Annual Report 2018

"Investing Today in Tomorrow's Leading Businesses"

SMRT
HOLDINGS BERHAD

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Dr Palaniappan
A/L Ramanathan Chettiar
("Tan Sri Dato' Dr R Palan")
Chairman

Mr Malayandi @ Kalaiarasu
Non-Independent Non- Executive Director
(Re-designated from Executive Director on 23rd July 2018)

Dato' (Dr) Asariah Binti Mior Shaharuddin ("Dato' (Dr) Asariah")
Independent Non-Executive Director

Mr Leow Nan Chye
Independent Non-Executive Director

Ms Soh Eng Hooi
Independent Non-Executive Director

Mr Maha Ramanathan Palan
("Maha Palan")
Non-Independent Non-Executive Director
(Appointed on 23rd July 2018)

AUDIT & RISK MANAGEMENT COMMITTEE

Mr Leow Nan Chye
Chairman

Dato' (Dr) Asariah
Member

Ms Soh Eng Hooi
Member

NOMINATION COMMITTEE

Dato' (Dr) Asariah
Chairperson

Mr Leow Nan Chye
Member

Ms Soh Eng Hooi
Member

REMUNERATION COMMITTEE

Dato' (Dr) Asariah
Chairperson

Mr Leow Nan Chye
Member

Ms Soh Eng Hooi
Member

COMPANY SECRETARIES

Ms Wong Youn Kim
(MAICSA 7018778)
Ms Yip Siew Cheng
(MAICSA 7006780)

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EXTERNAL AUDITORS

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Facsimile: +603 2282 9980
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Email: andrew.choong@bakertilly.my

Partner-in-charge : Mr Andrew Choong Tuck Kuan

REGISTRAR

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Website: www.kaaplaw.com
Email: jhashim@kaaplaw.com

Contact person: Mr Julian Mahmud Hashim

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Facsimile : +603 2770 9099
Website : www.smrhub.com
Email : info@smrhrgroup.com

Contact person: Ms Winnie Ow

STOCK EXCHANGE LISTING

ACE Market
Bursa Malaysia Securities Berhad

Stock name : SMRT
Stock code : 0117

PRINCIPAL BANKERS

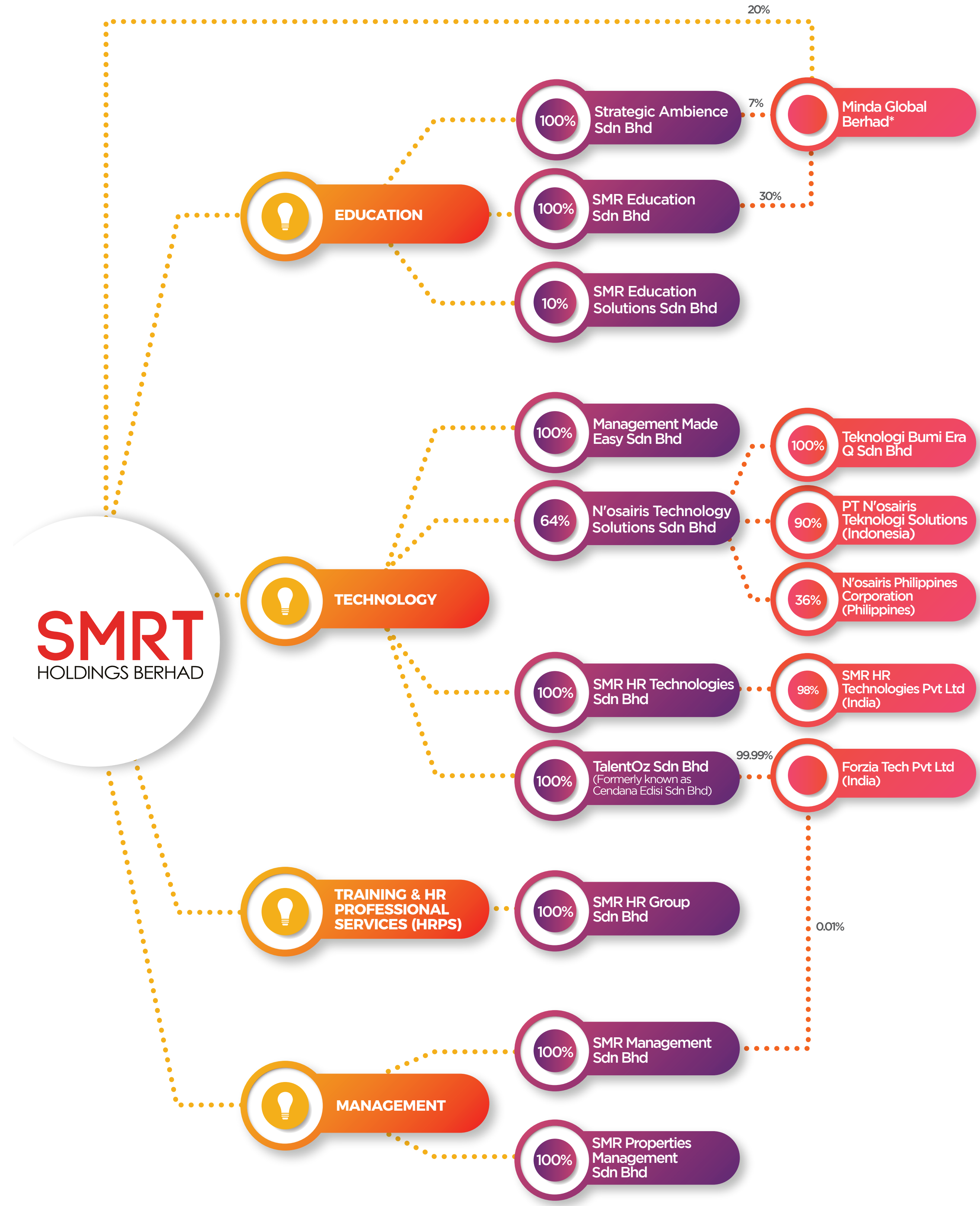
Malayan Banking Berhad
AmBank (M) Berhad

INVESTORS RELATIONS

Website : www.smrhub.com
Email : investors@smrhub.com

GROUP CORPORATE STRUCTURE

as at 3 April 2019



* The operating subsidiaries under Minda Global Berhad are CUCMS Education Sdn Bhd; Asiamet (M) Sdn Bhd; Asiamet (Kuching) Sdn Bhd; Asiamet (KK) Sdn Bhd and Minda Global International Education Sdn Bhd (Formerly known as Valencia Education Sdn Bhd).

FINANCIAL HIGHLIGHTS

	2018 RM'000	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000
COMPREHENSIVE INCOME					
Revenue	127,027	101,615	81,462	101,095	121,864
Profit / (loss) before tax	(3,141)	100,652	(33,354)	(27,659)	12,134
Profit / (loss) after tax	(1,020)	98,908	(35,862)	(30,079)	7,025
KEY FINANCIAL POSITIONS					
Total assets	379,623	204,894	97,017	126,169	122,284
Total liabilities	115,270	55,095	60,844	65,315	43,237
Cash & Cash equivalents	6,097	5,632	5,164	9,468	16,923
Total borowings	34,415	31,619	42,017	49,435	21,764
Issued and paid up capital	84,504	76,637	29,735	26,029	23,517
Shareholders' fund	175,732	146,105	33,582	60,727	78,916
SHARE INFORMATION					
Net earnings / loss per share (basic) (sen)	0.73	28.28	(13.31)	(12.15)	2.61
Net Earnings/ loss per share (diluted) (sen)	0.68	25.04	(13.31)	(12.15)	2.00
Net assets per share (sen)	0.65	0.41	0.12	0.23	33.61
Market capitalisation @ 31/12/2018	48,846	65,152	52,037	71,581	150,512
Share price as at 31/12/2018	0.12	0.18	0.175	0.275	0.640
FINANCIAL RATIOS					
Return on total asset(%)	-0.83%	49.12%	-34.38%	-21.92%	9.92%
Gearing ratio (times)	0.16	0.18	1.08	0.60	0.03
Price to earnings ratio (times)	16.44	0.54	(1.31)	(2.26)	24.52

TAN SRI DATO' DR R PALAN
B.Sc. (Madras)., M. A. (Madras)., M.Sc. (Leicester)., A.M.P. (Harvard)., Ph.D. (California)., Ph.D. (Ballarat)
P.S.M., D.P.M.P. (Perak), J.B.K. (Kuching)

Chairman

Tan Sri Dato' Dr R Palan, a Malaysian, aged 63, male, is the Founder of SMR Group. He was appointed to the Board on 13 August 2004.

Tan Sri Dato' Dr R Palan has 35 years of experience in the training and education industry. An alumnus of the Harvard Business School, he is a lifelong learner who pursued his studies in Australia, United Kingdom and India. The British Institute of Learning & Development, UK conferred on him the highest level of membership: the Fellowship. He has also earned the Certified Speaking Professional (CSP) award, the highest award in the speaking profession from the National Association of Speakers, USA.

The author of 16 books and numerous articles, he started his career as a lecturer, trainer and HR specialist before taking on senior management roles in marketing and general management with a variety of industries in different countries.

He then embarked on his entrepreneurial journey with a vision to help people learn and perform. Spurred on by a lifelong desire to make quality education accessible to everyone who aspires to it, he has focused his entrepreneurial skills on education-related ventures.

He founded Yayasan Palan to support Corporate Social Responsibility initiatives and his voluntary contributions include serving on non-profit organisations, both governmental and private. He serves as the Pro-Chancellor of Cyberjaya University College of Medical Sciences and is also the Group Managing Director of Minda Global Berhad.

He attended all the eight (8) Board Meetings held during the financial year ended 31 December 2018.

Other than as disclosed above, Tan Sri Dato' Dr R Palan has no directorship in any other public company and listed issuer. He is a substantial shareholder of the Company and he has no direct family relationship with any other Director in SMRT Holdings Berhad, other than Mr Maha Palan, who is his son and Mr Malayandi Kalaiarasu, who is his nephew, both are Non-Independent Non-Executive Director of the Company. He is a Director in Special Flagship Holdings Sdn Bhd, a substantial shareholder of the Company. He has no conflict of interest with the Company and has never been convicted of any offence (other than traffic offences, if any) within the past five (5) years or imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

DATO' (DR) ASARIAH
Independent Non-Executive Director

Dato' (Dr) Asariah Binti Mior Shaharuddin, a Malaysian, aged 66, female, was appointed to the Board on 4 November 2013. Dato' (Dr) Asariah is the Chairperson of the Nomination Committee and Remuneration Committee as well as a member of the Audit and Risk Management Committee of the Company.

Dato' (Dr) Asariah holds a Masters Degree (M.Sc.) in Curriculum and Instruction from the University of Wisconsin, Wisconsin, USA which she obtained in 1983. She graduated with a Bachelor of Arts (Hons) Degree in Geography from the University of Malaya in 1975 and a Diploma in Education from the same university in 1976. In honouring her contribution to scholarship and academic partnership between Malaysia and the Queensland University of Technology, Australia, Dato' (Dr) Asariah was conferred with the Degree of Doctor of the University in 2008.

Known for her work and contribution to teacher education in the country, she was the Deputy Director General of Education, Ministry of Education Malaysia before her retirement in 2011. As Deputy Director General in-charge of Teacher Professional Development, she was primarily responsible for policy, planning, finance and human resource development. A passionate teacher educator, she is known for her work in continuous professional development ("CPD") of teachers and was the key figure in the upgrading of all Malaysian Teacher Training Colleges to become degree awarding institutions known as Institut Pendidikan Guru ("IPG") or Institutes of Teacher Education, Malaysia which now offer full-time Bachelor of Teaching degree courses.

Dato' (Dr) Asariah also has a vast experience in international teacher education management and collaboration. During her time with the Ministry, she was able to put into fruition efforts of producing effective teachers by various upgrading programmes, reforms and establishing partnerships with local and foreign universities from the United Kingdom, Australia and New Zealand, France, Japan and Germany.

She has attended courses, seminars and workshops at Harvard Graduate School of Education, University of Harvard; Institute of Education, University of London, UK; University of Wales, Cardiff; University of Hiroshima, Japan and Regional education and management centres in Asia such as Singapore, Philippines and Indonesia.

For her contributions, Dato' (Dr) Asariah has been awarded with Darjah Dato Paduka Mahkota Perak (D.P.M.P), Darjah Indera Mahkota Pahang (D.I.M.P), Pingat Johan Setia Mahkota (J.S.M) and Ahli Mangku Negara (A.M.N) from DYMM Seri Paduka Baginda Yang Di-Pertuan Agong.

Dato' (Dr) Asariah attended all the eight (8) Board Meetings held during the financial year ended 31 December 2018.

Dato' (Dr) Asariah has no directorship in other public listed companies. She has no family relationship with any Director and/or substantial shareholder of the Company, no conflict of interest with the Company and has never been convicted of any offence (other than traffic offences, if any) within the past five (5) years or imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

MR LEOW NAN CHYE
Independent Non-Executive Director

Mr Leow, a Malaysian, aged 60, male, was appointed to the Board on 5th October 2005. He is the Chairman of the Audit and Risk Management Committee and a member of the Nomination Committee and Remuneration Committee of the Company.

Mr Leow is an Accountant by profession and graduated from Tunku Abdul Rahman College and obtained the professional qualification from the Chartered Institute of Management Accountants, United Kingdom. He is a member of the Malaysian Institute of Accountants ("MIA") and has over twenty (20) years experience in various companies involved in property development, resorts and golf, manufacturing and investment holding.

He held various management positions during his employment with Malaysian General Investment Corporation Bhd., KAB Group, Tanming Group, Negara Properties Sdn Bhd and Formosa Prosonic Industries Sdn Bhd.

Mr Leow attended all the eight (8) Board Meetings held during the financial year ended 31 December 2018.

He has no directorship in any other public listed company. He has no family relationship with any Director and/or substantial shareholder of the Company, no conflict of interest with the Company and has never been convicted of any offence (other than traffic offences, if any) within the past five (5) years or imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

MS SOH ENG HOOI
C.A.(M), CPA(M), B Acc (Hons) UM
Independent Non-Executive Director

Ms Soh, a Malaysian, aged 50, female, was appointed to the Board on 27 November 2017. She is the member of Audit and Risk Management Committee, Nomination Committee and Remuneration Committee.

Ms Soh is an accountant by profession and graduated from Universiti Malaya. She is a member of the Malaysian Institute of Accountants ("MIA") and the Malaysian Institute of Certified Public Accountants ("MICPA"). Ms Soh started her career with one of the then Big 5 international accounting firms and was a partner in one of the top 10 international accounting firms before she founded E H Soh & Partners in 2015. As a qualified accountant by profession, she carries with her more than 20 years of experience in providing assurance, corporate and financial advisory services to public and private companies. She is a regular trainer/speaker for trainings and seminars organized by accounting bodies such as MICPA and MIA.

Ms Soh attended seven (7) Board Meetings held during the financial year ended 31 December 2018.

She was appointed as Independent Non-Executive Director of Integrated Logistic Berhad. She has no family relationship with any Director and/or substantial shareholder of the Company, no conflict of interest with the Company and has never been convicted of any offence (other than traffic offences, if any) within the past five (5) years or imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF DIRECTORS

(Continued)

MR MALAYANDI @ KALAIARASU
Non-Independent Non-Executive Director

Mr Kalaiarasu, a Malaysian, aged 33, male, was appointed to the Board on 17 June 2011.

Mr Kalaiarasu holds a Bachelors of Engineering (Honours) degree majoring in electronics from University of Nottingham Trent at Nottingham City, United Kingdom and Masters of Business Administration from Victoria University, Melbourne, Australia.

Over the last ten (10) years, he has had extensive experience working in this region for reputed customers on education and technology consulting projects. He contributes the entrepreneurial and technology expertise at the board level.

Mr Kalaiarasu's focus is strongly on new acquisitions and leading the business aspect in Education. He has worked with Accenture, in which he focused on the upstream oil and gas industry. He has held several key positions since joining Accenture. Prior to this, he worked with an American based multinational corporation, Jabil and prior to that with Mahindra Satyam, a global IT company. Throughout his employment, he managed several key technology research and development projects all over the world. He has also worked with the Ministry of Health in Singapore on developing a key collaborative system.

Mr Kalaiarasu attended all the eight (8) Board Meetings held during the financial year ended 31 December 2018.

He has no directorship in any other public listed company. He has no direct family relationship with any Director and/or substantial shareholder of the Company other than he is the nephew of the spouse of Tan Sri Dato' Dr R Palan in SMRT Holdings Berhad. He has no conflict of interest with Company and has never been convicted of any offence (other than traffic offences, if any) within the past five (5) years or imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

MR MAHA PALAN
Non-Independent Non-Executive Director

Maha Palan, a Malaysian, aged 25, male, was appointed to the Board on the 23 July 2018.

He has a Bachelors (Hons) in Chemical Engineering from the University of Manchester and a Masters in Financial Engineering from Imperial College London.

Maha Palan has served in investment-focused roles in firms such as British Petroleum Plc, Piton Capital LLP and Creador Sdn Bhd. During his tenure with these firms, he has invested in and helped grow companies that improved the UK National Health Service, provided valuable analytics to rural farmers and facilitated the growth of emerging economies by reliably supplying them with affordable energy.

Maha Palan has also worked on a wide variety of deals ranging from Europe's largest venture deal of 2018 with a valuation in excess of €2.5 billion to a direct sale and purchase agreement for crude & oil products with a gross exposure in excess of $4 billion.

Prior to his appointment, Maha Palan had been working with SMRT Holdings Berhad and Minda Global Berhad since January of 2018 with a focus on driving growth, implementing operational restructures and strategy alignment.

Maha Palan is also a co-founder of The Palan Foundation, a registered non-profit organisation committed to improving the educational attainment of young disadvantaged individuals.

Maha Palan attended six (6) Board Meeting held during his tenure in the financial year ended 31 December 2018.

He has no directorship in any other public listed company. He is son of Tan Sri Dato' R Palan, Chairman of SMRT and substantial shareholder of the Company. He has no conflict of interest with the Company and has never been convicted of any offence (other than traffic offences, if any) within the past five (5) years or imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

DR AMAT TAAP @ AMAT JAIS BIN MANSHOR ("DR AMAT")
Group Chief Executive Officer ("Group CEO")

Dr Amat, a Malaysian, aged 53, male, was appointed as the Group CEO on 1 August 2018.

Dr Amat holds a Doctor of Philosophy (Ph.D) in Management from Multimedia University. He graduated with a Master of Philosophy (MPhil) in Industrial Economics – Urban & Regional Planning from University of Technology Malaysia and Bachelor of Science in Urban Design & Planning from University of Technology Malaysia. Dr Amat also obtained his professional qualification from Accredited Competency Professional from the Institute of Leadership & Management (ILM), United Kingdom, Chartered Institute of Personnel and Development (CIPD) Associate, United Kingdom and Certificate in Personnel Management (MIPM).

Dr Amat has over 20 years of experience in human resources management, talent development and education. He has been involved in designing, developing and delivering various human resource intervention initiatives, educational and professional training programmes. His last position was the Chief Executive Officer of Finance Accreditation Agency, Bank Negara Malaysia. His responsibilities included driving, promoting and maintaining quality and standards in human capital development to ensure high quality assurance practices and accreditation of learning programmes and qualifications in accordance with global benchmarked standards and principles. Dr Amat was also involved in various strategic HR initiatives by serving as the HR Manager at both local and multinational companies.

Dr Amat has no directorship in any other public listed company. He has no family relationship with any Director and/or substantial shareholder of the Company, no conflict of interest with the Company and has never been convicted of any offence (other than traffic offences, if any) within the past five (5) years or imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

MR ROSNAN BIN ROSLI
Group Chief Financial Officer ("Group CFO")

Mr Rosnan, a Malaysian, aged 44, male, was appointed as the Group Chief Financial Officer on 1 October 2018.

Mr Rosnan is a qualified accountant from the Institute of Chartered Accountants in England & Wales ("ICAEW") and graduated with a Bachelor of Arts (1st Class Honours) in Accounting and Finance from Lancaster University, United Kingdom.

Mr Rosnan has 20 years of working experiences, including 6 years in 2 of the Big 4 accounting firms and 7 years of international experience, mostly in the capacity of a Regional Financial Planning & Analysis ("FP&A") Manager/Business Partner within multinational companies. Mr Rosnan consistently drive value through development of business intelligence and management information solutions and delivery of robust analysis to support decision-making in relation to business case, pricing, funding, or investment opportunities. He had successfully led cross-functional teams in both traditional and matrix reporting environment. Technical area of expertise includes FP&A, Financial Modelling, Corporate Finance & Valuations, and Process Change Management. His industry exposure includes Oil & Gas, Technology, FMCG, Education, Property & Construction, and Consulting Services.

Mr Rosnan has no directorship in any other public listed company. He has no family relationship with any Director and/or substantial shareholder of the Company, no conflict of Interest with the Company and has never been convicted of any offence (other than traffic offences, if any) within the past five (5) years or imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors ("Board"), I present the Annual Report and financial statements of SMRT Holdings Berhad ("SMRT") for the financial year ended 31 December 2018.

During the year 2018, the Group completed the corporate exercise with the final listing of Minda Global Berhad on 19 February 2018. With the completion of this exercise, SMRT became the controlling shareholder of the enlarged Education business comprising of Cyberjaya University College of Medical Sciences ("CUCMS"), Asia Metropolitan University ("AMU"), Asia Metropolitan Colleges ("AMC") and Asia Metropolitan International School ("AMETIS").

The Group experienced both positive success and challenges in 2018 due to the global, regional and domestic political and economic scenarios. The Group during the year put tremendous focus on quality, revenue generation and costs savings. With a competent senior management team in place, the focus was on good corporate governance, academic excellence, prudent financial and student enrolment strategies.

