**	-	**-**	-
Deposit written off	**41**	-	**-**	-
Directors' remuneration (Note 30)	**907**	906	**760**	711
Inventories written down (Note 11)	**176**	-	**-**	-
Impairment loss:				
- investments in subsidiaries (Note 8)	**-**	-	**23,668**	1,537
- impairment of property and equipment (Note 5)	**1,354**	-	**-**	-
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- term loan	**326**	337	**-**	-
- others	**2**	5	**-**	1
Prepaid lease payments written off (Note 6)	**274**	-	**-**	-
Property and equipment written off (Note 5)	**44**	320	**-**	-
Rental expense on:				
- equipment	**-**	9	**-**	-
- premises	**200**	4,988	**2**	97
Staff costs:				
- salaries, wages, bonuses and allowances	**1,968**	3,473	**382**	349
- defined contribution plan	**177**	278	**44**	44
- other benefits	**94**	181	**25**	20
Fair value gain on investment properties (Note 7)	**(460)**	(570)	**(460)**	(570)
Total Interest income on financial assets measured at amortised cost	**(130)**	(224)	**(50)**	(87)
Gain on disposal of property and equipment	**(3)**	(5)	**-**	-
Gain on foreign exchange:				
- realised	**(1)**	(157)	**-**	-
Reversal of inventories written down (Note 11)	**(11)**	(39)	**-**	-
Rental income from building	**(96)**	(119)	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

26. INCOME TAX (BENEFIT)/EXPENSE

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Current tax:				
- current financial year	**6**	320	**-**	-
- underprovision in the previous financial year	**116**	2	**-**	-
	122	322	**-**	-
Deferred tax (Note 20):				
- originating and recognition of temporary differences	**(9)**	30	**15**	30
- Overprovision in the previous financial year	**(260)**	-	**-**	-
	(269)	30	**15**	30
	(147)	352	**15**	30

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

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Loss before taxation	**(16,200)**	(4,576)	**(27,835)**	(3,031)
Tax at the statutory tax rate of 24%	**(3,888)**	(1,098)	**(6,680)**	(727)
Tax effects of:-				
Non-deductible expenses	**491**	430	**83**	643
Non-taxable income	**-**	(144)	**-**	(144)
Utilisation of deferred tax assets previously not recognised	**(32)**	(36)	**-**	-
Deferred tax assets not recognised during the financial year	**3,459**	1,198	**6,620**	258
Crystallisation of deferred tax on revaluation reserve	**(33)**	-	**(8)**	-
Underprovision of current tax in the previous financial year	**116**	2	**-**	-
Overprovision of deferred taxation in the previous financial year	**(260)**	-	**-**	-
	(147)	352	**15**	30

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

26. INCOME TAX (BENEFIT)/EXPENSE (CONT'D)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018 - 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

For years of assessment 2018 and 2019, the Malaysian statutory tax rate will be reduced by 1% to 4%, based on the prescribed incremental percentage of chargeable income from business, compared to that of the immediate preceding year of assessment.

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

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Allowance for impairment loss	**32,819**	30,254	**46,319**	35,947
Unutilised tax losses	**65,723**	55,164	**19,454**	2,244
Unabsorbed capital allowances	**36,049**	35,459	**1,158**	1,155
Others	**4,406**	3,840	**(10)**	(9)
	138,997	124,717	**66,921**	39,337

Deferred tax assets have not been recognised in respect of these items because it is not probable that taxable profit of the subsidiaries will be available against which the Group can utilise these benefits.

27. OTHER COMPREHENSIVE INCOME

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Items that Will Not be Reclassified Subsequently to Profit or Loss				
Revaluation surplus on land and buildings	**856**	4,638	**951**	1,750
Less: Deferred tax liability (Note 20)	**(120)**	(724)	**(76)**	(88)
	736	3,914	**875**	1,662

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

28. LOSS PER SHARE

	The Group	
	2019	**2018**
Loss after taxation attributable to owners of the Company (RM'000)	**(16,051)**	(4,930)
Weighted average number of ordinary shares in issue ('000)		
Issued ordinary shares at 1 April	**226,373**	226,373
Effect of new ordinary shares issued	**5,210**	-
Weighted average number of ordinary shares in issue at 31 March	**231,583**	226,373
Basic loss per share (Sen)	**(6.93)**	(2.18)

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

29. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property and equipment is as follows:-

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cost of property and equipment purchased	-	(29)	-	(6)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	**2019 RM'000**	**2018 RM'000**
Term Loan		
At 1 April	**3,815**	4,045
<u>Changes in Financing Cash Flows</u>		
Repayment from borrowing principal	**(240)**	(230)
Repayment from borrowing interests	**(326)**	(337)
<u>Non-cash Changes</u>		
Finance charges recognised in profit or loss	**326**	337
At 31 March	**3,575**	3,815

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

29. CASH FLOW INFORMATION (CONT'D)

(c) The cash and cash equivalents comprised the following:-

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks	**1,150**	5,843	**1,000**	1,500
Cash and bank balances	**3,731**	2,558	**2,320**	15
	4,881	8,401	**3,320**	1,515
Less: Deposits with licensed banks with maturity periods of more than three months	**(1,150)**	(2,567)	**(1,000)**	(1,500)
	3,731	5,834	**2,320**	15

30. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Directors				
Directors of the Company				
Short-term employee benefits:				
- fees	**216**	216	**216**	216
- salaries and other benefits	**608**	603	**473**	482
	824	819	**689**	698
Defined contribution benefits	**83**	87	**71**	73
Total directors' remuneration (Note 25)	**907**	906	**760**	771

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

31. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

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

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

(b) Significant Related Party Transactions and Balances

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

	The Company	
	2019	**2018**
	RM'000	**RM'000**
Advances to subsidiaries	**(1,683)**	(3,003)

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

32. OPERATING SEGMENTS

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

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

(i) Tourism segment – Provision of inbound and outbound tours and ticketing services, transportation services, hospitality services and trading of souvenirs, pewterware, local cottage industry products and other tourism related products.

(ii) Others – Comprises investment holding, trading, warehousing, mobile crane services, timber log trading, sawmilling and manufacturing of downstream timber products, neither of which are of a sufficient size to be reported separately.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

32. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS

	Tourism Services		Others		The Group	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue						
External revenue	**19,477**	47,655	**552**	494	**20,029**	48,149
Inter-segment revenue	**-**	70	**-**	-	**-**	70
	19,477	47,725	**552**	494	**20,029**	48,219
Consolidation adjustments					**-**	(70)
Consolidated revenue					**20,029**	48,149
Results						
Segment loss	**(8,593)**	(3,420)	**(7,142)**	(1,038)	**(15,735)**	(4,458)
Finance costs					**(328)**	(342)
Consolidated loss before taxation					**(16,063)**	(4,800)
Segment loss includes the followings:-						
Interest income	**39**	36	**91**	188	**130**	224
Interest expenses	**(328)**	(342)	**-**	-	**(328)**	(342)
Depreciation and amortisation	**(1,657)**	(2,223)	**(229)**	(120)	**(1,886)**	(2,343)
Development cost written down	**-**	-	**(6,817)**	-	**(6,817)**	-
Impairment loss of trade and other receivables	**(2,207)**	(1,980)	**(206)**	-	**(2,413)**	(1,980)
Inventories written down	**(176)**	-	**-**	-	**(176)**	-
Property, plant and equipment written off	**(44)**	(320)	**-**	-	**(44)**	(320)
Reversal of impairment losses on trade and other receivables	**179**	91	**-**	-	**179**	91
Reversal of inventories written down	**11**	39	**-**	-	**11**	39
Fair value gain on investment properties	**-**	-	**460**	570	**460**	570