Education

On the education front, the move to the new CUCMS campus has been welcomed by students and the faculties. AMU has also strengthened its presence at the campus located at Johor Bahru. The colleges and the international school have had a remarkable growth in student numbers and profitability. While enrolments were on the increase, these impressive figures have not yet translated into the desired financial results. This has been largely due to continued investments for future growth. CUCMS achieved a SETARA 5 rating from the Ministry of Higher Education. SETARA ratings are generally seen as a reflection of quality and reaffirms the institution's top-tier standing along other larger institutions. While AMU was still not back to profitability, the losses have been much controlled. AMU achieved a SETARA rating of 3 and AMC in Kuching and Kota Kinabalu achieved a rating of MyQUEST 4 stars. Overall, we are confident of the prospects for the private sector education.

Technology and Human Resources Professional Services ("HRPS")

On the Technology segment comprising both the Human Capital Management ("HCM") cloud software and Internet of Things ("IoT"), we sighted the growth in the number of organisations using the HCM cloud software. On the HRPS segment that includes training, consulting and conferences, the segment remained profitable despite being small.

Despite the global economic challenges, the medium to long-term business outlook continues to be favourable as human capital remains the key driver to achieve the economic goals of the nation, region and the world. Thus, there is potential to grow the business in Technology and HRPS segment.

While the Board is confident of the future of the Group and remains committed to grow in a consistent and sustainable manner, the Board is also aware of the challenges due to the global economic outlook and has put in risk mitigation efforts to manage these challenges. With the growing demand for our solutions and key strategic initiatives being pursued, barring any unforeseen circumstances, the Group expects to perform better in 2019.

The Group will continue to ensure adequate emphasis and resources to enhance the systems of risk management, quality management and internal controls. The implementation and regular monitoring of risk management and internal control systems ensure that the business, operation and financial risks are well managed in guiding us to achieve our goals. The Board has also continued to further strengthen its corporate governance framework in line with recommendations of the revised Malaysia Code of Corporate Governance 2018.

Appreciation

On behalf of the Board, I would like to thank:

- The key management and staff for their dedicated commitment and contribution throughout the year;
- Our advisors, business partners, valuable customers, suppliers, bankers, government agencies and regulatory authorities for the continued loyalty, support and confidence.

Finally, I would also like to record a note of thanks to my fellow Board members for their invaluable contributions and guidance to the Group. It is my belief that they will continue to serve you, our shareholders and work towards taking the Group to the next level and to become a leading education and learning company in a digital world.

TAN SRI DATO' DR R PALAN
Chairman

SMRT completed the transformative reorganisation exercise early 2018. With the completion of the exercise, the present business structure of SMRT is depicted below:

TECHNOLOGY

Human Capital Management ("HCM") Cloud Based Software
Internet of Things ("IoT")

HUMAN RESOURCES PROFESSIONAL SERVICES ("HRPS")

Training
Consulting
Conferences
The Asia HRD Awards

EDUCATION *thru* Minda Global Berhad

Cyberjaya University of Medical Sciences ("CUCMS")
Asia Metropolitan University ("AMU")
Asia Metropolitan Colleges ("AMC")
Asia Metropolitan International School ("AMETIS")

FINANCIAL PERFORMANCE

Operating Segments	2018	2017	Variance	
	RM'000	RM'000	RM'000	%
Revenue				
Technology	40,015	34,805	5,210	15%
Training	1,188	1,537	(349)	-23%
Education	85,824	64,523	21,301	33%
Others	-	750	(750)	-100%
Total	127,027	101,615	25,412	25%
Profit/ (Loss) After Tax				
Technology	4,018	5,722	(1,704)	-30%
Training	(1,412)	(2,429)	1,017	42%
Education	(7,713)	87,102	(94,815)	-109%
Others	4,087	8,513	(4,426)	-52%
Total	(1,020)	98,908	(99,928)	-101%

The Group recorded an increase in revenue of 25% in 2018 as compared to 2017 which was mainly due to the inclusion of revenue from AMU, AMCs and AMETIS following the consolidation of Minda Global Berhad ("Minda Global") financial results from 1 February 2018, as well as an increase in revenue from the Technology business segment.

The Group registered a loss after tax of RM1.020 million in 2018 as compared against a profit after tax of RM98.9 million in 2017. The significant variance is primarily due to the recognition of gain on disposal of a subsidiary namely CUCMS to Minda Global in 2017 and the consolidation of Minda Global financial losses in 2018.

The one-off gain recognised on remeasurement of investment of RM24.23 million led to a profit after tax of RM3.045 million recorded in other income of the financial results 2018.

BUSINESS AND OPERATIONS PERFORMANCE

TECHNOLOGY DIVISION

- ### COMPREHENSIVE HCM SUITE ON-CLOUD

Current Business

Our comprehensive HCM on-cloud namely TalentOz covers the lifecycle of HCM from Recruitment to Separation (also called Hire-to-Retire Processes) is a user centric platform which helps employees "manage their work" and assist managers "manage people" to build an organisation of the future. With the power of "SMAC" compliant unified talent management processes, organisations can bring all phases of employee life cycle under one single platform that is accessible from anywhere using any device. This HCM suite includes modules pertaining to Competency Management, Performance Appraisals, Employee survey, Career Management, Succession Planning and Talent Management.

With the radical changes taking place globally in the way the workforce is being managed, the market for automated HCM software and data analytics has grown considerably. This resulted in a huge demand for HCM solutions. In response to these developments, we moved from enterprise to a cloud friendly platform, by building and continuing to invest in a cloud enabled integrated talent management suite.

We have focussed on three specific geographic areas: Malaysia, Gulf Cooperation Countries ("GCC") in the Middle East and India. We have also partnered with other players in the HR services area to have a quick scale up.

Industry outlook

The global investment in HCM solutions is anticipated to be about $14 billion and 57% of organisations were expected to make new purchases in this area. Nearly 69.5% of organisations were moving towards cloud-based systems. The HR marketplace is vast with every company of every size having a HR department.

Source: HR Technology trends 2018 and beyond by Harbinger system

Traditional HR has focussed on largely administrative tasks, restricting them to impact their organisation considering new developments such as data analytics, artificial intelligence and Industrial Revolution 4.0. With the entry of the millennials into the workforce and the automation of talent management, decision making around talent management will take centre stage in organisations.

Source: www.humanresourcestoday.com/2018/analytics/trends

The emergence of SMAC (Social, Mobile, Analytics, and Cloud) is a major technology risk. Nevertheless, there is still head room in these technologies despite the technology disruptions. Less than 40% of organisations globally have moved to the adoption of social applications. In order to mitigate SMAC related requirements, we have equipped our product with SMAC technology throughout all the modules, a lot more is planned down the product road map. We have also released mobile apps for iOS and Android platforms to drive faster adoption.

Source: HR Technology Disruptions: Productivity, Design & Intelligence Reign by Deloitte

Furthermore, in a move to support the growth of home grown cloud companies, Malaysia Digital Economy Corporation ("MDeC") launched the Malaysia Cloud Initiative ("MMCI") which helps MSC companies like ours to accelerate the transition to cloud with infrastructure and platform support, go-to-market assistance, comprehensive training, POCs, and hands-on assistance.

Source: MDeC

Future Plans

Thought leadership is critical for developing an eco-system around the product. We have embarked upon this with articles, blogs and videos to appeal directly to the top management at C-Levels to get their mind share and facilitate faster decision making. We have also devised a Rapid Implementation Framework with adequate checkpoints and sign off processes to support customers.

In order to capitalise on the opportunities available in the HR technology industry, we are pursuing several key growth initiatives which include the following:

- Expand product range to provide competitive edge. The modules earmarked for further development include Employee Engagement, Talent Management and HR Analytics.
- Partnerships with existing vendors offering payroll solutions in India and Malaysia to achieve quick scale up with access to their existing clientele base.
- Focussed sales and marketing strategy in

terms of regional focus on India, Malaysia and GCC as well as specific industry sectors and company size.

In 2018, we secured across all the three geographies a total of 37 Installations and secured concurrent cumulative users of 22,450.

- **INTERNET OF THINGS ("IoT")**

Current Business

N'osairis Technology Solutions Sdn Bhd ("N'osairis"), a 64%-owned subsidiary of the Company. N'osairis provides turnkey IoT services platform in the 3 regions: Malaysia, Indonesia and the Philippines. Turnkey IoT services comprise 3 sub-services:

- Managed M2M Connectivity
- Managed IoT Services
- IoT Business Consulting

IoT is a concept of an end-result that is derived through the interaction between sensors, connectivity and business intelligence. As defined, the definition of IoT has evolved due to convergence of multiple technologies, real-time analytics, machine learning, commodity sensors and embedded systems.

Industry Outlook

In a new McKinsey Global Institute report, The Internet of Things: Mapping the value beyond the hype, the report attempts to determine exactly how IoT technology can create real economic value. There has been a lot of criticism about the hype with sensors and actuators connected by networks to computing systems. The IoT industry has received enormous attention over the past five years. Their finding is that if one is to look beyond the hype it will be clear where real value can be created and a successful effort to address a set of systems issues, including interoperability. The report states that their bottom-up analysis for the applications were estimated to be that the IoT has a total potential economic impact of $3.9 trillion to $11.1 trillion a year by 2025. At the top end, that level of value, including the consumer surplus - would be equivalent to about 11 percent of the world economy.

Future Plans

To achieve our business objectives, we are focused on continuing to provide high levels of customer service and remain constantly on the lookout to provide more attractive product lines.

HUMAN RESOURCES PROFESSIONAL SERVICES ("HRPS") DIVISION

Current Business

The HRPS Division continues working to its strengths to provide specialist business support to businesses of all sizes and in all sectors in Malaysia, Brunei and Gulf Cooperation Countries in Middle East. We have continued to build an extensive knowledge database critically based on our practice and our intellectual property developed and owned over the past 3 decades. The market remains competitive and we continue to face challenging times ahead. Economic uncertainty and global volatility have given us a tough 2018. Some areas of work include the following:

- Certification training programmes
  - The Chartered Institute of Personnel Development (CIPD), the world's largest body for HR training appointed SMR as a sole authorised training provider in Malaysia for 2 foundation level programmes. These programmes are internationally recognised UK-based training qualifications.
- Accredited training programmes
  These represent our training programmes accredited by the UK-based Institute of Leadership and Management (ILM) and include the following:
  - Accredited Training Professional (ATP)
  - Accredited Competency Professional (ACP)
  - Accredited Organisational Development Professional (AODP)
- Workshops
  We have run short duration workshops to meet the needs of industry.
- Consultancy
  We provide consultancy in our practice areas to support organisations in areas such as in competency management to close critical performance gaps to improve productivity.

Industry Outlook

The Malaysian Government places significant emphasis on Human Resource Development through several initiatives introduced and implemented by several governmental organisations and agencies.

MANAGEMENT DISCUSSION & ANALYSIS

(Continued)

Future Plans

Going forward, while we may continue to face challenges and risks of an economic slowdown due to operating in a highly competitive sector, the emphasis will be on areas targeted for growth such as: the training programmes targeted towards the SME and MNC sectors, new certification programmes being developed to offer higher certification opportunities to the HR community, continued engagement with the relevant authorities in the public sector and GLCs and aiming for large and long term national capacity building programmes (such as the English Language Training programme). We are collaborating with the education institutions in the Group for lifelong learning by providing the industry perspective.

EDUCATION DIVISION

Current Business

The Group operates several educational institutions from an international school, colleges, university college and university, through Minda Global Berhad.

CUCMS has been awarded a SETARA 5-Star (Excellent) rating by the Ministry of Higher Education in 2017, while AMU received a 3-Star rating and the colleges receiving a MyQUEST 4-star rating, ratings that reflect the quality of academic delivery. There has been a marked increase in student enrolments. There has been a clear demarcation between academic and business management within the Group. The Group is managed and led by professionals.

The Group has also worked on international accreditation and partnerships with several countries.

The move by CUCMS to a new campus gives an opportunity to increase student capacity. The move of most of the programmes of AMU to Johor Bahru allows for the AMU to capitalise on the opportunities in the south.

Industry Outlook

Private education in Malaysia is a RM5 billion industry (DOSM, 2018) with an average growth rate of 8% in 2017. Tertiary students' enrolment in private higher education institutions (PHEI) has increased. Malaysia, destination of choice for international students, new enrollment of international students has shown a significant increase over the years

Future Plans

Nevertheless, our Transformation exercise in Minda Global Group will persist until the books are in the 'green' and have become strong in the 'green'. Consistent quality improvement will be a key strategy at all levels and in all areas to ensure that all our campuses are aligned with the Vision and Mission.

The Group will continue to seek ISO certification in our operations and strive to achieve Ministry of Education & international accreditations to elevate the quality and standard of our programmes in the education institutions. One of our objectives is to transform AMU into a reputable international university. We have started highlighting artificial intelligence (AI) and technology education programmes, thereby gearing the Group to be an online education & technology education player in the region.

A Strategic Planning and Oversight Committee has been established in 2019 where members of the committee are appointed by the Board. The Board has tasked a member of the Board – Mr. Maha Palan to chair the committee along with key management team members. The committee consists of three or more members, their key functions include overseeing the Group's turnaround efforts; defining strategic goals and guidelines of business development; assessing the Group's long-term performance. The committee is also accountable to the Board over assurance of strategic and business planning; definition of the Group's policies; and protection of shareholders' interests.

At SMRT, we recognise the importance of sustainability and its increasing impact to the business. The Group is committed to understanding and implementing sustainable practices and to exploring the benefits to the business whilst attempting to achieve the right balance between the needs of the wider community, the requirements of shareholders and stakeholders and economic success. SMRT's sustainability policy aims to create a culture of sustainability within the Group, and the community, with an emphasis on integrating the social, environmental and governance considerations into decision making and the delivery of outcomes.

SOCIAL ENVIRONMENTAL GOVERNANCE

Social Sustainability

Social sustainability is focused on the development of programmes and processes that promote social interaction and cultural enrichment. It emphasises protecting the vulnerable, respecting social diversity and ensuring that the Group places significant importance on social capital.

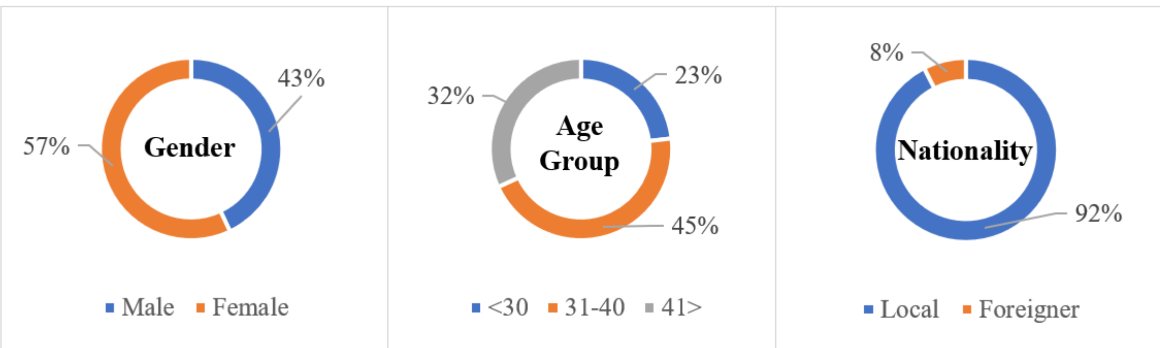
Healthy Workforce and Employee Well-being

- Learning and Development: Providing continuous learning and development opportunities to the employees in fulfilments of the Group's strong emphasis on enhancing the skillsets of the employees and enabling the employees in building rewarding careers. The Group had provided more than 1000 hours of professional training programmes to enhance the professional and personal growth of employees in 2018.

- Work-life Balance: The Group is convinced that a healthy work-life balance is vital in striking a balance amongst the demands of job, family and other aspects of holistic living. Thus, the Group practices flexibility in working hours namely "Flex-time" and allowing employees to work from home to enable employees to have better control over their time schedule that could improve work-life balance of the employees.

- Open-plan Concept: The Group practised open-plan concept in our offices to improve collaboration amongst employees that helps in shaping the working culture.

- Diverse Workforce and Equal Opportunity: Diversity, fair employment and inclusivity are values that we embrace. The Group is committed in implementing "Equal Employment Opportunity" policy along with the aim to build and nurture a global and multi-cultural workforce. The policy governs all aspects of employment, including selection, job assignment, compensation, discipline, termination, and access to training and benefits to ensure the Group does not discriminate in employment opportunities or practices on the basis of ethnicity (race, colour), religion, sex, national origin, age, or any other characteristic covered and protected by law. In order to provide equal employment and advancement opportunities to all individuals, Malaysians and foreign nationals' employment decisions at the Group will be based on merit, guided by assessment of qualifications, abilities and experience.



SUSTAINABILITY STATEMENT
(Continued)

Good Standard of Practices, Quality Services and Behaviour in the Group to promote safety, well-being and to improve public perception and experience in the Group.

- A protected avenue is provided to all stakeholders like employees, students, parents and any members of the public to collect constructive feedback for improvement as well as to report any improper conducts or untoward actions to the Group through suggestion boxes, surveys, emails and evaluation forms.

Corporate Social Responsibility ("CSR") Programmes that provides meaningful services to the community to improve welfare of the society and boost up the engagement with stakeholders of the Group. Some of the highlighted meaningful CSR activities carried out by the Group in 2018:

Piala Kesukarelawanan Menteri Pendidikan - Kelab Penyayang CUCMS

- To foster volunteerism amongst students from higher learning institutions.

BRACE 2018: Bangladesh Relief and Care Expedition

- To expose our students and employees to humanitarian mission and activities at an international arena and to increase their skills and knowledge in managing the programme.

Nursing Home Visitation

- To assist and provide basic medical check-up for the residents in the nursing home.

Sihat Bersama AMU

- To promote a healthy lifestyle.

Fund Raising for Rumah Bakti Harapan

- To provide basic necessity assistance and to educate our students and employees about the less privileged.

Orphanage Visitation at Jireh Home

- To provide encouragement, express concern and care towards the children residing at the orphanage.

World Habitat Day

- To raise environmental awareness in shaping the future of cities and towns.

Project Cambodia 2

- To offer programmes that exceed boundaries

Environmental Sustainability

The Group is committed to identify, manage and minimise the environmental impact of business operations.

Health, Safety and Environment ("HSE") policy that eliminates the risks to the health and safety of our stakeholders.

- **Handling of High-Risk Materials/ Disposals:** Ensure all employees understand their HSE accountabilities and demonstrate visible HSE leadership. The medical science faculty members in our education institutions always vigilant. Employees and students are trained and always reminded of the potential hazards in the handling and disposal of high-risk materials.

- **CPR, Fire Safety and Basic First Aid:** The employees are also trained in CPR, fire safety and basic first aid to prevent injury from becoming worse and it helps to raise the employees' consciousness of safety at the workplace that leads to a reduced number of work-related ill health and incidents.

- **Electricity Consumption:** Lights are switched off during lunch hours in our offices. Hourly classroom patrols are conducted and use of timers for LED lights and air-conditioning are in place to reduce unnecessary energy consumption.

- **Waste Management Initiatives:** Strategies and proposed initiatives and guidelines for waste reduction are identified such as practicing paperless with a digital system and controlled paper use in the offices; provide water fountains in strategic locations in the campus to reduce the need for purchases of bottled water; placed signages in various places around campus, school and office to encourage our employees and students to be more environmentally conscious in consuming energy and water as well as increasing the awareness of 3Rs (Reduce, Reuse and Recycle).

- **Conducive Learning and Working Environment:** We cater the need of conducive learning and working environment for students and employees by providing following amenities in all our campus and offices: cigarette smoke-free; 24-hour security; well-lit parking areas; traffic enforcement and surrounded by lush greenery environment.

Governance Sustainability

Governance sustainability refers to compliance in strategic, financial and operational policies/ requirements & procedures to gain the confidence of investors, other stakeholders and the public. Governance sustainability is becoming more essential in gaining the confidence of investors, other stakeholders and the public. The Group recognises the importance of governance sustainability and incorporating it into all functions and processes which include strategic planning, accountability, sustainable planning and development.

- **Code of Ethics:** The Board of Directors of SMRT are fully subscribed to the Code of Ethics that provides guidance and set common ethical standards to promote consistency in behaviour across all levels of employment.

- **Whistle Blowing Policy:** Whistle Blowing Policy is established and adopted by the Group to provide a bona-fide platform where an individual can raise a concern about a risk, malpractice or wrongdoing that may affect others such as clients, suppliers, staff, the company or public interest. Individuals are encouraged to raise genuine concerns at the earliest opportunity and in an appropriate way as SMRT is committed to conduct its businesses in an open and fair manner, practice a healthy working environment and aims to become the most respected and trusted company in their industry.

- **Insider Trading Policy:** Insider Trading Policy is established and adopted by the Group to serve as a reminder to the directors, officers and employees of the Group about their personal duty and obligation to comply with the relevant insider trading laws and restrictions.

- **Risk Management and Internal Control Framework:** The Group had adopted a Risk Management and Internal Control Framework to understand better the risks we are exposed to and put controls in place to counter threats and pursue our objectives effectively. The Risk Management and Internal Controls Framework was implemented and embedded in the business processes and activities. The framework will be reviewed by the Board on an annual basis to ensure its effectiveness and relevancy to the business context.

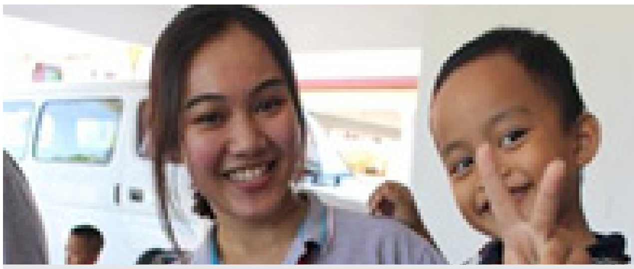
- **ISO 9001:2015 Quality Management System:** To maintain the ISO 9001:2015 certification awarded by SIRIM Berhad in ensuring the ability of the business entities of the Group to consistently provides products and services that meet customers and regulatory requirements and continually improving the policies and business processes for betterment.

- **Audit:** Internal audit exercises were conducted quarterly to assess and evaluate the effectiveness of the governance, risk management and internal control framework as well as the compliance. External audit exercise was conducted by SIRIM Berhad to ensure compliances to the policies and business processes.

Some of Our CSR Activities

"Be the reason someone smiles today" is the AMETIS theme for its Project Cambodia.

CUCMS Kelab Penyayang was named overall winner of the Ministry of Education's Volunteerism Cup 2018 on 14 October 2018



AMC visitation at Jireh Home for orphans

Fund Raising for Rumah Bakti Harapan by AMC

CORPORATE DEVELOPMENT

Date	Description
14 February 2018	The share exchange between Asiamet Education Group Bhd ("AEGB") and Minda Global Berhad ("Minda Global") was completed, which involved the exchange of all AEGB shares for new Minda Global shares by way of Scheme of Arrangement on the basis of 1 Minda Global share for every 1 AEGB share ("Share Exchange").
1 March 2018	Strategic Ambience Sdn Bhd ("SASB"), a wholly-owned subsidiary of the Company and Arenga Pinnata Sdn Bhd ("Arenga"), a subsidiary of Creador, have entered into Deed of Termination to mutually terminate the Collaboration Agreement dated 12th January 2015.
23 March 2018	Mercury Securities Sdn Bhd ("Mercury Securities") announced that the Company proposes to undertake a private placement of up to 10% of the total number of issued shares of the Company (excluding treasury shares).
28 March 2018	The Company resolved to further extend the exercisable period for the offer of Employee Shares Option Scheme ("ESOS") granted to the eligible employees and directors from 31st March 2018 to 30th September 2018 in accordance with the provisions of the ESOS By-Laws.
4 April 2018	The Company completed the Private Placement with the listing and quotation of 36,500,000 Placement Shares at an issued price RM0.1707 per shares.
19 April 2018	The Company had completed the disposal of its entire equity interest of following wholly-owned subsidiaries of the Company, for a total cash consideration of RM2 respectively: - SMR Shared Services Sdn. Bhd - SMR Voctech Sdn. Bhd - SMR Proelt Sdn. Bhd - SMR HRD Solutions Sdn. Bhd - SMR Global Links Sdn. Bhd - Agensi Pekerjaan SMR Talent Search Sdn. Bhd
28 September 2018	The Company resolved to further extend the exercisable period for the offer of ESOS granted to the eligible employees and directors from 30 September 2018 to 30 June 2019 in accordance with the provisions of the ESOS By-Laws.
6 December 2018	The Company had received a notice of commencement of legal proceedings from the solicitors acting for Minority Shareholders of N'osairis Technology Solutions Sdn Bhd, a subsidiary of the Company, by way of an Originating Summons and an Affidavit.
26 December 2018	The Company had completed the winding up of SMR Gulf W.L.L, a 99% owned subsidiary.

The Audit and Risk Management Committee ("ARMC") is pleased to present the ARMC Report for the financial year ended 31 December 2018 in compliance with ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad (Bursa Securities).

A) Composition of ARMC

ARMC Members	Position	Date Appointed
Mr. Leow Nan Chye	Chairman, Independent Non-Executive Director	5 October 2005
Dato' (Dr.) Asariah	Member, Independent Non-Executive Director	4 November 2013
Ms Soh Eng Hooi	Member, Independent Non-Executive Director	27 November 2017

The ARMC shall meet at least four (4) times a year, although additional meetings may be called at any time at the ARMC Chairman's discretion.

The ARMC met six (6) times during the financial year ended 31 December 2018 and the records of attendance of the ARMC members are set out below:

ARMC Meeting Attendance During Tenure in Office									
ARMC Members	Position	28 Feb	31 May	29 Aug	23 Nov	13 Dec	21 Dec	Attendance (nos)	Attendance (%)
Mr Leow Nan Chye	Chairman, Independent Non-Executive Director	√	√	√	√	√	√	6/6	100%
Dato' (Dr) Asariah	Member, Independent Non-Executive Director	√	√	√	√	√	√	6/6	100%
Ms Soh Eng Hooi	Member, Independent Non-Executive Director	√	√	√	√	√	√	6/6	100%

In addition to the ARMC members, the Head of Finance and/or representative from Finance, and the Internal Auditors shall normally attend the meetings as an invitee. Representatives of the External Auditors shall attend meetings where matters relating to the audit of the statutory accounts and/or the External Auditors are to be discussed. Other Board members, Senior Management and employees may attend the meeting upon the invitation of the ARMC Chairman. However, the ARMC should meet with the External Auditors without the Executive Directors' and Management's presence at least twice a year. During the year, they met twice on 28 February 2018 and 23 November 2018, without the presence of the Executive Directors and Management.

Notice of meeting shall be sent to all members of the ARMC and any other person who may be required/invited to attend. All quarterly results and annual financial statements shall be reviewed and discussed by the ARMC in the ARMC meeting to be held prior to the Board meeting and be presented to the Board for approval. The ARMC Chairman shall report on each meeting to the Board.

The Company Secretary shall be the secretary of the ARMC and will be responsible for sending out notices of meetings, preparing and keeping minutes of meetings and circulating the minutes of meetings to all members of the Board.

The terms of reference of the ARMC are published on the Company's website www.smrhub.com.

Summary of The ARMC Activities For The Financial Year Ended 31 December 2018

In line with the Terms of Reference of the ARMC, the activities of the ARMC during the financial year under review are as follows:

1. Financial Reporting

a) Reviewed the unaudited quarterly financial statements and made relevant recommendations for approval by the Board; and
b) Reviewed the draft audited financial statements of the Group and of the Company for the financial year ended 31 December 2018, together with Directors' and Auditors' Reports thereon prior to submission to the Board for consideration and approval.

2. External Audit

a) Considered the findings by the external auditors during review of the annual results and Management's responses thereto;
b) Reviewed and discussed with the external auditors the nature and scope of their audit and ensured that the audit is comprehensive;
c) Reviewed the external auditors' audit plan of the Group for the financial year ended 31st December 2018;
d) Discussed developments in financial reporting and standards with external auditors in relation to future financial years/periods;
e) Reviewed the performance and effectiveness of the external auditors in the provision of statutory audit services;
f) Reviewed the fees and type of non-audit services provided by the external auditors;
The audit and non-audit fees for the financial year ended 31 December 2018 were as follows:-

	Company RM'000	Group RM'000
Audit fees	78	517
Non-audit fees a) Review of Statement of Risk Management and Internal Control	16	22

g) Review of Statement of Risk Management and Internal Control;
h) Assessed the quality of service provided, the audit firm's reputation and the independence of the external auditors; and
i) Recommended the re-appointment of external auditors of the Company by the Board, and subject to shareholders' approval.

3. Internal Audit

a) Reviewed the Group internal audit plan and scope of work for the financial year ended 31 December 2018;
b) Reviewed the internal audit report for the Group, which incorporated audit findings, recommendations and Management responses, for the Group and the Company by the external service provider for internal audit services;
c) Ensured appropriate actions were taken to ensure the effectiveness of the internal control systems based on feedback received from internal auditors; and
d) Reviewed the Group's related party transactions.

4. Risk Management

a) Reviewed the Risk Management Handbook and Registry of Risk;
b) Reviewed the adequacy and effectiveness of the Group's risk management to ensure its continued application and relevance;
c) Reviewed operational and financial performance of the Group to ensure that appropriate measures were taken to address any significant risks; and
d) Reviewed and recommended for Board approval the draft ARMC Report and draft Statement of Risk Management and Internal Control in the Company's Annual Report for the financial year ended 31 December 2018.

B) Internal Audit Function

Pursuant to the AMLR of Bursa Securities and in compliance with the Malaysian Code on Corporate Governance ("MCCG") 2017, the Company engaged an external professional firm to carry out the internal audit function for the financial year ended 31 December 2018. The Internal Auditors report directly to the ARMC.

The Internal Auditors provide an independent and objective assessment of the adequacy and effectiveness of the Group's risk management and internal controls which is performed with impartiality, proficiency and due professional care.

The internal audit function adopts a risk based auditing approach by focusing on reviewing identified high risk areas for compliance with control policies and procedures, identifying business risks which have not been appropriately addressed and evaluating the adequacy and integrity of controls. The internal audit function assists the ARMC in discharging its duties and responsibilities with respect to the adequacy and integrity of the system of internal controls within the Group.

During the year, a risk based audit of the Group's operating divisions was conducted to ensure compliance with internal control procedures, control weaknesses and propose appropriate recommendations towards improving and strengthening of controls.

C) Statement In Relation to Allocation of Employee Share Option Scheme ("ESOS")

On 27 October 2015, the Company announced that Bursa Securities had approved the listing of and quotation for additional new SMRT Shares, representing up top fifteen (15%) of the issued and paid-up ordinary share capital of SMRT (excluding treasury shares) to be issued pursuant to the exercise of the ESOS. The ESOS has been effective from 28 November 2015.

Under the ESOS, share options are granted to eligible directors, local employees (Malaysia) and overseas subsidiaries' employees.

The Company has granted a total of 42,555,000 shares options under the ESOS.

During the financial year, the Company did not grant any additional shares options under the ESOS.

The Company has extended the exercisable period for the offer of ESOS granted to the eligible employees and directors from 31 March 2018 to 30 September 2018, and further extended to 30 June 2019 in accordance with the provisions of the ESOS By-Laws.

Movement of share options during the financial year

	Number of ESOS (unit)
Outstanding as at 1 January 2018	39,137,700
Granted	-
Forfeited	-
Exercised	(8,589,200)
Outstanding as at 31 December 2018	**30,548,500**

Movement of share options by Directors

		Number of ESOS (unit)				
Directors	Position	At 1 January 2018	Granted	Exercised	Lapsed	At 31 December 2018
Tan Sri Dato' Dr. R Palan	Chairman	3,800,000	-	(3,000,000)	-	800,000
Mr. Malayandi @ Kalaiarasu	Non-Independent Non-Executive Director (Re-designated from Executive Director on 23 July 2018)	3,800,000	-	-	-	3,800,000
Mr. Leow Nan Chye	Independent Non-Executive Director	-	-	-	-	-
Dato' (Dr.) Asariah	Independent Non-Executive Director	250,000	-	-	-	250,000
Soh Eng Hooi	Independent Non-Executive Director	-	-	-	-	-
Maha Palan	Non-Independent Non-Executive Director (Appointed on 23 July 2018)	-	-	-	-	-

The Option Committee has reviewed the share options granted to Senior Management and is of the opinion that they are within the criteria as set out in the By-Laws.

The Board of Directors ("Board") of SMRT Holdings Berhad ("SMRT" or "Company") remains committed to subscribe to the principles of good corporate governance that is central to the effective operation of the Company and to ensure the highest standards of accountability and transparency. The Board supports the Corporate Governance Framework and continues to improve existing practices and achieve the objectives of the Company.

This Corporate Governance Overview Statement should be read together with the Corporate Governance Report ("CG Report") 2018 which is available on the Company's website at www.smrhub.com. The Board is pleased to set out below the manner in which the Group has applied the three main principles in the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") known as Board Leadership and Effectiveness ("Principle A"), Effective Audit And Risk Management ("Principle B") and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders ("Principle C") throughout the financial year ended 31 December 2018.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Company has an experienced Board that is primarily responsible for charting and reviewing the strategic direction of the Group and delegates the implementation of these directions to the management. The Board also ensures the implementation of appropriate risk management and internal control systems, including financial, operational and compliance to safeguard the shareholders' interest and the Group's assets.

Tan Sri Dato' Dr R. Palan is the Executive Chairman of the Company. The Board feels the arrangement to maintain him as Executive Chairman of the Group is in the best interest of the Group for the time being. As one of the pioneer members of the Group, the Chairman is able to provide effective leadership to the Board and guide the vision, strategic direction and business development of the Group and at the same time be guided by independent advices and views from the Independent Directors, who offer the necessary check and balance in the decision making process of the Board.

The Group CEO, Dr Amat was appointed on 1 August 2018 and is not a Director of the Company. He is responsible for the day-to-day management of the business and operations of the Group and is ably supported by a Management Team and other committees established under the Group's management framework.

The Independent Non-Executive Directors of the Company play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision-making process. The Board structure ensures that no individual or group of individuals dominates the Board's decision-making process. Although all the Directors have equal responsibility for the Company and the Group's operations, the role of the Independent Directors are particularly important in ensuring that the strategies proposed by the Executive Directors are deliberated on and have taken into account the interest, not only of the Company, but also that of the shareholders, employees, customers, suppliers and the community.

The Board had appropriately delegated specific tasks to three (3) Board Committees; namely Audit & Risk Management Committee, Nomination Committee and Remuneration Committee. All the Board Committees have its own terms of reference and has the authority to act on behalf of the Board within the authority as laid out in the terms of reference and to report to the Board with the necessary recommendation.

The Board is supported by qualified and competent Company Secretaries who are responsible for ensuring that the Company's constitution, procedures, policies and regulations are complied with. Also ensuring that, all obligations required by the regulatory and under the Listing requirements are fulfilled in a timely manner. The Board is regularly updated and advised by the Company Secretaries on any new statutory and regulatory requirements in relation to their duties and responsibilities. The Board recognises that the Company Secretaries are suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretaries in discharge of their functions.

The Board recognises the importance of information supply in promoting informed Board discussions and deliberations. The Chairman together with Management and the Company Secretaries are responsible for ensuring Directors receive adequate and timely information prior to Board or Board Committee meetings.

The Board is guided by a Board Charter which sets out the principles governing the Board of Directors of the Company and adopts the principles of good governance and practice in accordance with applicable laws, rules and regulations in Malaysia. The Board will periodically review the Board Charter and make changes wherever necessary. The Board Charter is published on the Company's corporate website at www.smrhub.com.

The Company has put in place a Code of Ethics for Directors ("Code") which sets out the principles and ethics of the Group. The Code is formulated to enhance the standard of corporate governance and corporate behaviour. The Code is reviewed by the Board in accordance with the needs of the Group and is available on the Company's website at www.smrhub.com.

The Whistle Blowing Policy provides an avenue for employees or any external party to report any breach or suspected breach of any law or regulation, including business principles and the Group's policies and guidelines, in a safe and confidential manner. An employee who makes a report of improper conduct in good faith shall not be subject to unfair dismissal, victimisation, demotion, suspension, loss or damage or any other retaliatory actions by the Group. The Whistle Blowing Policy is reviewed by the Board in accordance with the needs of the Group and is available on the Company's website at www.smrhub.com.

The Board is responsible to ensure continuing education or training for the Directors to keep abreast of relevant changes in laws and regulations and the development of the industry. The Directors will continue to undergo relevant training programmes to enhance their skills and knowledge. During the financial year ended 31 December 2018, the Directors attended the following trainings:

Name of Directors	Courses
Tan Sri Dato' Dr R. Palan	• The Asia HRD Congress 2018 - Happiness at Work Summit • Advocacy Programme on CG Assessment Using the Revised Asean CG Scorecard Methodology (half day) • LSE Events Bank Negara • 2019 Budget: What you need to know by Tony Pua • Education Social Dialogue
Dato' (Dr) Asariah	• The Development of the Human Potential in the Creation of an Ideal Malaysian Identity • The Asia HRD Congress 2018 - Happiness at Work Summit • A Talk in conjunction Majlis Penyampaian Watikah Lantikan Ahli Jawatan Kuasa Aduan SPRM
Mr Leow Nan Chye	• An Introduction to Design Thinking
Mr Malayandi @ Kalaiarasu	• Seminar – Kesihatan, Pendidikan dan Kewangan • Distinguished Lecture Series • Senior Leadership Development Programme 2018 • Program Memperkasakan Profesionalisma Pengamalan Perubatan Melayu • National Workforce Human Capital Development Blueprint (2018-2025) • Strategic Risk Assessment Workshop • Classical Homeopathy A Healthy and Happy Life Seminar • The Financial Crisis Confronting Private University
Ms Soh Eng Hooi	• MIA Forum with Audit Sole Practitioners • Valuation on Mergers and Acquisition • Mandatory Accreditation Programme for Directors of Public Listed Companies • Practical Auditing Methodology for SMPs • Practical Application on the New Malaysia Code on Corporate Governance 2017 (MCCG 2017) • Sustainability Reporting • Modernising ISA 315 - Key Revisions Proposed ISA 315 (Revised), Identifying and • Assessing the Risk of Material Misstatement
Maha Palan	• Mandatory Accreditation Programme for Directors of Public Listed Companies

The Board has formalised and adopted a Sustainability Policy which is posted on the Company's website at www.smrhub.com. The Sustainability Policy sets out the manner in which the Group carries on its business which is undertaken in a socially responsible, trustworthy and ethical manner while accepting accountability for impact on environment, social and governance fronts. Key aspects of the policy focus on social awareness and betterment, environmental preservation, and sound and effective corporate governance.

II. BOARD COMPOSITION

The Board comprises six (6) Directors i.e. three (3) Independent Non-Executive Directors, two (2) Non-Independent Non-Executive Directors and one (1) Executive Chairman. The members of the Board are as follows:

Name of Directors	Directorship
Tan Sri Dato' Dr R Palan	Executive Chairman
Mr Leow Nan Chye	Senior Independent Non-Executive Director
Dato' (Dr) Asariah	Independent Non-Executive Director
Ms Soh Eng Hooi	Independent Non-Executive Director
Mr Malayandi @ Kalaiarasu (Redesignated on 23 July 2018)	Non-Independent Non-Executive Director
Mr Maha Palan (Appointed on 23 July 2018)	Non-Independent Non-Executive Director

The Independent Non-Executive Directors satisfy the independence test under the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). They constitute 50% of the Board. All Independent Non-Executive Directors are independent of management and have no family or business relationships with the Executive Director and major shareholders which would interfere with the exercise of their independent judgment. The presence of the Senior Independent Non-Executive Director provides an additional channel for Independent Directors to voice any opinions or concerns that they believe have not been properly considered or addressed by the Board or which they feel may not be appropriate to raise in open forum.

The Executive Director is responsible for the identification and development of the key Senior Management as well as to review the succession planning for key management team from time to time. The Executive Director shall search for suitable candidates through established channels such as public advertisement or direct approaches being made to individuals who may be suitable or through organisations that may be able to assist in the recruitment process.

The Board reviews from time to time the composition of the Board and considers new appointment when the need arises. The Board acknowledges the importance of diversity in terms of skills, experience, age, gender, cultural background and ethnicity and recognises the benefits of diversity at leadership and employee level. Appointments of new Directors are undertaken by the Board as a whole after considering the recommendations of the Nomination Committee. In searching for suitable candidates, the Nominating Committee may receive suggestions from existing Board Members, Management and major shareholders. The Committee is also open to referrals from external sources available, such as industry and professional associations, as well as independent search firms. The Nominating Committee has assessed the Board composition and is satisfied that the current size and composition of Directors is adequate to provide a balance mix of skills and experience as well as the objectivity required in the boardroom.

According to the Company's Articles of Association, any Director appointed during the year shall retire at the Company's Annual General Meeting ("AGM") following his appointment and one-third of the Board who do not retire as aforesaid, will retire by rotation at every AGM. The Articles of Association further provide for every Director to retire once in every three (3) calendar years and all retiring Directors are eligible for re-election. The Directors seeking re-elections at the forthcoming AGM are set out on page 249 of the 2018 Annual Report.

The Board acknowledges the call by the Government and the MCCG 2017 for boards to have gender diversity and the boards of Large Companies to comprise at least 30% women on board. At present, the Company has four (4) male Directors and two (2) female Directors which represents 33% women on board. The Board is mindful that any gender representation should be in the best interest of the Company.

The Board met eight (8) times during the financial year ended 31 December 2018. Details of the Directors' attendance were as follows:

Name of Directors	Attendance
Tan Sri Dato' Dr R Palan	8/8
Mr Malayandi @ Kalaiarasu (Redesignated as Non-Independent Non-Executive Director on 23 July 2018)	8/8
Mr Leow Nan Chye	8/8
Dato' (Dr) Asariah	8/8
Ms Soh Eng Hooi	7/8
Mr Maha Palan (Appointed as Non-Independent Non-Executive Director on 23 July 2018)	6/6

The Nomination Committee consists of not less than three (3) members. All the members shall be Non-Executive Directors, majority of whom are independent. The members of the Nomination Committee are as follows:

Name of Nomination Committee Members	Position
Dato' (Dr) Asariah	Chairperson
Mr Leow Nan Chye	Member
Ms Soh Eng Hooi	Member

The Nomination Committee is responsible for the Board evaluation process covering the Board, the Board Committees and individual Directors. The Nomination Committee, upon conclusion of the evaluation exercise performed for the year 2018, was satisfied that the composition of the Board and its Board Committees possess a right blend of knowledge, expertise and experience and the appropriate mix of skills. In addition, there was mutual respect amongst individual Directors which contributed to a healthy environment for constructive deliberation and decision-making process.

Mr Leow Nan Chye, an Independent Non-Executive Director has served the Company for 14 years since 5 October 2005. Notwithstanding his long tenure in office as Independent Non-Executive Director and based on the review and recommendation of the Nomination Committee, the Board is of the opinion that Mr Leow Nan Chye's independence has not been impaired or compromised and the Board resolves to seek the shareholders' approval for Mr Leow Nan Chye to continue serving as an Independent Non-Executive Director of the Company.

The Nomination Committee met once during the financial year ended 31 December 2018. The details of the members' attendance were as follows :

Name of Nomination Committee Members	Attendance
Dato' (Dr) Asariah	1/1
Mr Leow Nan Chye	1/1
Ms Soh Eng Hooi	1/1

The Terms of Reference of the Nomination Committee is reviewed by the Board in accordance with the needs of the Group and is available on the Company's website at www.smrhub.com.

III. REMUNERATION

The Remuneration Committee consists of not less than three (3) members and comprises wholly of Non-Executive Directors. The members of the Remuneration Committee are as follows:

Name of Remuneration Committee Members	Position
Dato' (Dr) Asariah	Chairperson
Mr Leow Nan Chye	Member
Ms Soh Eng Hooi	Member

The Company does not have a formalised remuneration policies and procedures for Directors and Senior Management. The Remuneration Committee reviews the remuneration of the Board from time to time with a view to ensure the Company offers fair compensation. The Executive Director reviews the remuneration of the Senior Management with a view to ensure the Company is able to attract and retain talent who can add value to the Company. Fees paid to Non-Executive Directors are tabled at the Company's AGM for approval.