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2019

32. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	Tourism Services		Others		The Group	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Assets						
Segment assets	**30,402**	41,528	**52,366**	58,995	**82,768**	100,523
Unallocated asset:						
- current tax assets					**214**	455
Consolidated total assets					**82,982**	100,978
Additions to non-current assets other than financial instruments are:-						
Property, plant and equipment	**-**	25	**-**	4	**-**	29
Liabilities						
Segment liabilities	**5,858**	11,762	**1,069**	876	**6,927**	12,638
Unallocated liabilities:						
- deferred tax liabilities					**4,352**	4,501
- current tax liabilities					**7**	389
Consolidated total liabilities					**11,286**	17,528

GEOGRAPHICAL INFORMATION

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

MAJOR CUSTOMERS

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

33. NON-CANCELLABLE OPERATING LEASES

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

	The Group	
	2019	**2018**
	RM'000	**RM'000**
Not later than 1 year	**38**	3,478
Later than 1 year and not later than 5 years	**-**	-
	38	3,478

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

34. FOREIGN EXCHANGE RATES

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

	The Group	
	2019	2018
	RM	RM
Chinese Renminbi	-	0.62
Hong Kong Dollar	-	0.49
United States Dollar	-	3.86
Singapore Dollar	-	2.95

35. FINANCIAL INSTRUMENTS

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

35.1 FINANCIAL RISK MANAGEMENT POLICIES

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

(a) Market Risk

(i) Foreign Currency Risk

The Group does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

(ii) Interest Rate Risk

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

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

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 19 to the financial statements.

Interest Rate Risk Sensitivity Analysis

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

(iii) Equity Price Risk

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

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

The Company's exposure to credit risk arises principally from advances to subsidiaries, related companies and corporate guarantee given to financial institutions for credit facilities granted to subsidiary. The Company monitors the results of these related parties regularly and repayment made by the related parties.

(i) Credit Risk Concentration Profile

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

(ii) Exposure to Credit Risk

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

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of financial assets at amortised cost are credit impaired.

The gross carrying amounts of those financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite they are still subject to enforcement activities.

Trade Receivables

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group considers any receivables having financial difficulty or with significant balances outstanding for more than 90 days overdue are deemed credit impaired.

The expected loss rates are based on the payment profiles of sales over a period of 12 months from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for both trade receivables are summarised below:-

The Group	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
2019			
Current (not past due)	**36**	**-**	**36**
1 to 30 days past due	**39**	**(1)**	**38**
31 to 60 days past due	**51**	**(17)**	**34**
61 to 90 days past due	**34**	**(11)**	**23**
more than 90 days past due	**340**	**(323)**	**17**
	500	**(352)**	**148**
Credit impaired:			
- individually impaired	**5,215**	**(5,215)**	**-**
Trade receivables	**5,715**	**(5,567)**	**148**

The Company	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
2019			
Current (not past due)	**4**	**-**	**4**
Credit impaired	**317**	**(317)**	**-**
Trade receivables	**321**	**(317)**	**4**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

In the last financial year, the loss allowance on trade receivables was calculated under MFRS 139. The ageing analysis of trade receivables is as follows:-

The Group	Gross Amount RM'000	Individual Impairment RM'000	Carrying Amount RM'000
2018			
Not past due	736	-	736
Past due:			
- less than 60 days	324	-	324
- 61 to 150 days	390	-	390
- over 150 days	5,809	(4,710)	1,099
	7,259	(4,710)	2,549

The Company	Gross Amount RM'000	Individual Impairment RM'000	Carrying Amount RM'000
2018			
Not past due	97	-	97
Past due:			
- over 150 days	140	(140)	-
	237	(140)	97

The movements in the loss allowances in respect of trade receivables disclosed in Notes 13 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss are summarised below:-

The Group	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
2019			
Low credit risk	**466**	**-**	**466**
Credit impaired	**11,276**	**(11,276)**	**-**
	11,742	**(11,276)**	**466**
The Company			
2019			
Low credit risk	**156**	**-**	**156**
Credit impaired	**961**	**(961)**	**-**
	1,117	**(961)**	**156**

In the last financial year, the loss allowances on other receivables was calculated under MFRS 139.

The movements in the loss allowances are disclosed in Note 14 to the financial statements.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Amount Owing by Subsidiaries and Amount Owing by Associate

The Group applies the general approach to measuring expected credit losses for all inter-company balances. Generally, the Group considers loans and advances to related parties have low credit risks. The Group assumes that there is a significant increase in credit risk when a related party's financial position deteriorates significantly. As the Group is able to determine the timing of payments of the related parties' loans and advances when they are payable, the Group considers the loans and advances to be in default when related parties are not able to pay when demanded. The Group considers a related party's loan or advance to be credit impaired when the related party is unlikely to repay its loan or advance in full or the related party is continuously loss making or the related party is having a deficit in its totally equity.

The Group determines the probability of default for these loans and advances individually using internal information available.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for amount owing by associate is summarised below:-

The Group	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
2019			
Credit impaired	**1,000**	**(1,000)**	**-**

The Company	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
2019			
Significant increase in credit risk	**56,072**	**(36,542)**	**19,530**
Credit impaired	**8,500**	**(8,500)**	**-**
	64,572	**(45,042)**	**19,530**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Amount Owing by Subsidiaries and Amount Owing by Associate (Cont'd)

In the last financial year, the loss allowances on amount owing by by subsidiaries and amount owing by associate were calculated under MFRS 139.

The movements in the loss allowances in respect of amount owing by subsidiaries and amount owing by associate are disclosed in Notes 10 and 15 to the financial statements.

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

(c) Liquidity Risk

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

Maturity Analysis

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

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2019						
Non-derivative Financial Liabilities						
Term loan	8.89	3,575	5,836	566	2,832	2,438
Trade payables	-	652	652	652	-	-
Other payables and accruals	-	2,647	2,647	2,647	-	-
		6,874	9,135	3,865	2,832	2,438

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The Group	**Weighted Average Effective Interest Rate %**	**Carrying Amount RM'000**	**Contractual Undiscounted Cash Flows RM'000**	**Within 1 Year RM'000**	**1 – 5 Years RM'000**	**Over 5 Years RM'000**
2018						
Non-derivative Financial Liabilities						
Term loan	8.79	3,815	5,802	566	2,266	2,970
Trade payables	-	1,525	1,525	1,525	-	-
Other payables and accruals	-	7,298	7,298	7,298	-	-
		12,638	14,625	9,389	2,266	2,970

The Company						
2019						
Non-derivative Financial Liabilities						
Other payables and accruals	**-**	**434**	**434**	**434**	**-**	**-**
Amount owing to subsidiaries	**-**	**2,409**	**2,409**	**2,409**	**-**	**-**
Financial guarantee contract in relation to corporate guarantee given to a subsidiary	**-**	**-**	**3,575**	**3,575**	**-**	**-**
		2,843	**6,418**	**6,418**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The Company	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2018						
Non-derivative Financial Liabilities						
Other payables and accruals	-	491	491	491	-	-
Amount owing to subsidiaries	-	1,451	1,451	1,451	-	-
Financial guarantee contract in relation to corporate guarantee given to a subsidiary	-	-	3,815	3,815	-	-
		1,942	5,757	5,757	-	-

The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.

35.2 CAPITAL RISK MANAGEMENT

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

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the borrowings from financial institutions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

35. FINANCIAL INSTRUMENTS (CONT'D)

35.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group 2019 RM'000	The Company 2019 RM'000
Financial Assets		
Amortised Cost		
Trade receivables (Note 13)	**148**	**4**
Other receivables and deposits (Note 14)	**911**	**188**
Amount owing by subsidiaries (Note 10)	**-**	**19,530**
Fixed deposits with licensed banks (Note 16)	**1,150**	**1,000**
Cash and bank balances	**3,731**	**2,320**
	5,940	**23,042**
Financial Liabilities		
Amortised Cost		
Term loan (Note 19)	**3,575**	**-**
Trade payables (Note 21)	**652**	**-**
Other payables and accruals (Note 22)	**2,647**	**434**
Amount owing to subsidiaries (Note10)	**-**	**2,409**
	6,874	**2,843**