The determination of the remuneration of the Executive Directors and Non-Executive Directors is a matter decided by the Board as a whole with the Director concerned abstaining from participating in decision in respect of the individual remuneration.

The details of the Directors' remuneration for the financial year ended 31 December 2018 for Company and Group level were as follows :

COMPANY :

(a) Non-Executive Directors (RM'000)

No.	Name	Directors' Fee	Meeting Allow-ance	Total
1.	Mr Leow Nan Chye (Senior Independent Non-Executive Director)	48	10	58
2.	Dato' (Dr) Asariah (Independent Non-Executive Director)	48	9	57
3.	Ms Soh Eng Hooi (Independent Non-Executive Director)	36	8	44
4.	Mr Malayandi @ Kalaiarasu (Non-Independent Non-Executive Director) (Redesignated on 23 July 2018)	21	3	24
5.	Mr Maha Palan (Non-Independent Non-Executive Director) (Appointed on 23 July 2018)	16	3	19

(b) Executive Chairman/Executive Director (RM'000)

No.	Name	Salary & Allowance	Employee Provident Fund & SOCSO	Meeting Allowance	Total
1.	Tan Sri Dato' Dr R Palan (Executive Chairman)	767	93	17	877
2.	Mr Malayandi @ Kalaiarasu (Non-Independent Non-Executive Director) (Redesignated on 23 July 2018)	22	3	2	27

GROUP :

(a) Non-Executive Directors (RM'000)

No.	Name	Directors' Fee	Allowance	Total
1.	Mr Leow Nan Chye (Senior Independent Non-Executive Director)	48	10	58
2.	Dato' (Dr) Asariah (Independent Non-Executive Director)	48	9	57
3.	Ms Soh Eng Hooi (Independent Non-Executive Director)	36	8	44
4.	Mr Malayandi @ Kalaiarasu (Non-Independent Non-Executive Director) (Redesignated on 23 July 2018)	21	3	24
5.	Mr Maha Palan (Non-Independent Non-Executive Director) (Appointed on 23 July 2018)	16	3	19

(b) Executive Chairman/Executive Director (RM'000)

No.	Name	Salary & Allowance	Employee Provident Fund & SOCSO	Meeting Allowance	Total
1.	Tan Sri Dato' Dr R Palan (Executive Chairman)	2,005	242	17	2,264
2.	Mr Malayandi @ Kalaiarasu (Non-Independent Non-Executive Director) (Redesignated on 23 July 2018)	200	26	2	228

The Board is of the opinion that the disclosure of the Senior Management personnel's names and the various remuneration components (salary, bonus, benefits in-kind, other emoluments) in bands of RM50,000 would not be in the best interest of the Group for purposes of confidentiality, including reasons pertaining to human relations. No excessive remuneration has been paid to Senior Management personnel in any instance for the financial year ended 31 December 2018.

The Remuneration Committee met two (2) times during the financial year ended 31 December 2018. The details of the members' attendance were as follows :

Name of Remuneration Committee Members	Attendance
Dato' (Dr) Asariah Binti Mior Shaharuddin	2/2
Mr Leow Nan Chye	2/2
Ms Soh Eng Hooi	2/2

The Terms of Reference of the Remuneration Committee is accessible for reference on the Company's website at www.smrhub.com.

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT AND RISK MANAGEMENT COMMITTEE ("ARMC")

The ARMC oversees the integrity of the financial statements, compliance with relevant accounting standards and the Group's risk management and internal controls.

The ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors. The members of the ARMC are as follows :

Name of ARMC Members	Position
Mr Leow Nan Chye	Chairman
Dato' (Dr) Asariah	Member
Ms Soh Eng Hooi	Member

The Chairman of the ARMC is not the Chairman of the Board. The ARMC is chaired by the Senior Independent Director, Mr Leow Nan Chye. The ARMC comprises Independent Non-Executive Directors and at least one member fulfills qualifications prescribed by Bursa via Rule 15.09(1)(c) and Rule 7.1 of Guidance Note 13 of the AMLR.

The ARMC exercises professional oversight of the integrity of the financial reports before presenting the financial statements to the Board for approval. The ARMC also provides assurance to the Board with support and clarifications from the external auditors that the financial statements and reports presented are in compliance with applicable laws and accounting standards and give a true and fair view of the Group's performance and financial position.

The Board has a formal and transparent relationship with the external auditors. The Board had private sessions through the ARMC with the external auditors, in the absence of the executive directors and the management. For the year under review, there were two (2) private meetings held with the external auditors.

The ARMC was satisfied with the suitability of the external auditors based on the quality of services and sufficiency of resources provided by them to the Group in terms of the firm and the professional staff assigned to the audit. In support of the assessment on independence, the external auditors provide the ARMC with a written assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. In view of the above, the ARMC recommends to the Board on the re-appointment of the external auditors which is subject to the approval of shareholders at the AGM whilst their remuneration is determined by the Board.

The ARMC ensures that the external auditors are independent of the activities they audit and reviews the contracts for non-audit services by the external auditors. During the financial year, the amount of non-audit fees paid to external auditors was RM22,000.00.

The ARMC met six (6) times during the financial year ended 31 December 2018. Details of the number of meetings attended by each member were as follows :

Name of ARMC Members	Attendance
Mr Leow Nan Chye	6/6
Dato' (Dr) Asariah	6/6
Ms Soh Eng Hooi	6/6

The Terms of Reference of the ARMC is accessible for reference on the Company's website at www.smrhub.com.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board is responsible for maintaining a sound and effective system of risk management and internal control to safeguard shareholders' investment and the Group's assets, as well as reviewing the adequacy and effectiveness of these systems to support the Group's strategy and operations to achieve its business objectives.

The risk management process is executed by the Senior Management and the Executive Director. The progress of the risk management process is periodically updated to the ARMC. The ARMC reviews the process regularly and enhances it as and when needed to ensure sustainability.

The Group had outsourced its internal audit function to an independent consulting firm as part of its strategy to assure the Board on its adequacy and effectiveness of the internal control system of the Group. The professional firm will carry out internal audits to review the adequacy and effectiveness of the internal control system and to identify area of risks and report their findings and recommendations to the Management and subsequently to the ARMC.

The Statement on Risk Management and Internal Control is set out on pages 30 to 35 of the Company's 2018 Annual Report.

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

I. COMMUNICATION WITH STAKEHOLDERS

The Board believes that a constructive and effective investor relationship is essential in enhancing shareholder value and recognises the importance of timely dissemination of information to shareholders or stakeholders.

The Board is accountable to shareholders as well as other stakeholders of the Company for the performances and operations of the Company. As such, the Board endeavours to provide timely and accurate disclosure of all material information of the Group to the shareholders and investors.

The Board is responsible for ensuring that the financial statements are properly drawn up so as to give a true and fair view of the financial position of the Group at the end of the financial year. In preparing the financial statements, the Board ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act 2016 have been applied.

The Group leverages on a number of formal channels for effective dissemination of information to shareholders and other stakeholders, particularly through the Annual Report, announcements to Bursa Securities, media releases, quarterly results, analyst briefings, AGM and the Company's website at www.smrhub.com.

II. CONDUCT OF GENERAL MEETINGS

The Company's AGM is an important means of communicating with its shareholders. To ensure effective participation of and engagement with shareholders at the Fourteenth AGM of the Company held on 31 May 2018, all members of the Board were present at the meeting to respond to the questions raised by the shareholders or proxies. The Chairman of the Board chaired the Fourteenth AGM in an orderly manner and allowed the shareholders or proxies to speak at the meeting. The Chairman of the Board Committees and Senior Management were also present to respond to any enquiry from the shareholders. The external auditors were also present to provide their professional and independent clarification on the conduct of the audit and contents of the audit report.

The voting at the Fourteenth AGM was conducted by way of manual polling. The Company continues to explore the leveraging of technology to enhance the quality of engagement with its shareholders and facilitate further participation by shareholders in remote locations.

This Corporate Governance Overview Statement was approved by the Board on 25 April 2019.

1. UTILISATION OF PROCEEDS

There were no proceeds raised from any corporate proposal during the financial year ended 31 December 2018.

2. AUDIT AND NON-AUDIT FEE

During the financial year under review, the total audit and non-audit fees paid to Messrs Baker Tilly Monteiro Heng PLT by the Company and Group are set out below:-

	Company	Group
	RM'000	RM'000
Audit fees	78	517
Non-audit fees - Review of Statement of Risk Management and Internal Control	16	22

3. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving the interest of the Company's Directors and/or substantial shareholders.

4. REVALUATION POLICY

Except for freehold land and property which is to be revalued at an interval of at least once in every five (5) years should the need arise due to significant changes in fair value, the Group does not have a revaluation policy.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board affirms its commitment in maintaining a sound system of internal control and risk management practices within the Group in accordance with the MCCG 2017. The Board is pleased to present the Statement on Risk Management and Internal Control ("the Statement") which outlines the Group's risk management framework and the internal control system of the Group during the financial year ended 31st December 2018 and up to the date of this Statement. The Statement has been prepared in accordance to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"), MCCG and Statement on Internal Control and Risk Management: Guidelines for Directors of Listed Issuers.

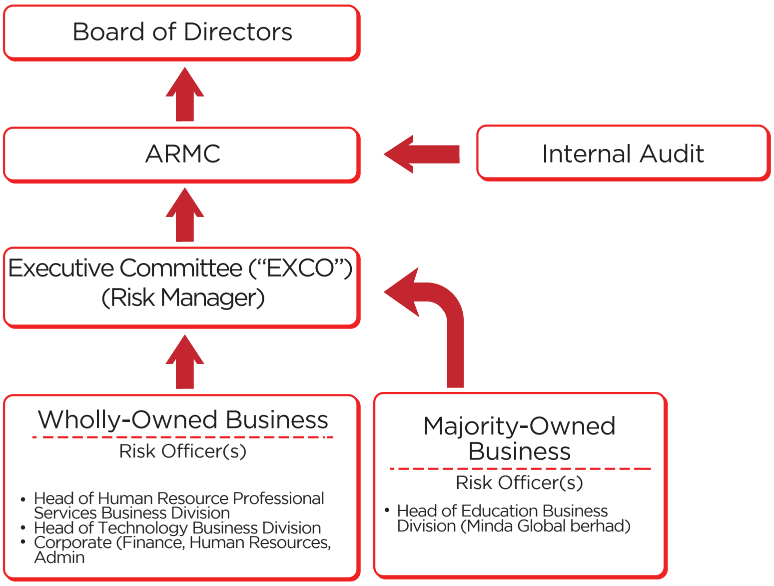
BOARD RESPONSIBILITY

The Board's responsibility includes the establishment of appropriate systems of control as well as reviewing the adequacy and integrity of the system in managing the Group's business risks. A sound system of internal control is important to safeguard the shareholders' investments and the Group's assets. The system of internal control, due to its inherent limitations is designed to manage and control risk rather than eliminate the risk of failure to achieve business objectives. Accordingly, the system can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT

The Board recognises that risk management is an integral part of the Group's business objectives and is critical for the Group to achieve sustainable growth in shareholders' value.

Risk Management Structure



A Registry of Risk and a Risk Management Handbook are adopted. The Registry of Risk is maintained to identify principal business risks and the corresponding actions for the Executive Management team to objectively manage the identified risks which is updated for on-going changes. The Risk Management Handbook summarises the risk management methodology, approach and processes, roles and responsibilities, and various risk management concepts. Enhancements are made, where necessary, in line with the Board's commitment to improve the Group's governance, risk management and control framework.

The Groups adopts the ISO Risk Management framework. The process of identifying, evaluating, monitoring and managing significant risks is embedded in various work processes and procedures of the respective operational functions and management team. The respective risk owners / officers who are the Heads of the Business Divisions, are entrusted to identify risks and to ensure that adequate control systems are implemented to mitigate significant risks faced by the Group.

The Executive Management team assists the Audit and Risk Management Committee ("ARMC") and the Board in the process of identifying, measuring, controlling, monitoring, and reporting significant risks affecting the achievement of the Group's business objectives. It provides the Board with the framework to anticipate and manage both the existing and potential risks, taking into consideration the changing risk profiles as dictated by changes in business and regulatory environment and the Group's strategies and functional activities throughout the year.

Significant business risks, financial risks and operations risks and mitigating action plans are discussed and addressed during the ARMC meeting. The Board is aware of the importance of identifying potential threats to the organisation and the impact such threats may have on business operations.

During the period, the Board considered all key risks that have been highlighted, and how these had been addressed. Some of the key risks and mitigating action plans considered include the followings :

- In relation to susceptibility to potential external business uncertainties and reliance on major clients, the Group is focused on expanding its clientele base, including in non-government related markets.
- The effects of an economic slowdown are being mitigated by periodical business strategic reviews with continuous assessment of its existing products and services, the positioning, target customers and markets.
- The impact of any changes in government policy and regulatory requirements are addressed by the rationalisation of programme portfolio and an effective marketing strategy.
- The Group's business divisions operate in competitive environments. Regular evaluations of business strategy are performed as a counter to competition.
- The increasing trend in costs is mitigated by the implementation of cost reduction exercises and strict cost control measures.

INTERNAL CONTROL

The Board recognises that reviewing the Group's system of internal control is a concerted and continuous process, designed to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, the system of internal control can only provide reasonable and not absolute assurance against material misstatement, fraud and loss.

The Board believes that the Group's system of internal control, financial or otherwise, should provide reasonable assurance regarding the achievement of the Group's objectives in ensuring efficiency and effectiveness of operations, reliability and transparency of financial information and compliance with laws and regulations.

The key internal control elements that the Board has established in facilitating the adequacy and integrity of the system of internal controls are as follows:

- The Group has its board committees and management team to assist the Board in discharging its responsibilities. They comprise individuals with high integrity and caliber who meet regularly in the discharge of their duties. Terms of Reference have been written for the Board Committee namely the ARMC, Nomination Committee and Remuneration Committee. The Committees have the authority to examine all matters within their scope and report to the Board with their recommendations.
- The ARMC works independently with the outsourced internal audit team to ensure further corporate governance and internal controls are in place and ensure systems and processes meet the required standards.
- The Group maintains a formal and clearly defined organisation structure with delineated lines of authority, responsibility and accountability within the Group. The Board has put in place suitably qualified and experienced Management personnel to head the Group's diverse Business Divisions to deliver results and their performance is measured against Key Performance Indicators (KPIs).
- The Group implements a budgeting process where budgets for key operating business divisions are prepared and approved by the Management and monthly monitoring of results against budget with major variances highlighted and management action taken where necessary.
- The Board monitors the Group's performance by reviewing the quarterly financial and operational performance and examines the announcement to Bursa Securities. These are reviewed by the ARMC before they are tabled to the Board.
- Financial, operating and business risks are managed by ensuring appropriate controls, systems and people are in place throughout the Group's businesses. Key organisational controls employed in managing operating risks include segregation of duties, transactions verification and authorisation, financial performance tracking and management reporting.
- Internal operating procedures and guidelines are documented and easily accessible by all staff on the SharePoint system. The Group periodically reviews and updates these to ensure that they continue to support the Group's business activities.

- Necessary actions are taken on the weaknesses identified in the internal control systems with the implementation of improved control measures and processes.
- An annual audit is conducted by SIRIM auditors to ensure the quality systems of the Group are in compliance with the requirements of the ISO 9001:2015 certification. This ensures that customers are assured of delivery of the highest quality of systems, products and services.
- Proper guidelines are in place for hiring and termination of employees, formal training programmes, training needs analysis, performance appraisals and other relevant procedures within the Group to ensure employees are competent and are adequately trained in performing their responsibilities.
- The Group conducts a Succession Planning programme (Senior Leadership and Young Leadership Programme) that trains the selected talent-pool management employees with the necessary experience, skills and leadership for key management roles.

INTERNAL AUDIT FUNCTION

The Board, through the ARMC, endorsed and approved the scope of work for the Internal Audit function through the review of its one-year detailed audit plan.

The Group has outsourced its internal audit function to an independent professional firm of consultants, Sterling Business Alignment Consulting, which is a corporate member of The Institute of Internal Auditors Malaysia (IIAM), to provide the Board with the assurance it requires regarding the adequacy and integrity of the system of internal control. With the engagement, the internal auditors have disclosed that there are no relationships or conflict of interest in the discharge of it responsibilities and that they remained independent and have no direct operational responsibility or authority over any of the activities audited.

The internal audit exercises are carried out based on the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control – Integrated Framework in assessing the effectiveness of the Group's internal control system.

During the financial year, the internal auditor reviewed critical business processes, identified risks and internal control gaps, assessed the effectiveness and adequacy of the existing state of internal control of the Company and its major business divisions and recommended improvements to the internal control process.

The Internal Auditors report directly to the ARMC on improvement measures pertaining to internal controls including subsequent follow-up to determine the extent that their recommendations have been implemented by the management. The status of implementation is monitored through follow-up audits which are reported at quarterly Executive Management meetings and quarterly ARMC meetings. The Management is responsible in ensuring that corrective actions to control weaknesses are implemented within a defined time frame. The ARMC keeps track and addresses any issues that relates to this matter at every quarterly meeting and its members are constantly being updated on any activities that relates to the above. For the financial year ended 31 December 2018, the total costs incurred for the outsourced internal audit function is RM22,000.00.

For the financial year ended 31 December 2018, the Internal Auditor audited and reviewed various subsidiaries/ business divisions of the Group and also presented their status report comprising follow-up actions on previously reported audited findings, details of which are set out below :

Audit Period	Reporting Month	Name of Entity Audited	Audited Areas
1st Quarter (Jan 2018 – Mar 2018)	May 2018	SMRT Holdings Berhad and its subsidiaries	• Training and Consulting • Human Resources Management functions
2nd Quarter (Apr 2018 – Jun 2018)	August 2018	SMRT Holdings Berhad and its subsidiaries	• Finance and Accounts functions
3rd Quarter (Jul 2018 – Sept 2018)	November 2018	SMRT Holdings Berhad and its subsidiaries	Follow-up actions on previously reported audited findings: - • Training and Consulting • Human Resources Management functions.
4th Quarter (Oct 2018 – Dec 2018)	February 2019	SMRT Holdings Berhad and its subsidiaries	Follow-up actions on previously reported audited findings: - • Finance and Accounts functions

REVIEW OF THE STATEMENT BY THE BOARD OF DIRECTORS

This Statement on Risk Management and Internal Control is made in accordance with the MCCG 2017, "Statement on Internal Control and Risk Management: Guidance for Directors of Public Listed Companies" and the Bursa Malaysia Securities Berhad Listing Requirements

In making this Statement, the Board has received assurance from the Chairman and the Group CEO who are also responsible for the Group's financial matters, that the risk management and internal control systems of the Group are operating effectively, in all material aspects.

The Board is of the view that the risk management and internal control systems in place during the period under review up to the date of approval of the annual report, is adequate and effective to safeguard the shareholders' investment, the interests of employees and the Group's assets. The Board is satisfied that there is an ongoing process of identifying, evaluating and managing significant risks faced by the Group in its achievement of objectives and strategies. The existing system of internal control is adequate and properly implemented and there are no major weaknesses within the businesses of the Group. For the financial year under review, there were no material losses, incurred as a result of weaknesses in the internal control system that would require disclosure in this Annual Report.

The Board recognises that the risk management and internal control systems must continuously improve to meet the challenging business environment and will continue to take appropriate action plans to strengthen the Group's systems.

Review by External Auditors

As required by paragraph 15.23 of the Bursa's Listing Requirements, the External Auditors have performed a limited assurance engagement on this Statement on risk management and internal control for inclusion in the Annual Report for the financial year ended 31 December 2018. Their engagement was performed in accordance with the Audit and Assurance Practice Guide 3 ("AAPG 3") issued by the Malaysian Institute of Accountants which does not require the auditors to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system. Based on their procedures performed, the External Auditors reported that nothing has come to their attention that would cause them to believe that the Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers nor is the same factually inaccurate.

DIRECTORS' REPORT

The directors hereby present their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are set out in Note 7 to the financial statements.

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

RESULTS

	Group RM	Company RM
Loss for the financial year	(1,019,870)	(971,036)
Attributable to:		
Owners of the Company	2,839,733	(971,036)
Non-controlling interests	(3,859,603)	-
	(1,019,870)	(971,036)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2018.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts.

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

CURRENT ASSETS

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

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

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing 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 which has arisen since the end of the financial year which secures the liabilities of any other person; and

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

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

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company:

(i) issued 36,500,000 new ordinary shares at a price of RM0.155 each for working capital purposes for a total cash consideration of RM5,657,500 pursuant to the private placement as disclosed in Note 38 to the financial statements.

(ii) issued 8,589,200 new ordinary shares at an exercise price of RM0.16 each pursuant to the exercise of Employees' Share Option Scheme for a total cash consideration of RM1,374,271.

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

The Company did not issue any debentures during the financial year.

EMPLOYEE SHARE OPTION SCHEMES

At an Extraordinary General Meeting held on 25 September 2015, the Company's shareholders approved the establishment of an Employees Share Option Schemes ("ESOS") of not more than 15% of the total issued and paid up ordinary share capital of the Company to eligible directors and employees of the Group.

The salient features and terms of the ESOS are disclosed in Note 19 to the financial statements.

The Company had granted a total of 42,555,000 share options of RM0.10 each under the ESOS on 16 December 2016 with an exercise price of RM0.16.

A total of 8,589,200 share options were exercised during the financial year. The Company has extended the exercisable period for the offer of ESOS granted to the eligible employees and directors on 16 December 2016 from 30 September 2018 to 30 June 2019 in accordance with the provisions of the ESOS By-Laws.

TREASURY SHARES

The shareholders of the Company, by a resolution passed in the Annual General Meeting held on 31 May 2018, renewed the approval for the Company to repurchase its own shares. The directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 10,000 of its issued ordinary shares from the open market at the average price of RM0.17 per share. The total consideration paid for the repurchase including the transaction costs was RM1,725. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016 in Malaysia.