	The Group 2018 RM'000	The Company 2018 RM'000
Financial Assets		
Loan and Receivables Financial Assets		
Trade receivables (Note 13)	2,549	97
Other receivables and deposits (Note 14)	2,642	186
Amount owing by subsidiaries (Note 10)	-	28,063
Fixed deposits with licensed banks (Note 16)	5,843	1,500
Cash and bank balances	2,558	15
	13,592	29,861
Financial Liabilities		
Other Financial Liabilities		
Term loan (Note 19)	3,815	-
Trade payables (Note 21)	1,525	-
Other payables and accruals (Note 22)	7,298	491
Amount owing to subsidiaries (Note10)	-	1,451
	12,638	1,942

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

35. FINANCIAL INSTRUMENTS (CONT'D)

35.4 FAIR VALUE INFORMATION

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

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

The Group	Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000
2019					
Financial Liability					
Term loan	**-**	**3,575**	**-**	**3,575**	**3,575**

	Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000
2018					
Financial Liability					
Term loan	-	3,815	-	3,815	3,815

The fair value of term loan are determined by discounting the relevant cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group	
	2019	2018
	%	%
Term loan	**8.89**	8.79

The fair value of the term loan is determined to approximate the carrying amount as it is immaterial in the context of the financial statement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

36. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING DATE

a) On 1 April 2019, Iconic Hotel Management Sdn. Bhd. (formerly known as Nouvelle Hotel (Kulai) Sdn. Bhd.), a subsidiary of the Company entered into a Hotel Management Agreement with Lucky 888 Sdn. Bhd., to provide hotel related management services over a period of 12 months for a total cash consideration of RM3,600,000.

b) On 2 May 2019, the Company announced a change of name from Sanbumi Holdings Berhad to Iconic Worldwide Berhad, which was approved by the Companies Commission of Malaysia ("CCM") on 2 April 2019. The Company had on 26 April 2019 applied for an extension of time and CCM has on the same day approved the reservation of name for 90 days until 31 July 2019.

The Proposed Change of Name is subject to the approval of shareholders of the Company at the Extraordinary General Meeting to be convened at a date to be announced later. The Proposed Change of Name, if approved by the shareholders, will be effective from the date of issuance of the Notice of Registration of New Name by the CCM.

c) On 2 April 2019, the Company announced a proposal to undertake the following:-

- Proposed joint venture via the joint venture agreement dated 2 April 2019 between Iconic Maison Sdn. Bhd. (formerly known as Sanbumi Sawmill Sdn. Bhd.), a wholly-owned subsidiary of Sanbumi and Iconic Development Sdn. Bhd. ("IDSB") ("Joint Venture Agreement") in relation to the mixed development project comprising 48 units of 3-storey semi-detached shop office, 1 unit of 3-storey detached shop office, a 4-storey 48 rooms budget hotel and 3 units of 2-storey detached shop (collectively known as "Iconic Point" or "Development Project") on a piece of freehold land held under Lot No. 458, Mukim 14, Daerah Seberang Perai Selatan, Pulau Pinang held under Geran Mukim 85 ("Development Land") ("Proposed Joint Venture");

- Proposed issuance of 57,324,840 new redeemable convertible preference shares of the Company ("RCPS") to IDSB pursuant to the terms and conditions of the Joint Venture Agreement ("Proposed Issuance of RCPS");

- Proposed special issue of up to 74,703,000 new ordinary shares in Sanbumi ("Special Issue Shares") to independent third party investor(s) to be identified at an issue price to be determined at a later dated ("Proposed Special Issue of Shares"); and

- Proposed amendments to the Constitution of Sanbumi to comply with the Companies Act 2016 and to facilitate the issuance of the RCPS under the Proposed Issuance of RCPS ("Proposed Amendments")

  (collectively, the "Proposals")

On 31 May 2019, the Company further announced the additional listing application in relation to the Proposals has been submitted to Bursa Securities on the same day.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

37. CHANGES IN ACCOUNTING POLICIES

As mentioned in Note 3.1 to the financial statements, the Group has adopted MFRS 9 during the financial year. The financial impacts upon the adoption of these accounting standards are summarised below:-

Statements of Financial Position

	At 1 April 2018		
The Group	**As Previously Reported RM'000**	**MFRS 9 Adjustments RM'000**	**As Restated RM'000**
Asset			
Trade receivables	2,549	(173)	2,376
Equity			
Retained profits	16,487	(173)	16,314
The Company			
Asset			
Amount owing by subsidiaries	28,063	(6,890)	21,173
Equity			
Retained profits	27,818	(6,890)	20,928

Initial Application of MFRS 9

The Group has adopted MFRS 9 without restating any comparative information (transitional exemption). Therefore, the financial impact arising from the new classification and measurement of financial instruments, and the new impairment requirements are not reflected in the statements of financial position as at 31 March 2018; but are recognised in the opening statements of financial position on 1 April 2018 (date of initial application of MFRS 9).

The Group has changed its impairment loss methodology from the 'incurred loss' approach to the 'expected credit loss' approach upon the adoption of MFRS 9. Under this new approach, the Group has accounted for the expected credit losses of its financial assets measured at amortised cost to reflect its changes in credit risk since initial recognition. Also, the Group has applied a simplified approach to measure the loss allowance of its trade receivables as permitted by MFRS 9.

SHAREHOLDINGS STATISTICS AND ANALYSIS

As at 1 July 2019

SHARE CAPITAL

Total number of issued shares	:	249,011,232 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

SUBSTANTIAL SHAREHOLDERS

In accordance with the Register of Substantial Shareholders, the Substantial Shareholders and their shareholdings as at 1 July 2019 are as follows:-

Name of Substantial Shareholders	No of shares			
	Direct	%	Indirect	%
Dato' Tan Kean Tet	46,124,154	18.52	7,970,300[1]	3.20
Dato' Chua Tiong Moon	24,310,362	9.76	2,198,113[2]	0.88

(1) Deemed interested by virtue of his shareholdings in Legacy 888 Sdn Bhd pursuant to Section 8 of the Act
(2) Deemed interested by virtue of his shareholdings in Equal Accord Sdn Bhd pursuant to Section 8 of the Act

DIRECTORS' SHAREHOLDINGS

In accordance with the Register of Directors' Shareholdings, the Directors and their shareholdings as at 1 July 2019 are as follows:-

Name of Directors	Direct		Indirect	
	No. of shares	%	No. of shares	%
Dato' Tan Kean Tet	46,124,154	18.52	7,970,300[1]	3.20
Dato' Chua Tiong Moon	24,310,362	9.76	2,198,113[2]	0.88
Tan Cho Chia	1,300,000	0.52	7,970,300[1]	3.20
Dato' Ir. Zainurin bin Karman	-	-	-	-
Lim Thian Loong	-	-	-	-
Leow Chan Khiang	-	-	-	-

(1) Deemed interested by virtue of his shareholdings in Legacy 888 Sdn Bhd pursuant to Section 8 of the Act
(2) Deemed interested by virtue of his shareholdings in Equal Accord Sdn Bhd pursuant to Section 8 of the Act

SHAREHOLDINGS STATISTICS AND ANALYSIS

As at 1 July 2019

ANALYSIS BY SIZE OF HOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	15	0.37	331	0.00
100 - 1,000	825	20.28	749,340	0.30
1,001 - 10,000	2,206	54.21	11,100,031	4.46
10,001 - 100,000	845	20.77	28,679,244	11.52
100,001 - 12,450,560 (*)	175	4.30	147,047,770	59.05
12,450,561 AND ABOVE (**)	3	0.07	61,434,516	24.67
TOTAL :	4,069	100.00	249,011,232	100.00