As at 31 December 2018, the Company held as treasury shares a total of 226,100 of its 407,046,775 issued ordinary shares. Such treasury shares are held at a carrying amount of RM125,023 and other relevant details are disclosed in Note 18 to the financial statements.

DIRECTORS

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

Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar *	
Malayandi @ Kalaiarasu *	
Leow Nan Chye	
Tuan Haji Ishak Bin Hashim	(Demised on 8 January 2018)
Dato' (Dr) Asariah Binti Mior Shaharuddin*	
Soh Eng Hooi	
Maha Ramanathan Palan	(Appointed on 23 July 2018)

* Directors of the Company and certain subsidiaries

DIRECTORS (CONTINUED)

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Abdul Karim Bin Abdul Kadir	(Resigned on 3 May 2018)
Murugappan Kalaimani	
Subramanian A/L Amamalay	
Zalina Binti Mat Zin	
Ow Yin Lee	
Prof Dato' Dr Mohamad Bin Abd Razak	
Navindra A/L Sivaratnam	
Stalin Thangaiah A/L Vijaya Kamaraj	
Balasubramaniam A/L Manikam	
Muhammad Kenny Laison	(First director, resigned on 15 February 2018)
Ramakrishnan Muralidharan	
Pagadalasurendrababu Sivakumar	
Ahmed Mohamed Abdulla Husain Al Banna	(Resigned on 26 December 2018)
Dato' Abd Rashid Bin Mohd Sharif	(Appointed on 31 October 2018)
Leu Kok Wai	(Appointed on 31 October 2018)
Ng Yaw Dong	(Appointed on 31 October 2018)
Chew Ann Nei	(Appointed on 31 October 2018)
Ong Guat Kiow	(Resigned on 1 May 2018)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
	At 1.1.2018	**Bought**	**Sold**	**At 31.12.2018**
The Company				
SMRT Holdings Berhad				
Direct Interest				
Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar	7,248,797	41,524,718	-	48,773,515
Leow Nan Chye	735,200	-	(735,200)	-
Malayandi @ Kalaiarasu	49,999	-	-	49,999
Indirect Interest				
Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar #	58,841,991	27,413,099	(14,835,818)	71,419,272

Deemed interested as per Section 8 and 197 of the Act, by virtue of his shareholding in Special Flagship Holdings Sdn. Bhd., and his spouse, Puan Sri Datin Kamatchi @ Valliammai A/P Malayandi.

DIRECTORS' INTERESTS (CONTINUED)

	Number of ESOS			
	At 1.1.2018	Exercised	Lapsed	At 31.12.2018
The Company				
SMRT Holdings Berhad				
Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar	3,800,000	(3,000,000)	-	800,000
Malayandi @ Kalaiarasu	3,800,000	-	-	3,800,000
Dato' (Dr) Asariah Binti Mior Shaharuddin	250,000	-	-	250,000

By virtue of his interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar is deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Directors' Remuneration and Note 34 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employee Share Option Schemes.

INDEMNITY TO DIRECTORS AND OFFICERS

There were no indemnity given to or insurance effected for, any director and officer of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 38 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events subsequent to the end of the financial year are disclosed in Note 39 to the financial statements.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 30 to the financial statements.

INDEMNITY TO AUDITORS

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

AUDITORS

The auditors, Messrs. Baker Tilly Monteiro Heng PLT (converted from a conventional partnership, Baker Tilly Monteiro Heng on 5 March 2019), have expressed their willingness to continue in office.

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

……………………………………………
TAN SRI DATO' DR. PALANIAPPAN A/L RAMANATHAN CHETTIAR
Director

……………………………………………
MALAYANDI @ KALAIARASU
Director

Date: 29 April 2019

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	**5**	157,471,808	5,110,569	-	-
Investment properties	**6**	-	-	-	-
Investment in subsidiaries	**7**	-	-	94,482,138	16,713,340
Investment in associates	**8**	42,695	129,158,862	100,000	46,145,975
Goodwill on consolidation	**9**	37,998,752	2,851,352	-	-
Other intangible assets	**10**	94,165,517	1,500,000	-	-
Deferred tax assets	**11**	2,660,008	5,022	-	-
Total non-current assets		292,338,780	138,625,805	94,582,138	62,859,315
Current assets					
Inventories	**12**	10,258,163	703,448	-	-
Trade and other receivables	**13**	45,665,022	58,089,406	56,038	13,351,965
Amount due from subsidiaries	**14**	-	-	29,134,692	63,474,569
Contract costs		2,380,964	-	-	-
Current tax assets		1,949,823	1,843,518	-	-
Fixed deposit	**15**	1,311,067	1,260,560	-	-
Cash and bank balances		5,399,073	4,371,719	215	83,859
		66,964,112	66,268,651	29,190,945	76,910,393
Non-current assets held for sale	**16**	17,580,121	-	-	-
Total current assets		84,544,233	66,268,651	29,190,945	76,910,393
TOTAL ASSETS		376,883,013	204,894,456	123,773,083	139,769,708
EQUITY AND LIABILITIES					
Equity attributable to Owners of the Company					
Share capital	**17**	84,504,033	76,637,392	84,504,033	76,637,392
Treasury shares	**18**	(125,023)	(123,298)	(125,023)	(123,298)
Share based payment reserve	**19**	2,893,498	3,804,184	2,893,498	3,804,184
Revaluation reserve	**20**	1,498,108	2,190,048	-	-
Foreign currency translation reserve	**21**	(87,192)	1,261,832	-	-
Statutory reserve	**22**	-	203,809	-	-
Retained earnings		65,014,582	62,131,048	7,044,608	6,073,572
		153,698,006	146,105,015	94,317,116	86,391,850
Non-controlling interests		91,407,643	3,694,237	-	-
TOTAL EQUITY		245,105,649	149,799,252	94,317,116	86,391,850

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Non-current liabilities					
Loans and borrowings	**23**	27,740,251	11,757,306	-	11,701,950
Deferred tax liabilities	**11**	30,319,041	601	-	-
Total non-current liabilities		58,059,292	11,757,907	-	11,701,950
Current liabilities					
Trade and other payables	**24**	51,959,276	18,895,137	2,892,570	9,412,744
Provision	**25**	-	1,589,821	2,414,533	1,589,821
Amount due to subsidiaries	**14**	-	-	24,148,864	13,307,543
Amount due to related companies	**26**	-	2,990,004	-	-
Amount due to directors		1,177,040	-	-	-
Loans and borrowings	**23**	5,974,206	19,861,408	-	17,365,800
Contract liabilities	**27**	14,544,275	-	-	-
Current tax liabilities		63,275	927	-	-
Total current liabilities		73,718,072	43,337,297	29,455,967	41,675,908
TOTAL LIABILITIES		131,777,364	55,095,204	29,455,967	53,377,858
TOTAL EQUITY AND LIABILITIES		376,883,013	204,894,456	123,773,083	139,769,708

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

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Revenue	28	127,026,745	101,614,916	1,536,000	16,473,980
Cost of sales		(93,051,163)	(67,860,048)	-	-
Gross profit		33,975,582	33,754,868	1,536,000	16,473,980
Other income		35,519,081	116,854,926	8,278,029	33,369,501
Administrative expenses		(67,028,060)	(41,143,531)	(8,846,965)	(6,599,205)
Net impairment losses on financial assets		(3,265,102)	-	-	-
Operating (loss)/profit		(798,499)	109,466,263	967,064	43,244,276
Finance costs	29	(1,813,488)	(2,593,659)	(2,674)	(265,741)
Share of results of an associate, net of tax	8	(1,068,716)	(6,220,903)	-	-
(Loss)/profit before tax	30	(3,680,703)	100,651,701	964,390	42,978,535
Income tax expense	31	2,660,833	(1,743,913)	6,646	-
(Loss)/profit for the financial year		(1,019,870)	98,907,788	971,036	42,978,535
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
- amortisation of revaluation reserve	20	(43,801)	(44,695)	-	-
- foreign currency translation		(1,349,024)	(222,206)	-	-
Other comprehensive loss for the financial year		(1,392,825)	(266,901)	-	-
Total comprehensive (loss)/income for the financial year		(2,412,695)	98,640,887	971,036	42,978,535

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
(Loss)/Profit attributable to:					
Owners of the Company		2,839,733	97,571,364	971,036	42,978,535
Non-controlling interests		(3,859,603)	1,336,424	-	-
		(1,019,870)	98,907,788	971,036	42,978,535
Total comprehensive (loss) /income attributable to:					
Owners of the Company		1,446,908	97,304,463	971,036	42,978,535
Non-controlling interests		(3,859,603)	1,336,424	-	-
		(2,412,695)	98,640,887	971,036	42,978,535
Earnings per share attributable to Owners of the Company (sen):					
Basic earnings per ordinary share	**32(a)**	0.73	28.28		
Diluted earnings per ordinary share	**32(b)**	0.68	25.40		

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Group	Share capital RM	Treasury shares RM	Share premium RM	Share based payment reserve RM	Revaluation reserve RM	Foreign currency translation reserve RM	Statutory reserve RM	Retained earnings RM	Sub-total RM	Non-controlling interests RM	Total equity RM
At 1 January 2018	76,637,392	(123,298)	-	3,804,184	2,190,048	1,261,832	203,809	62,131,048	146,105,015	3,694,237	149,799,252
Total comprehensive income for the financial year											
Profit for the financial year	-	-	-	-	-	-	-	2,839,733	2,839,733	(3,859,603)	(1,019,870)
Other comprehensive income for the financial year	-	-	-	-	(691,940)	(1,349,024)	-	43,801	(1,997,163)	-	(1,997,163)
Total comprehensive income	-	-	-	-	(691,940)	(1,349,024)	-	2,883,534	842,570	(3,859,603)	(3,017,033)
Transactions with owners											
Issuance of shares via private placements	5,657,500	-	-	-	-	-	-	-	5,657,500	-	5,657,500
Share options exercised under Employee Share Option Scheme	2,209,141	-	-	(910,686)	-	-	-	-	1,298,455	-	1,298,455
Repurchased of shares	-	(1,725)	-	-	-	-	-	-	(1,725)	-	(1,725)
Dividend	-	-	-	-	-	-	-	-	-	(864,000)	(864,000)
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	92,219,198	92,219,198
Disposal of subsidiary	-	-	-	-	-	-	(203,809)	-	(203,809)	217,811	14,002
Total transactions with owners	7,866,641	(1,725)	-	(910,686)	-	-	(203,809)	-	6,750,421	91,573,009	98,323,430
At 31 December 2018	84,504,033	(125,023)	-	2,893,498	1,498,108	(87,192)	-	65,014,582	153,698,006	91,407,643	245,105,649

Group	Share capital RM	Treasury shares RM	Share premium RM	Share based payment reserve RM	Revaluation reserve RM	Foreign currency translation reserve RM	Statutory reserve RM	(Accumulated losses)/ Retained earnings RM	Sub-total RM	Non-controlling interests RM	Total equity RM
At 1 January 2017	29,735,313	(2,432,951)	34,509,032	2,279,687	2,234,743	1,484,038	203,809	(34,431,873)	33,581,798	2,591,582	36,173,380
Total comprehensive income for the financial year											
Profit for the financial year	-	-	-	-	-	-	-	97,571,364	97,571,364	1,336,424	98,907,788
Other comprehensive income for the financial year	-	-	-	-	(44,695)	(222,206)	-	44,695	(222,206)	-	(222,206)
Total comprehensive income	-	-	-	-	(44,695)	(222,206)	-	97,616,059	97,349,158	1,336,424	98,685,582
Transactions with owners											
Issuance of shares via private placements	3,503,016	-	-	-	-	-	-	-	3,503,016	-	3,503,016
Share options exercised under Employee Share Option Scheme	878,929	-	-	(332,162)	-	-	-	-	546,767	-	546,767
Share options granted under Employee Share Option Scheme	-	-	-	1,856,659	-	-	-	-	1,856,659	-	1,856,659
Repurchased of shares	-	(1,675)	-	-	-	-	-	-	(1,675)	-	(1,675)
Disposal of treasury shares	-	2,311,328	-	-	-	-	-	(1,053,138)	1,258,190	-	1,258,190
Conversion of warrants	8,011,102	-	-	-	-	-	-	-	8,011,102	-	8,011,102
Transfer to Share capital	34,509,032	-	(34,509,032)	-	-	-	-	-	-	-	-
Dissolu											
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	(233,769)	(233,769)
Total transactions with owners	46,902,079	2,309,653	(34,509,032)	1,524,497	-	-	-	(1,053,138)	15,174,059	(233,769)	14,940,290
At 31 December 2017	76,637,392	(123,298)	-	3,804,184	2,190,048	1,261,832	203,809	62,131,048	146,105,015	3,694,237	149,799,252

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(Continued)

	Share capital RM	Treasury shares RM	Share premium RM	Share based payment reserve RM	Retained earnings RM	Total equity RM
Company						
At 1 January 2018	76,637,392	(123,298)	-	3,804,184	6,073,572	86,391,850
Total comprehensive income for the financial year						
Profit for the financial year	-	-	-	-	971,036	971,036
Transactions with owners						
Issuance of shares via private placements	5,657,500	-	-	-	-	5,657,500
Share options exercised under Employee Share Option Scheme	2,209,141	-	-	(910,686)	-	1,298,455
Repurchased of shares	-	(1,725)	-	-	-	(1,725)
	7,866,641	(1,725)	-	(910,686)	-	6,954,230
At 31 December 2018	84,504,033	(125,023)	-	2,893,498	7,044,608	94,317,116

	Share capital RM	Treasury shares RM	Share premium RM	Share based payment reserve RM	(Accumulated losses)/ Retained earnings RM	Total equity RM
Company						
At 1 January 2017	29,735,313	(2,432,951)	34,509,032	2,279,687	(35,851,825)	28,239,256
Total comprehensive income for the financial year						
Profit for the financial year	-	-	-	-	42,978,535	42,978,535
Transactions with owners						
Issuance of shares via private placements	3,503,016	-	-	-	-	3,503,016
Share options exercised under Employee Share Option Scheme	878,929	-	-	(332,162)	-	546,767
Share options granted under Employee Share Option Scheme	-	-	-	1,856,659	-	1,856,659
Conversion of warrants	8,011,102	-	-	-	-	8,011,102
Resale of treasury shares	-	2,311,328	-	-	(1,053,138)	1,258,190
Transfer to Share capital	34,509,032	-	(34,509,032)	-	-	-
Repurchased of shares	-	(1,675)	-	-	-	(1,675)
	46,902,079	2,309,653	(34,509,032)	1,524,497	(1,053,138)	15,174,059
At 31 December 2017	76,637,392	(123,298)	-	3,804,184	6,073,572	86,391,850

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Cash flows from operating activities				
(Loss)/Profit before tax	(3,680,703)	100,651,701	964,390	42,978,535
Adjustments for:				
Amortisation of:				
- intangible assets	226,413	537,045	-	-
Depreciation of:			-	
-property, plant and equipment	8,432,003	1,694,780	-	-
-investment properties	1,013,000	-	-	-
(Gain)/Loss on disposal of:			-	
- property, plant and equipment	(143,578)	(119,198)	-	-
- investment in a subsidiary	111,470	(110,338,569)	878,888	(33,368,082)
Gain recognised on re-measurement of investment	(24,232,234)	-	(9,156,054)	-
Loss on dissolution of subsidiary	1,260,002	-	-	-
Allowance of impairment for:				
- investment in subsidiaries	-	-	2,850,745	1,316,733
- investment in an associate	-	-	444,654	-
- trade receivables	3,291,752	591,664	-	-
- other receivables	141,775	-	-	-
Interest expense	1,813,488	2,593,658	-	265,741
Interest income	(51,219)	(73,434)	863	(1,419)
Dividend income	-	-	-	(16,473,980)
Share based payment expenses	-	1,856,659	-	1,686,559
Share of results of associates	1,068,716	6,220,903	-	-
Unrealised (gain)/loss on foreign exchange	(41,655)	-	11,127	-
Written off for:				
- property, plant and equipment	695,020	36	-	-
Reversal of fair value for ESOS exercised	-	-	(834,870)	-
Reversal of impairment loss no longer required for trade receivables	-	(29,073)	-	-
Reversal of impairment loss no longer required for other receivables	(128,333)	(1,074)	-	-
Reversal of impairment of investment in a subsidiary	-	-	(578,896)	-
Reversal of impairment loss no longer required for property, plant and equipment	(3,198,434)	-	-	-
Reversal of impairment of investment in an associate	-	(7,298,563)	-	-
Provision for profit guarantee	-	1,589,821	824,712	1,589,821
Fair value adjustment on ESOS granted	(910,686)	-	-	-
Operating loss before changes in working capital, carried forward	(14,333,203)	(2,123,644)	(4,594,441)	(2,006,092)

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Cash flows from operating activities (Continued)				
Operating loss before changes in working capital, brought forward	(14,333,203)	(2,123,644)	(4,594,441)	(2,006,092)
Changes In Working Capital:				
Inventories	(9,554,715)	(703,448)	-	-
Payables	(44,100,708)	25,332,381	(6,531,301)	7,741,272
Receivables	77,172,247	(12,475,310)	13,295,927	48,810
Contract assets	(2,380,964)	-	-	-
Contract liabilties	14,544,275	-	-	-
Net cash generated from operations	21,346,932	10,029,979	2,170,185	5,783,990
Income tax paid	(1,670,764)	(6,428,332)	-	(587)
Tax refunded	1,284,000	453,050	6,980	-
Interest paid	-	(2,593,658)	-	-
Interest received	51,219	73,434	(863)	1,419
Net cash from operating activities	21,011,387	1,534,473	2,176,302	5,784,822
Cash flows from investing activities				
Advances to subsidiaries, net	-	-	18,942,876	(13,647,896)
Dividend income	-	-	-	3,174,104
Decrease in deposit held as security value	-	(509,825)	-	-
Purchase of property, plant and equipment	(27,588,996)	(3,236,948)	-	-
Purchase of intangible assets	-	(1,009,917)	-	-
Additional investment in development costs	-	-	-	-
Investment in associate	-	(47,520)	-	-
Net cash inflows on investment in subsidiaries (Note 7)	3,092,985	-	-	-
Net cash outflows on investment in subsidiaries (Note 7)	-	(518,906)	-	-
Proceeds from disposal of:				
- investment in a subsidiary, net of cash inflows	(421,620)	-	12	-
- property, plant and equipment	152,196	126,698	-	-
Net cash (used in)/from investing activities	(24,765,435)	(5,196,418)	18,942,888	(10,473,792)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(Continued)

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Cash flows from financing activities				
Interest paid	(1,813,488)	-	-	(265,741)
Proceeds from issuance of shares	7,866,641	12,060,885	7,866,641	12,060,885
Purchase of treasury shares	(1,725)	(1,675)	(1,725)	(1,675)
Proceeds from disposal of treasury shares	-	1,258,190	-	1,258,190
Repayment of:			-	
- hire purchase payables	(114,829)	(263,538)	-	-
- term loan	(29,147,361)	(10,360,050)	(29,067,750)	(10,360,050)
Fixed deposit pledged to bank	(50,507)	-	-	-
Advances to related company	(128,005)	-	-	-
Bank account pledge for Sukuk Wakalah	(197,000)	-	-	-
Drawdown of Sukuk Wakalah	27,177,000	-	-	-
Drawdown of hire purchase	500,000	-	-	-
Advances from directors	1,177,040	-	-	-
Net cash from/(used in) financing activities	5,267,766	2,693,812	(21,202,834)	2,691,609
Net change in cash and cash equivalents	1,513,718	(968,133)	(83,644)	(1,997,361)
Cash and cash equivalents at the beginning of the financial year	1,895,768	2,997,747	83,859	2,081,220
Effect on foreign exchange rate change	52,843	(133,846)	-	-
Cash and cash equivalents at the end of the financial year	3,462,329	1,895,768	215	83,859
Analysis of cash and cash equivalents				
Cash and bank balances	5,399,073	4,371,719	215	83,859
Deposits placed with licensed banks	1,311,067	1,260,560	-	-
Bank overdraft	(1,739,744)	(2,475,951)	-	-
	4,970,396	3,156,328	215	83,859
Less: Deposits held as security value	(1,311,067)	(1,260,560)	-	-
Less: Bank account pledged for Sukuk Wakalah	(197,000)	-	-	-
	3,462,329	1,895,768	215	83,859

(a) Reconciliation of liabilities arising from financing activities:

	1 January 2018 RM	Cash flows RM	Non-cash: Amortisation of transaction RM	Non-cash: Acquisition of subsidiary RM	31 December 2018 RM
Term loan	29,067,750	(29,147,361)	-	4,209,657	4,130,046
Finance lease liabilities	75,013	385,171	-	85,493	545,677
Sukuk Wakalah	-	27,177,000	121,990		27,298,990
	29,142,763	(1,585,190)	121,990	4,295,150	31,974,713

	1 January 2017 RM	Cash flows RM	Non-cash: Amortisation of transaction RM	Non-cash: Disposal of subsidiary RM	31 December 2017 RM
Term loan	39,427,800	(10,360,050)	-	-	29,067,750
Finance lease liabilities	423,476	(433,388)	-	84,925	75,013
	39,851,276	(10,793,438)	-	84,925	29,142,763

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the ACE Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company are located at Level 8, Tower Block, CUCMS Campus, Persiaran Bestari, Cyber 11, 63000 Cyberjaya, Selangor Darul Ehsan, Malaysia.

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are set out in Note 7 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 April 2019.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

New MFRSs	
MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
Amendments/Improvements to MFRSs	
MFRS 1	First-time adoption of MFRSs
MFRS 2	Share-based Payment
MFRS 4	Insurance Contracts
MFRS 128	Investments in Associates and Joint Ventures
MFRS 140	Investment Property
New IC Int	
IC Int 22	Foreign Currency Transactions and Advance Consideration

2. BASIS OF PREPARATION (CONTINUED)

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

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

MFRS 9 Financial Instruments

MFRS 9 replaced the guidance of MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and liabilities, on impairment of financial assets, and on hedge accounting.

Key requirements of MFRS 9:

- MFRS 9 introduces an approach for classification and measurement of financial assets which is driven by cash flow characteristics and the business model in which an asset is held.