REMARK : * - LESS THAN 5% OF ISSUED SHARES
** - 5% AND ABOVE OF ISSUED SHARES

LIST OF TOP 30 HOLDERS

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

No.	Name	Holdings	%
1	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA TIONG MOON	24,310,362	9.762
2	TAN KEAN TET	22,637,384	9.090
3	TAN KEAN TET	14,486,770	5.817
4	LEGACY 888 SDN. BHD.	7,970,300	3.200
5	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEW SENG TOOI (E-BMM)	6,000,000	2.409
6	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GENTING UTAMA SDN BHD (M&A)	5,392,600	2.165
7	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KEAN TET	5,000,000	2.007
8	EVERGREEN CITY HOLDINGS SDN. BHD.	4,779,200	1.919
9	LEE KIM SOON	4,749,800	1.907
10	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAGJAYA RESOURCES (M) SDN BHD (PNG)	4,600,000	1.847
11	FINE TASTE LOCAL PRODUCTS INDUSTRIES SDN. BHD.	4,326,000	1.737
12	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FINE TASTE LOCAL PRODUCTS INDUSTRIES SDN BHD	4,261,900	1.711

SHAREHOLDINGS STATISTICS AND ANALYSIS

As at 1 July 2019

LIST OF TOP 30 HOLDERS (CONT'D)

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

No.	Name	Holdings	%
13	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KOK AUN	4,044,100	1.624
14	BOEY TZE NIN	4,032,200	1.619
15	KEAN MOONG YIN	4,000,000	1.606
16	TAN KEAN TET	4,000,000	1.606
17	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JULUNG PRESTASI SDN. BHD. (M0015)	3,939,700	1.582
18	GOLDMATRIX RESOURCES SDN. BHD.	3,460,400	1.389
19	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR LIM LEIN SIM	2,970,000	1.192
20	EVERGREEN 2000 SDN. BHD.	2,828,000	1.135
21	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHOO BENG CHUAN (PENANG-CL)	2,565,600	1.030
22	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR EQUAL ACCORD SDN BHD	2,198,100	0.882
23	M & A NOMINEE (TEMPATAN) SDN BHD MAJESTIC SALUTE SDN BHD FOR WEALTHMAX ASSETS SDN BHD	2,085,200	0.837
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD TAN LEE BENG	2,000,000	0.803
25	CHAI MUN HA	1,965,870	0.789
26	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN LEE BENG (E-BMM/SAT)	1,867,800	0.750
27	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHANG CHEE ANG (E-TSA/UTM)	1,739,500	0.698
28	GOH KHENG HOCK	1,736,000	0.697
29	CHANG CHEE CHYUN	1,596,000	0.640
30	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAN SINGH A/L SHAM SINGH	1,575,000	0.632
TOTAL		**157,117,786**	**63.082**

PARTICULARS OF PROPERTIES HELD

Summary of landed properties owned as at 31 March 2019.

Owner	Location	Tenure	Existing Use	Land area Sq.ft.	Approx. age of building (Years)	Fair Value as at 31.3.19 RM'000	Last Revaluation
Sanbumi Holdings Berhad ("SHB")	Lot 1620 Mukim 6 Seberang Prai Tengah, Pulau Pinang	Freehold	4 storey office building; and 1 storey workshop	84,419	40	11,880 720	2019 2019
SHB	Part of Lot 3423 Mukim 6 Seberang Prai Tengah, Pulau Pinang	Freehold	Vacant land	55,626	N.A.	3,750	2019
SHB	Lot 1590, 1595 & 1598 Mukim 17 Sg. Lembu Seberang Prai Tengah, Pulau Pinang	Freehold	Vacant land	441,263	N.A.	5,050	2019
SHB	Lot 739 Section 16 Georgetown, Daerah Timur-Laut, Pulau Pinang	Freehold	2 storey shophouse	2,292	>50	2,680	2019
EMC Cranes Sdn Bhd	Lot 451 Mukim 17 Sg Lembu Seberang Prai Tengah, Pulau Pinang	Freehold	Vacant land	795,231	N.A.	4,200	2019
Iconic Hotel Management Sdn Bhd *(formerly known as Nouvelle Hotel (Kulai) Sdn Bhd)*	H.S.(D) 51225-51238 & 51264-51276 Mukim Kulai, Daerah Kulaijaya, Johor	Freehold	14 lots of vacant land and 13 units of 3 storey shop offices	44,784	8	13,800	2019
Nouvelle Hotel Sdn Bhd	Lot 6057 to Lot 6080 Mukim Pasir Panjang Port Dickson, Negeri Sembilan	Freehold	24 lots of vacant land	51,817	N.A.	3,000	2019
Nouvelle Restaurant Sdn Bhd	Lot 61352, 61353 & 62417, Mukim Durian Tunggal, Daerah Alor Gajah, Melaka	Leasehold (to expire in 2094)	Vacant land	728,781	N.A.	10,900	2019