  In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses which replaced the "incurred loss" model in MFRS 139. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised. Trade receivables and contract assets that do not contain a significant financing component shall always measure the loss allowance at an amount equal lifetime expected credit losses.

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

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

MFRS 9 Financial Instruments (Continued)

- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

The retrospective application of MFRS 9 does not require restatement of 2017 comparative financial statements. As such, the Group and the Company have not restated the comparative information, which continues to be reported under MFRS 139. The Group and the Company recognised any difference between the carrying amount of financial instruments under MFRS 139 and the restated carrying amount under MFRS 9 in the opening balance of retained earnings (or other equity components) of the annual reporting period including the date of initial application i.e. 1 January 2018.

Impact of the adoption of MFRS 9

The adoption of MFRS 9 resulted in changes in accounting policies and the enhanced new disclosures relating to financial instruments, which the Group and the Company have complied with in the current financial year, as discussed below. The adoption of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below:

(i) Classification and measurement

The following are the changes in the classification of the Group's and the Company's financial assets:

(i) Loans and receivables classified as amortised cost

Trade and other receivables, including refundable deposits and cash and cash equivalents previously classified as Loans and Receivables under MFRS 139 as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Accordingly, these financial assets are classified and measured as debt instruments at amortised cost beginning 1 January 2018.

2. BASIS OF PREPARATION (CONTINUED)

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

MFRS 9 Financial Instruments (Continued)

Impact of the adoption of MFRS 9 (Continued)

(i) Classification and measurement (Continued)

In summary, upon the adoption of MFRS 9, the Group and the Company had the following required reclassifications as at 1 January 2018:

	MFRS 9 measurement category
	Amortised Cost
MFRS 139 measurement category	RM
Financial assets	
Group	
Loans and receivables	
Trade and other receivables *	57,340,940
Fixed deposit	1,260,560
Cash and bank balances	4,371,719
	62,973,219
Other financial liabilities	
Trade and other payables #	18,328,971
Loans and borrowings	31,618,714
	49,947,685
Company	
Loans and receivables	
Trade and other receivables *	13,303,938
Cash and bank balances	83,859
	13,387,797
Other financial liabilities	
Trade and other payables	9,412,744
Loans and borrowings	29,067,750
	38,480,494

* *Exclude prepayments*
# *Exclude GST payable*

2. BASIS OF PREPARATION (CONTINUED)

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

MFRS 9 Financial Instruments (Continued)

Impact of the adoption of MFRS 9 (Continued)

(ii) Impairment

In previous financial years, trade and other receivables are impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the receivables (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the receivables ("incurred loss model"). Upon adoption of MFRS 9, the Group and the Company are recording expected credit losses on all its trade and other receivables, either on a 12-month or lifetime basis. The Group and the Company applied MFRS 9 from 1 January 2018, and the comparative for 2017 have not been restated. Based on the Group's and the Company's assessment, the application of MFRS 9 did not have a material financial impact to the financial position, financial performance and cash flows of the Group and the Company.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract;
(v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

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

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

MFRS 15 Revenue from Contracts with Customers (Continued)

The Group has applied MFRS 15 retrospectively with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings (or other components of equity) at the date of initial application of 1 January 2018. As such, the comparative information was not restated and continues to be reported under MFRS 118 and related Interpretations. The Group has elected the practical expedient to apply the standard only to contracts that are not completed as at 1 January 2018. The Group also elected the practical expedient of not to retrospectively restate the contract for any modifications before the date of initial application, but instead, to reflect the aggregate effect of all past contract modifications when identifying the performance obligations, and determining and allocating the transaction price to the satisfied and unsatisfied performance obligations.

Impact of the adoption of MFRS 15

The adoption of MFRS 15 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. Other than the enhanced new disclosures relating to contracts with customers, which the Group have complied with in the current financial year, the adoption of this standard does not have any significant effect on the financial statements of the Group and the Company.

The adoption of MFRS 9 and MFRS 15 did not have a material impact on the Group's and the Company's other comprehensive income or the Group's and the Company's operating, investing and financing cash flows.

2.3 **New MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective**

The new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective for the Group and the Company are as follows:

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
MFRS 1	First-time adoption of MFRSs	1 January 2021#
MFRS 2	Share-based Payment	1 January 2020*
MFRS 3	Business Combinations	1 January 2019/ 1 January 2020*/ 1 January 2021#

2. BASIS OF PREPARATION (CONTINUED)

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

The new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective for the Group and the Company are as follows:

		Effective for financial periods beginning on or after
Amendments/Improvements to MFRSs		
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2021#
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 7	Financial Instruments: Disclosure	1 January 2021#
MFRS 9	Financial Instruments	1 January 2019/ 1 January 2021#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 15	Revenue from Contract with Customers	1 January 2021#
MFRS 101	Presentation of Financial Statements	1 January 2020*/ 1 January 2021#
MFRS 107	Statements of Cash Flows	1 January 2021#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020*
MFRS 112	Income Taxes	1 January 2019
MFRS 116	Property, Plant and Equipment	1 January 2021#
MFRS 119	Employee Benefits	1 January 2019/ 1 January 2021#
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2019/ Deferred/ 1 January 2021#
MFRS 132	Financial Instruments: Presentation	1 January 2021#
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 136	Impairment of Assets	1 January 2021#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*/ 1 January 2021#
MFRS 138	Intangible Assets	1 January 2020*/ 1 January 2021#
MFRS 140	Investment Property	1 January 2021#
New IC Int		
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019

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

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

		Effective for financial periods beginning on or after
Amendments to IC Int		
IC Int 12	Service Concession Arrangements	1 January 2020*
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC Int 132	Intangible Assets – Web Site Costs	1 January 2020*

* *Amendments to References to the Conceptual Framework in MFRS Standards*
\# *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

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

MFRS 16 Leases

Currently under MFRS 117 *Leases*, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

On adoption of this standard, the Group will be required to capitalise its rented premises, equipment on the statements of financial position by recognising them as "rights-of-use" assets and their corresponding lease liabilities for the present value of future lease payments.

The Group and the Company plan to adopt this standard when it becomes effective in the financial year beginning 1 January 2019 by applying the transitional provisions and include the required additional disclosures in their financial statements of that year. The Group is likely electing the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, existing lease contracts that are still effective on 1 January 2019 will be accounted for as lease contracts under MFRS 16.

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

2.3 **New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (Continued)**

Amendments to MFRS 3 Business Combinations and MFRS 11 Joint Arrangements

Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

Amendments to MFRS 9 Financial Instruments

Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

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

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

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

Amendments to MFRS 112 Income Taxes

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

Amendments to MFRS 119 Employee Benefits

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

Amendments to MFRS 123 Borrowing Costs

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

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (Continued)

Amendments to MFRS 128 Investments in Associates and Joint Ventures

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

IC Int 23 Uncertainty over Income Tax Treatments

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

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

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

Amendments to References to the Conceptual Framework in MFRS Standards

The Malaysian Accounting Standards Board has issued a *revised Conceptual Framework for Financial Reporting* and amendments to fourteen Standards under the Malaysian Financial Reporting Standards Framework on 30 April 2018.

The revised Conceptual Framework comprises a comprehensive set of concepts of financial reporting. It is built on the previous version of the Conceptual Framework issued in 2011. The changes to the chapters on the objective of financial reporting and qualitative characteristics of useful financial information are limited, but with improved wordings to give more prominence to the importance of providing information need to assess management's stewardship of the entity's economic resources.

Other improvements of the revised Conceptual Framework include a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance – in particular the definition of a liability – and clarifications in important areas, such as the role of prudence and measurement uncertainty in financial reporting.

The amendments to the fourteen Standards are to update the references and quotations in these Standards which include MFRS 2, MFRS 3, MFRS 6, MFRS 14, MFRS 101, MFRS 108, MFRS 134, MFRS 137, MFRS 138, IC Int 12, IC Int 19, IC Int 20, IC Int 22 and IC Int 132.

The Group is currently performing a detailed analysis to determine the election of the practical expedients and to quantify the financial effects arising from the adoption of the new MFRSs, amendments/improvements to MFRSs, new IC Int. and amendment to IC Int.

2. BASIS OF PREPARATION (CONTINUED)

2.4 Functional and presentation currency

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

2.5 Basis of measurement

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

2.6 Use of estimates and judgements

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

The areas involved a higher degree of judgment or complexity, or areas where assumptions and estimates that are significant to the financial statements are disclosed in Note 4 to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Consolidation

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

(i) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less impairment losses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) **Basis of Consolidation (Continued)**

(i) **Subsidiaries (Continued)**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Investment in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The transaction costs of the investments shall be recognised as expense in the profit or loss in the period in which the costs are incurred.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(ii) **Business combination**

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

(i) the fair value of consideration transferred; plus
(ii) the recognised amount of any non-controlling interest in the acquiree; plus
(iii) if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
(iv) the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

The accounting policy for goodwill is set out in Note 3(f)(i) to the financial statements.

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

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (Continued)

(ii) Business combination (Continued)

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

(iii) Acquisition of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

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

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

(a) **Basis of consolidation (Continued)**

(v) **Non-controlling interest**

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interest to have a deficit balances.

(vi) **Associates**

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

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

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

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

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

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

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

(a) **Basis of Consolidation (Continued)**

(vii) **Transactions eliminated on consolidation**

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

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

(b) **Separate financial statements**

In the Company's statement of financial position, investment in subsidiaries and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3(m)(ii).

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

(c) **Property, plant and equipment and depreciation**

(i) **Recognition and measurement**

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(m)(ii).

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

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

(c) **Property, plant and equipment and depreciation (Continued)**

(i) **Recognition and measurement (Continued)**

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

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

(ii) **Subsequent costs**

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

(iii) **Depreciation**

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

Buildings	33 1/3 years
Office suite	2%
Library	10% - 20%
Computer	20%
Office equipment	10% - 40%
Medical equipment and courseware	10% - 20%
Furniture and fittings	10% - 20%
Motor vehicles	20%
Renovation	10% - 20%
Cabin	10%
Robes	20%

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

(iv) **Derecognition**

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

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

(d) **Revaluation of assets**

Land and buildings at valuation are revalued at a regular interval of at least once in every five years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued land and buildings materially differ from the market values.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any surplus or deficit arising from the revaluations will be dealt with in the Revaluation Reserve Account. Any deficit is set-off against the Revaluation Reserve Account only to the extent of the surplus credited from the previous revaluation of the land and buildings and the excess of the deficit is charged to the profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained profits.

(e) **Investment properties**

Investment properties are leasehold land and buildings which are held either to earn rental income or capital appreciation or for both and are not substantially occupied by the Group. Such properties are measured initially at cost, including transaction costs. Subsequent to the initial recognition, investment properties are stated at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(m)(i).

The estimated useful lives of investment properties are as follows:

Leasehold building	33 1/3 years
Leasehold land	76 years
Renovation and electrical installation	10 years

Investment properties are derecognised when they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from their disposals. Any gains and losses on the retirement or disposal of investment properties are recognised in the profit or loss in the financial year in which they arise.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

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

(f) **Goodwill and other Intangible assets**

(i) **Goodwill**

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initially recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(m)(ii).

(ii) **Development costs**

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

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

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

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(m)(ii) to the financial statements.

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

(f) **Goodwill and other intangible assets (Continued)**

(iii) **Software**

Software that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(m)(ii).

(iv) **Acquired education licenses**

Education licenses acquired in a business combination are recognised at fair value at the acquisition date. The licenses have been acquired with the option to renew at little or no cost to the Group. As a result, those licenses are assessed as having an indefinite useful life. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(m)(ii).

(v) **Other intangible assets**

Trademark with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses, if any.

Intangible assets, other than goodwill and trademark, that are acquired by the Group, which have finite useful lives are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(vi) **Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill is recognised in profit or loss as incurred.

(vii) **Amortisation**

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Intangible assets, other than goodwill and trademark, are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

Trademarks with indefinite useful lives are not amortised but tested for impairment annually and whenever there is an indication that may be impaired.

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

(f) **Goodwill and other intangible assets (Continued)**

(vii) **Amortisation (Continued)**

The estimated useful lives for the current and comparative periods are as follows:

Development costs	3 to 10 years
Intellectual rights	5 years
Software	10 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(g) **Inventories**

Inventories are stated at the lower of cost and net realisable value. Inventories cost is determined on a first-in-first-out method.

Cost includes the actual cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the costs of completion and applicable variable selling expenses.

(h) **Leases**

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

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

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

(h) **Leases (Continued)**

(i) **Lessee accounting**

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

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

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

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

Any upfront lease payments are classified as land use rights within intangibles assets.

(ii) **Lessor accounting**

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

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

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

(i) **Non-current assets or disposal groups held for sale**

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when:

- the asset or disposal group is available for immediate sale in its present condition;
- the management is committed to a plan to sell the asset and the asset or disposal group is actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale is expected to be completed within one year from the date of classification and actions required to complete the plan indicates that it is unlikely that significant changes to the plan will be made or that the sale will be withdrawn.

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property measured at fair value, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. A gain for any subsequent increase in fair value less costs to sell of an asset is recognised but not in excess of the cumulative impairment loss that has been recognised.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted associates and joint venture ceases once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statements of financial position.

(j) **Income tax**

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

(i) **Current tax**

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

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

(j) **Income tax (Continued)**

(ii) **Deferred tax**

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

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

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

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

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

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

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

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

(j) **Income tax (Continued)**

(iii) **Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST") except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

The GST in Malaysia was abolished and replaced by the sales and services tax effective from 1 September 2018.

(iv) **Sales and services tax**

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

The amount of sales and services tax payable to, the taxation authority is included as part of payables in the statements of financial position.

(k) **Foreign currency translation and operations**

(i) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Non-monetary items which are measured at fair values denominated in foreign currencies are translated at the foreign exchange rate ruling at the date when the fair values were determined.

When a gain or loss on a non-monetary item is recognised directly in equity, any corresponding exchange gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any corresponding exchange gain or loss is recognised in profit or loss.

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

(k) **Foreign currency translation (Continued)**

(ii) **Foreign entities**

The results and financial position of all the foreign entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange difference arising from the translation of net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(l) **Financial instruments**

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

<u>Accounting policies applied from 1 January 2018</u>

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

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

(l) **Financial instruments (Continued)**

Accounting policies applied from 1 January 2018 (Continued)

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

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

(a) **Subsequent measurement**

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

(i) **Financial assets**

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

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

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

The Group and the Company reclassify financial assets when and only when its business model for managing those assets changes.

Debt instruments

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

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

(l) **Financial instruments (Continued)**

Accounting policies applied from 1 January 2018 (Continued)

(a) **Subsequent measurement (Continued)**

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

(i) **Financial assets (Continued)**

Debt instruments (Continued)

- **Amortised cost**

  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3(m)(i) to the financial statements. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **Fair value through other comprehensive income (FVOCI)**

  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3(m)(i) to the financial statements. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

- **Fair value through profit or loss (FVPL)**

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

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

(l) **Financial instruments (Continued)**

Accounting policies applied from 1 January 2018 (Continued)

(a) **Subsequent measurement (Continued)**

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

(i) **Financial assets (Continued)**

Debt instruments (Continued)

- **Fair value through profit or loss (FVPL) (Continued)**

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

(ii) **Financial liabilities**

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

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

Financial liabilities at fair value through profit or loss

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

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

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

Financial liabilities at amortised cost

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

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

(l) **Financial instruments (Continued)**

Accounting policies applied from 1 January 2018 (Continued)

(b) **Financial guarantee contracts**

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

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

(c) **Regular way purchase or sale of financial assets**

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

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

Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and

(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

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

(d) **Derecognition**

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

(i) the contractual rights to receive cash flows from the financial asset expire, or

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

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

(l) **Financial instruments (Continued)**

Accounting policies applied from 1 January 2018 (Continued)

(d) **Derecognition (Continued)**

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

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

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

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

(e) **Offsetting of financial instruments**

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

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

Accounting policies applied until 31 December 2017

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

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

(l) **Financial instruments (Continued)**

Accounting policies applied until 31 December 2017 (Continued)

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

(a) **Subsequent measurement**

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

(i) **Financial assets**

Financial assets at fair value through profit or loss

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

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

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at costs.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(m)(i). Gains and losses are recognised in profit or loss through the amortisation process.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(m)(i). Gains and losses are recognised in profit or loss through the amortisation process.

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

(l) **Financial instruments (Continued)**

Accounting policies applied until 31 December 2017 (Continued)

(a) **Subsequent measurement (Continued)**

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

(i) **Financial assets (Continued)**

Available for sale financial assets

Available for sale financial assets comprise investment in equity and debt securities that are designated as available for sale or are not classified in any of the three preceding categories.

Subsequent to initial recognition, available for sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available for sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Unquoted equity instruments carried at cost

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(m)(i).

(ii) **Financial liabilities**

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

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

(l) **Financial instruments (Continued)**

Accounting policies applied until 31 December 2017 (Continued)

(b) **Financial guarantee contracts**

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(c) **Regular way purchase or sale of financial assets**

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

(d) **Derecognition**

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

(e) **Offsetting of financial instruments**

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

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

(m) **Impairment of assets**

(i) **Impairment of financial assets and contract assets**

Accounting policies applied from 1 January 2018

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

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

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

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

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

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

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

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

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

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

(m) **Impairment of assets (Continued)**

(i) **Impairment of financial assets and contract assets (Continued)**

Accounting policies applied from 1 January 2018 (Continued)

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

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

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

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

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

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

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

(m) **Impairment of assets (Continued)**

(i) **Impairment of financial assets and contract assets (Continued)**

Accounting policies applied from 1 January 2018 (Continued)

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

Accounting policies applied until 31 December 2017

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries, associates and joint ventures) are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables

The Group and the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If no objective evidence of impairment exists for an individually assessed financial asset, the Group and the Company include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that were individually assessed for impairment and for which an impairment loss continues to be recognised are not included in a collective assessment of impairment.

The impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of impairment loss decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

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

(m) **Impairment of assets (Continued)**

(i) **Impairment of financial assets and contract assets (Continued)**

Accounting policies applied until 31 December 2017 (Continued)

Loans and receivables (Continued)

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

Available-for-sale financial assets

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

Where there is objective evidence that the asset is impaired, the decline in the fair value of an available-for-sale financial asset together with the cumulative loss recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

Impairment losses on available-for-sale equity investments are not reversed through profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss, is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to a loss event occurring after the recognition of the impairment loss in profit or loss.

Unquoted equity instruments carried at cost

In the case of unquoted equity instruments carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed notwithstanding a subsequent increase in the present value of estimated future cash flows.

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

(m) **Impairment of assets (Continued)**

(ii) **Impairment of non-financial assets**

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

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

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

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

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

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

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

(n) **Revenue and other income**

Accounting policies applied from 1 January 2018

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

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

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

Financing components

The Group and the Company have applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Group and the Company expect that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

(i) **Education services**

Revenue from education services rendered represents tuition fees, registration fees, processing fees, administrative fees and other miscellaneous charges.

Revenue from tuition fees will be recognised within the semester of each courses offered to the students. The revenue will then be recognised over time throughout the semester in profit or loss.

Payment terms for tuition fees are on cash terms (immediate payment or advance payment not exceeding 30 days).

Revenue from resource fees and registration fees are recognised over the period of the course in profit or loss.

Revenue from royalties fee is recognised on accrual basis based on substance of the agreement.

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

(n) **Revenue and other income (Continued)**

Accounting policies applied from 1 January 2018 (Continued)

(i) **Education services (Continued)**

Other miscellaneous charges represent application fees, administration fees, processing fees, convocation fees, examination fees, training fees and clinical attachment fees. These fees are recognised at a point in time as services are rendered.

Advance payment received at the commencement of the semester will be recognised as contract liabilities.

(ii) **Income from consultancy, training and software development**

Income from consultancy, training and software development is recognised upon services rendered to customers and customers' acceptance, net of discounts.

(iii) **Technical supports**

Revenue from technical supports are recognised when services are rendered.

(iv) **Sales of hardware**

Revenue from sales of hardware are recognised upon delivery of products and customer's acceptance and when the significant risks and rewards of ownership have been transferred to the buyer.

(v) **Sales of software application**

Income from sales of software application is recognised upon services rendered to customers and customers' acceptance, net of discounts.

(vi) **Dividend income**

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

(vii) **Interest income**

Interest income is recognised on an accrual basis.

(vii) **Rental income**

Rental income are recognised on a straight-line basis over the term of the lease.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Revenue and other income (Continued)

Accounting policies applied until 31 December 2017

Revenue is recognised to the extent that it is possible that the economic benefits will flow to the Group and revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivables.

(i) **Education services**

Revenue from education services rendered represents tuition fees.

Revenue from tuition fees is recognised over the period of the course in profit or loss. Registration fees, processing fees and administration fees are recognised in profit in profit or loss upon commencement of the course.

Other miscellaneous fees represent convocation fees, co-curriculum fees registration fees, processing fees and administration fees are recognised at point in time as services are rendered.

(ii) **Income from consultancy, training and software development**

Income from consultancy, training and software development is recognised upon services rendered to customers and customers' acceptance, net of discounts.

(iii) **Technical supports**

Revenue from technical supports are recognised when services are rendered.

(iv) **Sales of hardware**

Revenue from sales of hardware are recognised upon delivery of products and customer's acceptance and when the significant risks and rewards of ownership have been transferred to the buyer.

(v) **Sales of software application**

Income from sales of software application is recognised upon services rendered to customers and customers' acceptance, net of discounts.

(vi) **Dividend income**

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

(vii) **Interest income**

Interest income is recognised on an accrual basis.

(viii) **Rental income**

Rental income are recognised on a straight-line basis over the term of the lease.

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

(o) **Borrowing costs**

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

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

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

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

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

(p) **Employee benefits**

(i) **Short term employee benefits**

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

(ii) **Defined contribution plans**

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

(iii) **Employee share option schemes**

Employees of the Group and the Company received remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expenses recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's and the Company's best estimate of the number of options that will ultimately vest. The charge of credit to profit or loss for a period represents the movement in cumulative expenses recognised at the beginning and end of that period.

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

(p) **Employee benefits**

(iii) **Employee share option schemes**

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

(q) **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 Chairman, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(r) **Share capital**

(i) **Ordinary Shares**

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

(ii) **Treasury shares**

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

(s) **Cash and cash equivalents**

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

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

(t) **Earnings per shares**

(i) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

(u) **Provision**

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

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

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

(i) Legal claims

For lawsuit provisions, a probability-weighted expected outcome is applied in the measurement, taking into account past court judgements made in similar cases and advice of legal experts.

(ii) Onerous contract

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the lower of the present value of the expected cost of terminating the contract and the present value of the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

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

(v) **Contingent liabilities**

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

(w) **Contract costs**

(a) Recognition and measurement

Contract costs include costs of obtaining and fulfilling a contract such as commission fee paid to agents.

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

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

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

(b) Amortisation

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

(c) Impairment

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

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

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

(w) **Contract costs (Continued)**

(c) Impairment (Continued)

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

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

The Group and the Company have applied the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity would have recognised is one year or less.

(x) **Fair value measurements**

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

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

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. **SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

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

(i) **Impairment of goodwill and other intangible assets (Note 9 and 10)**

The Group determines whether goodwill and other intangible assets are impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating unit ("CGU") to which goodwill or other intangible assets are allocated. Estimating a value-in-use amount requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(ii) **Impairment of Investment in subsidiaries (Note 7)**

The Company carried out the impairment test based on its investment in subsidiaries on the value-in-use of the cash generating unit. Estimating a value-in-use amount requires the Company to make an estimation of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows. An impairment loss is recognised immediately in the profit or loss if the recoverable amount is less than the carrying amount.

(iii) **Impairment losses for trade receivables (Note 13)**

The provisions of expected credit losses for receivables are based on assumptions about risk of default and expected loss rate. The Group use judgement in making these assumptions and selecting inputs to the expected credit losses ("ECL") calculation which is, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Group individually assessed and also uses a provision matrix to calculate ECL for trade receivables. The individually assessed ECL may be based on indicators such as students or customers who have quit, terminated, rejected or withdrawn from their courses. The provision rates are depending on the number of days that a receivable is past due. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forward-looking estimates and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions over the expected lives of the receivables. The Group's assessment of the indicators, historical credit loss experience and forecast of economic conditions may also not be representative of student's or customer's actual default in the future.

The information about the impairment losses on the Group's and the Company's financial assets are disclosed in Note 37(i) to the financial statements.

4. **SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

(iv) **Deferred tax assets (Note 11)**

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unabsorbed capital allowances based on the projected future profits of the subsidiaries to the extent that is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future performance and taxable profits of the subsidiaries.

The carrying amount of the Group's recognised deferred tax assets is disclosed in Note 11.

5. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Leasehold land RM	Building RM	Office suite RM	Library RM	Computer RM	Office equipment RM	Medical equipment and courseware RM	Furniture and fittings RM	Motor vehicles RM	Renovation RM	Capital work-in-progress RM	Router RM	Total RM
Group														
2018														
Cost/Valuation														
At 1 January 2018	-	-	-	4,200,000	-	1,682,348	759,503	-	198,511	318,047	718,681	-	-	7,877,090
Acquisition of subsidiary	12,553,499	3,677,219	75,985,047	-	129,044	1,752,211	1,058,960	20,916	381,971	377,531	4,117,355	11,697,563	-	111,751,316
Additions	-	-	-	-	3,860	-	185,345	923,715	1,107,607	588,733	24,235,418	72,000	472,318	27,588,996
Disposals	-	-	-	-	-	-	-	(1,480)	(305,018)	(636,091)	-	-	-	(942,589)
Written off	-	-	-	-	-	-	-	(18,574)	-	-	(844,908)	-	-	(863,482)
Transfer to non-current assets held for sales (Note 16)	-	(3,457,772)	(10,004,312)	-	-	-	-	-	-	-	(618,037)	-	-	(14,080,121)
Transfer from investment properties (Note 6)	-	18,000,000	16,702,249	-	-	-	-	-	-	-	-	-	-	34,702,249
Reclassification	-	-	-	-	-	-	-	-	-	-	11,697,563	(11,697,563)	-	-
Impairment loss	-	-	-	(1,085,600)	-	-	-	-	-	-	-	-	-	(1,085,600)
Effect of foreign exchange difference	-	-	-	-	-	-	-	(3,247)	-	-	-	-	-	(3,247)
At 31 December 2018	12,553,499	18,219,447	82,682,984	3,114,400	132,904	3,434,559	2,003,808	921,330	1,383,071	648,220	39,306,072	72,000	472,318	164,944,612

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM	Leasehold land RM	Building RM	Office suite RM	Library RM	Computer RM	Office equipment RM	Medical equipment and courseware RM	Furniture and fittings RM	Motor vehicles RM	Renovation RM	Capital work-in-progress RM	Router RM	Total RM
Group														
2018														
Accumulated depreciation														
At 1 January 2018	-	-	-	359,485	-	1,453,766	278,761	-	95,553	308,502	270,454	-	-	2,766,521
Depreciation for the financial year	-	137,072	2,481,045	77,976	41,010	889,481	-	459,586	153,069	247,938	3,746,653	-	198,173	8,432,003
Written off	-	-	-	-	-	-	-	(3,910)	-	-	(164,552)	-	-	(168,462)
Transfer to non-current assets held for sales (Note 16)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from investment properties (Note 6)	-	85,181	517,848	-	-	-	-	-	-	-	409,971	-	-	1,013,000
Reversal of impairment loss	-	(421,659)	(2,623,204)	(437,461)	-	-	-	(153,571)	-	-	-	-	-	(3,635,895)
Disposal of:														
- disposal	-	-	-	-	-	-	-	(1,395)	(27,688)	(627,559)	-	-	-	(656,642)
- impairment loss	-	-	-	-	-	-	-	-	(277,329)	-	-	-	-	(277,329)
Effect of foreign exchange difference	-	-	-	-	-	-	-	(392)	-	-	-	-	-	(392)
At 31 December 2018	-	(199,406)	375,689	-	41,010	2,343,247	278,761	300,318	(56,395)	(71,119)	4,262,526	-	198,173	7,472,804
Carrying amount														
At 31 December 2018	12,553,499	18,418,853	82,307,295	3,114,400	91,894	1,091,312	1,725,047	621,012	1,439,466	719,339	35,043,546	72,000	274,145	157,471,808
Representing:														
At Cost	12,553,499	18,418,853	82,307,295	-	91,894	1,091,312	1,725,047	621,012	1,439,466	719,339	35,043,546	72,000	274,145	154,357,408
At Valuation	-	-	-	3,114,400	-	-	-	-	-	-	-	-	-	3,114,400
	12,553,499	18,418,853	82,307,295	3,114,400	91,894	1,091,312	1,725,047	621,012	1,439,466	719,339	35,043,546	72,000	274,145	157,471,808

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Office suite RM	Library RM	Computer RM	Office equipment RM	Medical equipment and courseware RM	Furniture and fittings RM	Motor vehicles RM	Renovation RM	Cabin RM	Capital work-in-progress RM	Total RM
Group											
2017											
Cost/Valuation											
At 1 January 2018	4,200,000	338,201	7,804,389	1,199,109	3,734,843	2,330,762	2,228,089	8,930,114	39,100	-	30,804,607
Additions	-	7,038	256,631	323,318	36,880	101,639	-	156,038	-	8,111,405	8,992,949
Disposals/written off	-	-	(22,199)	-	-	(6,294)	(850,967)	-	-	-	(879,460)
Effect of foreign exchange difference	-	-	(8,306)	(391)	-	(1,814)	-	-	-	-	(10,511)
Disposal of subsidiaries (Note 6)	-	(345,239)	(6,348,167)	(762,533)	(3,771,723)	(2,225,782)	(1,059,075)	(8,367,471)	(39,100)	(8,111,405)	(31,030,495)
At 31 December 2017	4,200,000	-	1,682,348	759,503	-	198,511	318,047	718,681	-	-	7,877,090
Accumulated depreciation											
At 1 January 2017	301,000	193,785	6,594,797	688,614	3,382,420	2,186,721	1,843,212	8,187,479	16,616	-	23,394,644
Depreciation for the financial year	58,485	40,670	813,267	203,385	131,591	55,552	159,673	228,247	3,910	-	1,694,780
Disposals/written off	-	-	(22,175)	-	-	(6,282)	(843,467)	-	-	-	(871,924)
Effect of foreign exchange difference	-	-	(8,257)	(227)	-	(1,268)	-	-	-	-	(9,752)
Disposal of subsidiaries (Note 6)	-	(234,455)	(5,923,866)	(613,011)	(3,514,011)	(2,139,170)	(850,916)	(8,145,272)	(20,526)	-	(21,441,227)
At 31 December 2017	359,485	-	1,453,766	278,761	-	95,553	308,502	270,454	-		2,766,521
Carrying amount											
At 31 December 2017	3,840,515	-	228,582	480,742	-	102,958	9,545	448,227	-	-	5,110,569
Representing:											
At Cost	-	-	228,582	480,742	-	102,958	9,545	448,227	-	-	1,270,054
At Valuation	3,840,515	-	-	-	-	-	-	-	-	-	3,840,515
	3,840,515	-	228,582	480,742	-	102,958	9,545	448,227	-		5,110,569

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

(i) The office suite was last further revalued by the Group on 14 June 2013 based on its open market values as ascertained through an independent valuation. The fair value of the office suite as at 31 December 2018 was adjusted based on the sales consideration which was agreed between the Group and a third party.

The fair value of the office suite is categorised as Level 2.

(ii) If the office suite was measured using the cost model, the carrying amount would be as follow:

	Group	
	2018	**2017**
	RM	**RM**
Cost	2,082,755	2,082,755
Less: Accumulated depreciation	(510,274)	(468,619)
Carrying amount	1,572,481	1,614,136

(iii) The office suite with the carrying amount of RM3,114,400 (2017: 3,840,515) has been pledged as security for banking facilities granted to a subsidiary of the Group, as disclosed in Note 23 to the financial statements.

(iv) Motor vehicles with total carrying amount of RM556,302 (2017: RM41,335) were acquired under hire purchase as disclosed in Note 23 to the financial statements.

(v) At 31 December 2018, land and buildings with a net carrying amount of RM114,927,122 (2017: RM Nil) were pledged to secure bank loans as disclosed in Note 23 to the financial statements.

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

(vi) Leasehold land has remaining unexpired lease period of more than 50 years.

(vii) The title of freehold land and certain buildings with a net carrying amount of RM30,502,263 (2017: RM Nil) is pending issuance by the relevant authorities.

(viii) Capital work-in-progress was in respect of renovation cost incurred for new campus in the previous financial year.

(ix) Included in the property and equipment are borrowing cost capitalised during the financial year amounting to RM298,231 (RM Nil).

6. **INVESTMENT PROPERTIES**

	Group	
	2018	**2017**
	RM	**RM**
Group		
Cost		
At 1 January	-	-
Acquisition of subsidiary	38,202,249	
Transfer to property and equipment (Note 5)	(34,702,249)	-
Transfer to non-current assets held for sale (Note 16)	(3,500,000)	-
At 31 December	-	-
Accumulated Depreciation		
At 1 January	-	-
Acquisition of subsidiary	-	
Depreciation for the financial year	1,013,000	
Transfer to property and equipment (Note 5)	(1,013,000)	-
At 31 December	-	-
Carrying Amount		
At 31 December	-	-

During the financial year, a property has been transferred from investment property to property and equipment as the said property was occupied by a subsidiary.

7. INVESTMENT IN SUBSIDIARIES

	Company 2018 RM	2017 RM
At cost		
Quoted shares	54,757,375	-
Unquoted shares	21,500,431	22,455,147
	76,257,806	22,455,147
Less: Impairment losses	(8,013,656)	(5,741,807)
	68,244,150	16,713,340
Capital contributions to subsidiaries	26,237,988	-
At 31 December	94,482,138	16,713,340

Capital contributions represent unsecured, interest free, non-trade balances with subsidiaries. As these balances are, in substance, a part of the Company's net investment in the subsidiaries, they are stated at cost less accumulated impairment loss, if any. The settlement of these balances is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat them as long term source of capital to the subsidiaries.

Details of the subsidiaries are as follows:

Name of company	Principal place of business/ Country of incorporation	Ownership interest 2018 %	2017 %	Principal activities
Direct subsidiaries				
Minda Global Berhad	Malaysia	20	-	Investment holding
SMR HR Group Sdn. Bhd.	Malaysia	100	100	Provision of HR development solutions covering training, consulting, outsourcing, events, learning resources and advisory support services
SMR HR Technologies Sdn. Bhd.	Malaysia	100	100	Software consultancy and development and its related activities
SMR Gulf WLL ^*	Kingdom of Bahrain	-	99	Dormant

7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of company	Principal place of business/ Country of incorporation	Ownership interest 2018 %	Ownership interest 2017 %	Principal activities
Direct subsidiaries				
Management Made Easy Sdn. Bhd.	Malaysia	100	100	Development of enterprise HR software, application development and provision for technology consulting services
SMR Proelt Sdn. Bhd. ("SMRP")	Malaysia	-	100	Dormant
Agensi Pekerjaan SMR Talent Search Sdn. Bhd. ("APSMRTS")	Malaysia	-	100	Dormant
SMR Management Sdn. Bhd.	Malaysia	100	100	Provision of management services
SMR Shared Services Sdn. Bhd. ("SMRSS")	Malaysia	-	100	Dormant
SMR Global Links Sdn. Bhd. ("SMRGL")	Malaysia	-	100	Dormant
SMR HRD Solutions Sdn. Bhd. ("SMRHS")	Malaysia	-	100	Dormant
SMR Education Sdn. Bhd.	Malaysia	100	100	Investment holding
SMR Voctech Sdn. Bhd. ("SMRV")	Malaysia	-	100	Dormant
SMR Properties Management Sdn. Bhd.	Malaysia	100	100	Dormant
Strategic Ambience Sdn. Bhd.	Malaysia	100	100	Investment holdings
N'osairis Technology Solutions Sdn. Bhd. #	Malaysia	64	64	Investment holding and IT solutions related telecommunication

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

Name of company	Principal place of business/ Country of incorporation	Ownership interest 2018 %	Ownership interest 2017 %	Principal activities
Indirect subsidiaries				
Subsidiary of SMR HR Technologies Sdn. Bhd.				
SMR HR Technologies Pvt Ltd #	India	98	98	Software consultancy and development, Human Resource development solutions covering training, consulting, outsourcing, events, learning resources and advisory support services
N'osairis Technology Solutions Sdn. Bhd.				
Teknologi Bumi Era Q Sdn. Bhd. #	Malaysia	100	100	IT solutions related to telecommunication
PT Nosairis Teknologi Solutions #	Indonesia	90	90	IT solutions related to telecommunication
Subsidiaries of SMR Education Sdn. Bhd.				
Minda Global Berhad	Malaysia	30	-	Investment holding
Subsidiaries of Strategic Ambience Sdn. Bhd.				
Minda Global Berhad	Malaysia	7	-	Investment holding

7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of company	of business/ Country of incorporation	Ownership intetest 2018 %	2017 %	Principal activities
Subsidiaries of				
Subsidiaries of Minda Global Berhad				
ASIAMET Education Group Sdn. Bhd.	Malaysia	100	-	Investment holding
Minda Global Internatior Education Sdn. Bhd. (formerly known as Valencia Education Group Sdn. Bhd.) ("MGIESB")	Malaysia	100	-	Provision of education services
Minda Global Management Sdn. Bhd. (formerly known as Aspiration Achievers Network Sdn. Bhd.) ("MGMSB")	Malaysia	100	-	Provision of management service
ASIAMET (KB) Sdn. Bhd. ("AKBSB")	Malaysia	100	-	Dormant
ASIAMET (KK) Sdn. Bhd. ("AKKSB")	Malaysia	100	-	Provision of education services
ASIAMET (Kuching) Sdn. Bhd. ("AKSB")	Malaysia	100	-	Provision of education services
CUCMS Education Sdn. Bhd. ("CESB")	Malaysia	100	-	Provision of education services

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

Name of company	Principal place of business/ Country of incorporation	Ownership intetest 2018 %	Ownership intetest 2017 %	Principal activities
Subsidiary of Asiamet Education Group Sdn. Bhd.				
ASIAMET (M) Sdn. BHd. ("AMSB")	Malaysia	100	-	Provision of education services
Subsidiaries of CESB				
CUCMS Properties Management Sdn. Bhd. (formerly known as Fusion Bio-Life Sciences Sdn. Bhd.	Malaysia	100	-	Dormant
CUCMS Edutech Sdn. Bhd.	Malaysia	100	-	Development of software, application development technology consulting services
Minda Global Language Centre Sdn. Bhd. (formerly known as ASIAMET (Ipoh) Sdn. Bhd.)	Malaysia	100	-	Dormant
Subsidiries of AMSB				
Minda Global Property Management Sdn. Bhd. (formerly known as ASIAMET Resources Sdn. Bhd.)	Malaysia	100	-	Dormant
ASIAMET International Sdn. Bhd.	Malaysia	100	-	Dormant

Audited by auditors other than Baker Tilly Monteiro Heng PLT.
^ *Audited for Group consolidation purposes.*
* *On 26 December 2018, SMR Gulf WLL has been dissolved.*

7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) In the previous financial year, 11,070,000 ordinary shares representing 55% of the total ordinary shares in CUCMS Education Sdn. Bhd. ("CUCMS") were pledged for financing facilities as disclosed in Note 23 to the financial statements.

(b) **Acquisition of direct/indirect subsidiaries**

2018

On 14 February 2018, the share exchange between Asiamet Education Group Berhad ("AEGB") and Minda Global Berhad ("Minda Global") was completed, which involved the exchange of all AEGB shares for new Minda Global shares by way of Scheme of Arrangement on the basis of 1 Minda Global share for every 1 AEGB share ("Share Exchange"). On 1 March 2018, the Collaboration Agreement was terminated between the Group and Arenga Pinnata Sdn. Bhd. ("Arenga"), a subsidiary of Creador II.

As a result, the Group gained control over AEGB's financial and operating policies and AEGB become a 57% subsidiary of the Group.

Summary of effect on acquisition of subsidiary

Identifiable assets acquired and liabilities recognised.

	Group 2018 RM
Assets	
Property, plant and equipment	111,751,316
Investment properties	38,202,249
Intangible assets	92,891,930
Deferred tax assets	73,673
Trade and other receivables	68,053,058
Amount due from related companies	2,997,104
Current tax assets	1,143,310
Cash and bank balances	3,092,985
	318,205,625
Liabilities	
Deferred tax liabilties	(30,501,206)
Trade and other payables	(72,228,562)
Loans and borrowings	(4,295,150)
Amount due to ultimate holding company	(136,897)
Tax payables	(2)
	(107,161,817)
Total identifiable net assets acquired	211,043,808
Goodwill arising on acquistion (Note 9)	35,176,962
Non-controlling interests	(90,790,724)
Fair value of existing stake	155,430,046

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

(b) **Acquisition of direct/indirect subsidiaries (Continued)**

2018

Effects of acquisition of statements of comprehensive income

	Group	
	1.2.18 to 31.12.18 RM	1.1.18 to 31.12.18 * RM
Revenue	85,824,084	94,062,176
Loss for the financial period	(14,120,456)	(15,942,379)

* Financial results as through as the acquisition date occurred during the financial year had been as of the beginning of the reporting period.

Effects of acquisition on cash flows:

	Group 2018 RM
Fair value of existing stake	155,430,046
Less: Non-cash consideration	(155,430,046)
Consideration paid in cash	-
Less: Cash and cash equivalents of subsidiaries acquired	(3,092,985)
Net cash inflows on acquisition	3,092,985

Goodwill was recognised as a result of the acquisition as follows:

	Group 2018 RM
Fair value of existing stake	155,430,046
Fair value of identifiable assets	(120,253,084)
Goodwill	35,176,962

	Group 2018 RM
FV of existing interest held	155,430,046
Less: Carrying value of investment in associate	(131,197,812)
Gain on remeasurement of investment recognised in profit and loss and loss	24,232,234

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

(b) **Acquisition of direct/indirect subsidiaries (Continued)**

2017

On 22 June 2017, N'osairis Technology Solutions Sdn. Bhd., a 64% owned subsidiary of the Company subscribed for 270,000 ordinary shares of USD1.00 each in PT. Nosairis Teknologi Solutions ("PTNTS") a company incorporated in Indonesia which represents 90% of the total issued and paid-up capital of PTNTS for a total cash consideration of USD270,000. Consequently, PTNTS became a subsidiary of N'osairis Technology Solutions Sdn. Bhd.

(c) **Disposal of subsidiaries**

2018

Summary of effect of disposal of 6 subsidiaries

	SMRSS RM	SMRGL RM	SMRHS RM	APSMRTS RM	SMRV RM	SMRP RM	Total RM
Assets							
- receivables	10,568	-	490	1,000	-	60,687	72,745
- goodwill	-	-	-	8,960	-	-	8,960
- cash and cash equivalents	347	4	288	23	6	146	814
	10,915	4	778	9,983	6	60,833	82,519
Liabilities							
- deferred taxation	-	-	-	600	-	-	600
	-	-	-	600	-	-	600
Total net assets	10,915	4	778	9,383	6	60,833	81,919
Loss on disposal of subsidiary	(10,913)	(2)	(776)	(9,381)	(4)	(60,831)	(81,907)
Total consideration	2	2	2	2	2	2	12
Less: Non-cash consideration	-	-	-	-	-	-	-
Add: Cash and cash equivalents of subsidiary disposed	347	4	288	23	6	146	814
Disposal of subsidiary, net of, cash and cash equivalents disposed	349	6	290	25	8	148	826

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

(c) **Disposal of a subsidiary (Continued)**

2018 (Continued)

Summary of effect of dissolution of SMR Gulf Will

	Group 2018 RM
Net assets of the subsidiary derecognised	4,097,217
NCI derecognised	(217,811)
Reclassification of parent's share of the loss in OCI	
- Capital reserve	(103,999)
- Exchange reserve	(2,515,404)
Loss on disposal of the subsidiary attributed to the parent	1,260,003

2017

On 5 December 2016, the Company together with its wholly-owned subsidiary, SMR Education Sdn. Bhd. (“SESB”), entered into a conditional share sale agreement (“SSA”) with Asiamet Education Group Berhad (“AEGB”) for the proposed disposal of the entire issued and paid up share capital of CUCMS Education Sdn. Bhd. (“CUCMS”) for a total consideration of RM166 million (“Proposed Disposal”) to be satisfied via the issuance of approximately 248,897,163 new ordinary shares of RM0.20 each in AEGB to the Company and 581,102,837 new AEGB shares to SESB at an issue price of RM0.20 per share (“Consideration Shares”). On 27 December 2017, the Proposed Acquisition was completed and accordingly, CUCMS ceased to be the subsidiary of the Company and SESB.