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SANBUMI HOLDINGS BERHAD
(Company No. 8386-P)
(Incorporated in Malaysia)

PROXY FORM

#CDS account no. of authorised nominee

I/We ______________________________ (name of shareholder as per NRIC, in capital letters)
NRIC No. ______________ (new) ______________ (old)/ID No./Company No. ______________ of
______________________________ (full address)
being a member(s) of the abovenamed Company, hereby appoint ______________________________
(name of proxy as per NRIC, in capital letters) NRIC No. ______________ (new) ______________ (old)
or failing him/her ______________________________ (name of proxy as per NRIC, in capital letters)
NRIC No. ______________ (new) ______________ (old) or failing him/her the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Fiftieth Annual General Meeting of the Company to be held at Function Room, Level 7, Iconic Hotel at 71, Jalan Icon City, Bukit Tengah, 14000 Bukit Mertajam, Penang on Monday, 23 September 2019 at 10.30 a.m. and at any adjournment thereof. My/our proxy is to vote as indicated below:-

		For	Against
Ordinary Resolution 1	- Re-election of Mr Lim Thian Loong		
Ordinary Resolution 2	- Re-election of Dato' Tan Kean Tet		
Ordinary Resolution 3	- Re-election of Mr Tan Cho Chia		
Ordinary Resolution 4	- Re-election of Mr Leow Chan Khiang		
Ordinary Resolution 5	- Re-appointment of Crowe Malaysia PLT as Auditors		
Ordinary Resolution 6	- Approval of Directors' fees of RM216,000		
Ordinary Resolution 7	- Approval of Directors' benefits of up to RM20,000		
Ordinary Resolution 8	- Continuing in office for Dato' Ir. Zainurin bin Karman		
Ordinary Resolution 9	- Continuing in office for Mr Lim Thian Loong		
Ordinary Resolution 10	- Authority to issue shares		
Ordinary Resolution 11	- Share Buy-back Authority		
Special Resolution 1	- Proposed Alteration of the Existing Memorandum and Articles of Association by replacing with a New Constitution		

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

Dated this ______________ day of ______________ 2019

Number of shares held	

____

Signature/Common Seal of Appointor

For appointment of two proxies, number of shares and percentage of shareholdings to be represented by the proxies:-

	No. of shares	Percentage
Proxy 1		%
Proxy 2		%

Contact No. Of Shareholder/Proxy: ______________

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting shall be entitled to appoint not more than two (2) proxies to attend, participate, speak and vote in his/her stead at the same meeting. A proxy need not be a member of the Company.
2. Where a member appoints two (2) proxies, the appointments shall be invalid unless the percentage of the holding to be represented by each proxy is specified.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at Wisma EMC, 972, Jalan Baru, 13700 Prai, Penang not less than forty-eight (48) hours before the time set for holding the Annual General Meeting or any adjournment thereof.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting in accordance with Section 333 of the Companies Act, 2016.
8. If the space provided in the proxy form is not sufficient, an appendix attached to the proxy form duly signed by the appointor is acceptable.
9. Those proxy forms which are indicated with "√" in the spaces provided to show how the votes are to be cast will also be accepted.
10. Only members registered in the Record of Depositors as at 12 September 2019 shall be eligible to attend the meeting or appoint proxies and vote on their behalf.

\# Applicable to shares held through a nominee account.

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AFFIX
STAMP

The Secretaries
SANBUMI HOLDINGS BERHAD (8386-P)

Wisma EMC
972, Jalan Baru
13700 Prai, Penang
Malaysia

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