7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) Disposal of a subsidiary (Continued)

2017 (Continued)

Summary of effect of disposal of CUCMS Education Sdn. Bhd.

	Group	
	2017 RM	**2017 RM**
Assets		
- property, plant and equipment	9,589,268	
- intangible assets	9,089,350	
- goodwill	13,872,478	
- deferred tax assets	73,673	
- receivables	37,517,746	
- tax recoverable	615,576	
- cash and cash equivalents	518,906	
		71,276,997
Liabilities		
- payables	(27,980,641)	
- borrowings	(84,925)	
		(28,065,566)
Total net assets		43,211,431
Gain on disposal of subsidiary		110,338,569
Total consideration		153,550,000
Less: Non-cash consideration		(153,550,000)
Add: Cash and cash equivalents of subsidiary disposed		518,906
Disposal of subsidiary, net of cash and cash equivalents disposed		518,906

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

(d) **Non-controlling interests in subsidiaries**

The financial information of the Group's subsidiaries that have material non-controlling interests are as follows:

Equity interest held by non-controlling interests:

Name of company	Principal place of business/ Country of incorporation	Ownership interest 2018 %	Ownership interest 2017 %
Minda Global Berhad ("MGB")	Malaysia	43	43
N'osairis Technology Solutions Sdn. Bhd.	Malaysia	36	36

Carrying amount of material non-controlling interests:

Name of company	2018 RM	2017 RM
Minda Global Berhad ("MGB")	85,760,851	-
N'osairis Technology Solutions Sdn. Bhd.	7,323,770	3,765,470

Profit or loss allocated to material non-controlling interests:

Name of company	2018 RM	2017 RM
Minda Global Berhad ("MGB")	(6,071,656)	-
N'osairis Technology Solutions Sdn. Bhd.	2,212,053	1,336,424

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

(d) **Non-controlling interests in subsidiaries (Continued)**

The summarised financial information (before intra-group elimination) of the Group's subsidiaries that have material non-controlling interests are as follows:

	MGB RM	N'osairis RM
Summarised statements of financial position		
As at 31 December 2018		
Non-current assets	267,090,000	1,116,916
Current assets	58,067,000	27,868,600
Non-current liabilities	(39,258,000)	-
Current liabilities	(54,580,000)	(14,667,881)
Net asset	231,319,000	14,317,635
Summarised statement of comprehensive income		
Financial year ended 31 December 2018		
Revenue	85,824,084	39,850,094
Profit for the financial year	(14,120,456)	6,384,737
Total comprehensive income	(14,120,456)	6,384,737
Summarised cash flow information		
Financial year ended 31 December 2018		
Cash flows from operating activities	6,137,000	682,440
Cash flows used in investing activities	(33,764,000)	(188,111)
Cash flows from financing activities	27,957,000	(2,400,000)
Net increase in cash and cash equivalents	330,000	(1,905,671)
Dividends paid to non-controlling interests	-	864,000

7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) Non-controlling interests in subsidiaries (Continued)

The summarised financial information (before intra-group elimination) of the Group's subsidiaries that have material non-controlling interests are as follows:

	N'osairis RM
Summarised statements of financial position	
As at 31 December 2017	
Non-current assets	1,036,514
Current assets	17,495,496
Non-current liabilities	-
Current liabilities	(7,960,373)
Net asset	10,571,637
Summarised statement of comprehensive income	
Financial year ended 31 December 2017	
Revenue	35,003,972
Profit for the financial year	4,811,861
Total comprehensive income	4,673,005
Summarised cash flow information	
Financial year ended 31 December 2017	
Cash flows from operating activities	4,213,559
Cash flows used in investing activities	(614,332)
Cash flows from financing activities	(1,346,455)
Net increase in cash and cash equivalents	2,252,772
Dividends paid to non-controlling interests	349,920

8. INVESTMENT IN ASSOCIATES

	Group 2018 RM	Group 2017 RM
At cost		
Quoted shares	129,085,947	16,435,040
Addition (a)	-	111,550,000
Transfer to investment in subsidiary	(129,085,947)	-
	-	127,985,040
Share of post-acquisition reserves	(1,038,496)	(6,197,656)
Less: Impairment losses	-	-
Add: Reversal of Impairment losses	-	7,298,563
Less: Effect of cessation as associate	1,038,496	-
	-	129,085,947
Unquoted shares	72,915	48,642
Acquisition of an associate	-	47,520
Share of post-acquisition reserves	(30,220)	(23,247)
	42,695	72,915
Carrying value	42,695	129,158,862
Market value		
- Quoted shares	-	144,832,543

	Company 2018 RM	Company 2017 RM
At cost		
Quoted shares	55,202,029	-
Acquisition of an associate (b)	-	46,045,975
Disposal of an associate	(55,202,029)	-
	-	46,045,975
Less: Impairment Losses		
At 1 January	-	-
Impairment during the financial year	444,654	-
Disposal of an associate	(444,654)	-
At 31 December	-	-
Unquoted shares in Malaysia		
Reclassification of equity investment (Note 7(a))	100,000	100,000
Carrying value	100,000	46,145,975

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

(a) On 27 December 2017, the Group and the Company acquired additional 620,000,000 and 248,897,163 ordinary shares of RM0.185 each in Asiamet Education Group Berhad ("AEGB") as consideration shares for the disposal of the entire equity interest held by the Group and the Company in CUCMS Education Sdn. Bhd. The fair value of the consideration shares was determined on the basis of the closing market price of AEGB's ordinary shares of RM0.185 per share on the disposal date. Consequently, the Group and Company held 57% and 20% equity interest in AEGB.

(b) In the previous year, the Group had no control in MGB even though it held 57% of its equity interest. This is due to the contractual arrangement entered into with Arenga Pinnata Sdn. Bhd. ("Arenga"), a subsidiary of Creador II and a corporate shareholder of MGB in the previous financial years resulting in the Group not having control over the decision in financial and operating policies in MGB.

On 1 March 2018, the Collaboration Agreement was terminated between the Group and Arenga. As a result, the Group gained control of MGB and it ceased to be an associate of the Group.

(c) Details of the associates are as follows:

Name of associate	Principal place of business/ Country of incorporation	Ownership interest 2018 %	Ownership interest 2017 %	Nature of relationship
Held by the Company SMRT Holdings Berhad				
Asiamet Education Group Sdn. Bhd. ("AEGB")	Malaysia	-	20	Provision for education services. The activities contribute to the Group's education segment.
Held by Strategic Ambiance Sdn. Bhd.				
Asiamet Education Group Sdn. Bhd. ("AEGB")	Malaysia	-	7	Provision for education services. The activities contribute to the Group's education segment.

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

(d) Details of the associates are as follows (Continued):

Name of associate	Principal place of business/ Country of incorporation	Ownership interest 2018 %	Ownership interest 2017 %	Nature of relationship
Held by SMR Education Sdn. Bhd.				
Asiamet Education Group Sdn. Bhd. ("AEGB")	Malaysia	-	30	Provision for education services. The activities contribute to the Group's education segment.
SMR Education Solutions Sdn. Bhd. ("SMRES")	Malaysia	10	10	Dormant.
Held by N'osairis Technology Solutions Sdn. Bhd.				
Nosairis Philippines Corporation ("NPC")	Philippines	36	36	Provision of IT solutions related to telecommunications.

(e) Fair value information

In previous year, the quoted market price of the shares held in AEGB amounted to RM144,832,543 which is higher than the carrying amount of RM121,787,384. As a result, the Group reversed the impairment recognised in the previous financial years amounted to RM7,298,563 based on quoted market price.

The fair value of AEGB, which derived based on the quoted market price available on the stock exchange is categorised as Level 1 of the fair value hierarchy.

8. INVESTMENT IN ASSOCIATES (CONTINUED)

(f) The following table illustrates the summarised financial information of the Group's material associates:

Group

	AEGB RM	SMRES RM	Other individually immaterial associates RM	Total RM
2018				
Reconciliation of net assets to carrying amount:				
Share of the net assets at the acquistion date		2	47,520	47,522
Fair value adjustments		99,998	-	99,998
Cost of investment		100,000	47,520	147,520
Share of post-acquisition loss		(51,358)	(53,467)	(104,825)
Carrying amount in the statements of financial position		48,642	(5,947)	42,695
Group's share of results:				
Group's share of profit or loss	(1,038,496)	-	(30,220)	(1,068,716)
Group's share of other comprehensive income	-	-	-	-
Group's share of total comprehensive income	(1,038,496)	-	(30,220)	(1,068,716)
2017				
Reconciliation of net assets to carrying amount:				
Share of the net assets at the acquistion date	163,450,127	2	47,520	163,497,649
Fair value adjustments	-	99,998	-	99,998
Cost of investment	163,450,127	100,000	47,520	163,597,647
Share of post-acquisition loss	(17,049,964)	-	(64,575)	(17,114,539)
Dividend receivables	(8,650,022)	-	-	(8,650,022)
Reversal of impairment losses	(15,962,757)			(15,962,757)
Impairment losses	7,298,563	-	-	7,298,563
Carrying amount in the statements of financial position	129,085,947	100,000	(17,055)	129,168,892

8. INVESTMENT IN ASSOCIATES (CONTINUED)

(f) The following table illustrates the summarised financial information of the Group's material associates (Continued):

2017	AEGB RM	SMRES RM	Other individually immaterial associates RM	Total RM
Group's share of results:				
Group's share of profit or loss	(6,197,656)	-	(23,247)	(6,220,903)
Group's share of other comprehensive income	-	-	-	-
Group's share of total comprehensive income	(6,197,656)	-	(23,247)	(6,220,903)

9. GOODWILL ON CONSOLIDATION

Group 2018	Education licenses RM	Technology unit RM	Others RM	Total RM
Costs				
At 1 January	-	9,455,479	44,406	9,499,885
Acquisition of subsidiary (Note 7)	35,176,962	-	-	35,176,962
Disposal of subsidiary	-	-	(44,406)	(44,406)
At 31 December	35,176,962	9,455,479	-	44,632,441
Less: Impairment loss				
At 1 January	-	6,633,689	14,844	6,648,533
Impairment during the financial year	-	-	-	-
Disposal of subsidiary	-	-	(14,844)	(14,844)
At 31 December	-	6,633,689	-	6,633,689
Carrying Amount				
At 31 December	35,176,962	2,821,790	-	37,998,752

9. **GOODWILL ON CONSOLIDATION (CONTINUED)**

	Education unit RM	Technology unit RM	Others RM	Total RM
2017				
Costs				
At 1 January	13,870,978	9,455,479	45,906	23,372,363
Disposal of subsidiaries (Note 7)	(13,870,978)	-	(1,500)	(13,872,478)
At 31 December	-	9,455,479	44,406	9,499,885
Less: Impairment loss				
At 1 January	-	6,633,689	14,844	6,648,533
Impairment during the financial year	-	-	-	-
At 31 December	-	6,633,689	14,844	6,648,533
Carrying Amount				
At 31 December	-	2,821,790	29,562	2,851,352

Goodwill is assessed at each reporting date regardless of any indication of impairment by comparing the carrying amount with the recoverable amount of each cash generating units ("CGUs").

The recoverable amount of CGUs has been determined based on value-in-use calculations using cash flows projection from forecasts approved by the Group covering a five-year period. The same method has been used in the previous financial year.

Technology unit

The calculation of value-in-use for the CGU is most sensitive to the following key assumptions:

- Cash flows were projected over 5 years based on past experience and actual operating results;
- Revenue are projected based on existing and future expected sales of hardware and maintenance contracts; and
- The 16% discount rate is weighted average cost of capital which reflects the risk relating to the information technology business.

9. GOODWILL ON CONSOLIDATION (CONTINUED)

Education unit

The calculation of value-in-use for the CGU is most sensitive to the following key assumptions:

- Cash flows were projected based on past experience and actual operating results. The Group believes that the 5 years forecasts period together with its estimated terminal value was justified due to the long-term nature of the education business;
- The average revenue growth rates in financial year 2019 to financial year 2023 are within the range of 11% to 24%. The Group believes its growth rate for the next 5 years are justifiable based on several strategies in place such as increase in students' number; and
- The growth rate used in determining the terminal value is 2% which is based on the country headline inflation rate; and
- The 13% discount rate is weighted average cost of capital which reflects the risk relating to the education business.

The values assigned to the above key assumptions represent the Group's assessment of future trends in the industry and are based on both external sources and internal sources of information.

Based on the sensitivity analysis performed, the Group believes that no reasonably possible change in base case key assumptions would cause the carrying values of the cash-generating units ("CGUs") to exceed its recoverable amounts.

10. OTHER INTANGIBLE ASSETS

	Education licenses RM	Trademark RM	Development costs RM	Intellectual rights RM	Softwares RM	Total RM
Group						
2018						
Costs						
At 1 January	-	1,500,000	20,518,870	981,701	-	23,000,571
Acquisition of subsidiaries	91,714,930	-	182,000	3,000	992,000	92,891,930
At 31 December	91,714,930	1,500,000	20,700,870	984,701	992,000	115,892,501

10. OTHER INTANGIBLE ASSETS (CONTINUED)

	Education license RM	Trademark RM	Development costs RM	Intellectual rights RM	Softwares RM	Total RM
Group						
2018						
Accumulated amortisation						
At 1 January	-	-	12,751,762	981,701	-	13,733,463
Amortisation for the financial year	-	-	22,500	3,000	200,913	226,413
At 31 December	-	-	12,774,262	984,701	200,913	13,959,876
Accumulated allowance for impairment						
At 1 January	-	-	7,767,108	-	-	7,767,108
At 31 December	-	-	7,767,108	-	-	7,767,108
Carrying Amount						
At 31 December	91,714,930	1,500,000	159,500	-	791,087	94,165,517
Group						
2017						
Costs						
At 1 January	9,890,000	1,500,000	21,853,075	3,779,934	-	37,023,009
Additions	-	-	-	-	1,009,917	1,009,917
Disposal of subsidiaries	(9,890,000)	-	(1,334,205)	(2,798,233)	(1,009,917)	(15,032,355)
At 31 December	-	1,500,000	20,518,870	981,701	-	23,000,571
Accumulated amortisation						
At 1 January	1,483,500	-	13,882,467	3,773,456	-	19,139,423
Amortisation for the financial year	494,500	-	22,000	3,699	16,846	537,045
Disposal of subsidiaries	(1,978,000)	-	(1,152,705)	(2,795,454)	(16,846)	(5,943,005)
At 31 December	-	-	12,751,762	981,701	-	13,733,463

10. **OTHER INTANGIBLE ASSETS (CONTINUED)**

	Education license RM	Trademark RM	Development costs RM	Intellectual rights RM	Softwares RM	Total RM
Group						
2017						
Accumulated allowance for impairment						
At 1 January	-	-	7,767,108	-	-	7,767,108
At 31 December	-	-	7,767,108	-	-	7,767,108
Carrying Amount						
At 31 December	-	1,500,000	-	-	-	1,500,000

(a) The amortisation of development costs of the Group is included in cost of sales. The amortisation of software and intellectual rights of the Group is included in administrative expenses.

(b) **Development cost**

Development costs represent software under development and yet to be commercialised. It is reasonably anticipated that the costs will be recovered through future commercial activities.

(c) **Trademark**

Trademark represents the rights to use the Asia HRD Congress brand which the Group have assessed to have indefinite useful life. Trademark is assessed at each reporting date regardless of any indication of impairment by comparing the carrying amount to its recoverable amount. The recoverable amount of trademarks has been determined based on value-in-use calculations using cash flows projection from forecast approved by the Group covering five-year period. Calculation of value-in-use for the trademarks is most sensitive to the revenue projected and discount rate used.

10. **OTHER INTANGIBLE ASSETS (CONTINUED)**

(d) **Education licenses**

Education licenses to conduct the Bachelor of Medicine and Surgery ("MBBS") programme in university is allocated to the education segment that generates revenue from MBBS programme. The useful life of these licenses is estimated to be indefinite.

Education licenses are assessed at each reporting date regardless of any indication of impairment by comparing the carrying amount with the recoverable amount of the CGU.

The recoverable amount of the CGUs has been determined based on value-in-use calculations using cash flows projection from forecasts approved by management covering a five-year period.

The calculation of value-in-use for the CGU is most sensitive to the following key assumptions:

- Cash flows were projected based on past experience, actual operating results and management's plans. The Group believes that the 5 years forecasts period together with its estimated terminal value was justified due to the long-term nature of the education business;
- The average revenue growth rates in financial year 2019 to financial year 2023 are within the range of 8% to 17%. The Group believes its growth rate for the next 5 years are justifiable based on several strategies in place such as increase in students' number and tuition fees; and
- The growth rate used in determining the terminal value is 2% which is based on the country headline inflation rate.
- The 13% pre-tax discount rate is the weighted average cost of capital which reflects the risk relating to the education business.

The values assigned to the above key assumptions represent the Group's assessment of future trends in the industry and are based on both external sources and internal sources of information.

Based on the sensitivity analysis performed, the Group believes that no reasonably possible change in base case key assumptions would cause the carrying value of the cash-generating unit ("CGU") to exceed its recoverable amount.

11. DEFERRED TAX ASSETS/(LIABILITIES)

	Group 2018 RM	Group 2017 RM
At 1 January	4,421	(2,259,929)
Acquisition of subsidiary	(30,427,533)	-
Effect of foreign exchange difference	(331)	-
Disposal of subsidiaries	600	1,904,326
Transfer to profit or loss (Note 31)	2,763,810	360,024
At 31 December	(27,659,033)	4,421

Deferred tax assets and deferred tax liabilities presented after appropriate offsetting as follows:

	Group 2018 RM	Group 2017 RM
Deferred tax assets	2,660,008	5,022
Deferred tax liabilities	(30,319,041)	(601)
	(27,659,033)	4,421

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

	2018 RM	2017 RM
Deferred tax assets:		
- Deferred income	708,817	-
- Tax effects of temporary differences	1,951,191	5,022
Deferred tax liabilities:		
- Education license	(22,011,583)	-
- Tax effects of temporary differences	(8,307,458)	(601)
	(27,659,033)	4,421

12. INVENTORIES

	Group	
	2018	2017
	RM	RM
At cost		
Consumable inventories	10,258,163	703,448

During the financial year, the cost of inventories recognised as an expense in cost of sales of the Group is RM21,212,309 (2017: RM18,745,929).

13. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2018	2017	2018	2017
		RM	RM	RM	RM
	Note				
Trade receivables	(a)	86,006,462	16,961,236	-	13,299,876
Less: Impairment losses for trade receivables		(56,394,981)	(4,137,204)	-	-
		29,611,481	12,824,032	-	13,299,876
Other receivables	(b)	4,301,396	43,981,141	-	4,062
Less: Impairment losses for other receivables		(530,000)	(450,000)	-	-
		3,771,396	43,531,141	-	4,062
Prepayments		869,234	488,119	56,038	48,027
Deposits	(c)	9,969,349	985,767	-	-
GST refundable		1,443,562	260,347	-	-
		45,665,022	58,089,406	56,038	13,351,965

Group

(a) **Trade Receivables**

Trade receivables are non-interest bearing and normal credit terms offered by the Group ranging from 30 to 90 days (2017: 30 to 90 days) from date of invoices. Other credit terms are assessed and approved on a case-by-case basis.

Included in trade receivable of the Group is an amount of RM137,166 (2017: RM Nil) which is due from a foundation in which a director of the Company is the founder and director.

13. **TRADE AND OTHER RECEIVABLES (CONTINUED)**

Group (Continued)

(a) **Trade Receivables (Continued)**

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables are as follows:

	Group 2018 RM	Group 2017 RM
At 1 January	4,137,204	4,137,204
Acquisition of subsidiary	49,492,628	-
Effect of adoption of MFRS 9	(27,242)	-
	53,602,590	4,137,204
Charge for the financial year		
- individually assessed	26,650	-
- collectively assessed	6,902,945	-
Written off	(4,137,204)	-
At 31 December	56,394,981	4,137,204

* Impairment losses disclosed in comparative period is based on incurred loss model in accordance with MFRS 139 *Financial Instruments*: *Recognition and Measurements.*

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

The information about the credit exposures are disclosed in Note 37(i) to the financial statements.

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

Group (Continued)

(a) **Trade Receivables (Continued)**

Company

Trade receivables of the Company in the previous financial year represent dividend income receivable from SMR Education Sdn. Bhd. and CUCMS Education Sdn. Bhd.

<u>Currency exposure profile</u>

The Group's currency exposure profiles on trade receivables are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Ringgit Malaysia	75,475,400	13,193,837	-	13,299,876
United States Dollar	6,208	551,864	-	-
Indian Rupee	1,158,956	-	-	-
Oman Dollar	30,110	-	-	-
Euro	9,335,788	3,097,796	-	-
Indonesian Rupiah	-	117,739	-	-
	86,006,462	16,961,236	-	13,299,876

(b) **Other Receivables**

Included in other receivables of the Group are:

(i) amount of RM Nil (2017: RM42,000,000) which is due from third parties arising from the placement of Asiamet Education Group Berhad's shares pursuant to the disposal of CUCMS Education Sdn. Bhd. as disclosed in Note 7 to the financial statements. The amount has been fully received during the financial year.

The movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2018 RM	2017 RM
At 1 January	450,000	451,074
Impairment loss	80,000	-
Reversal of impairment loss no longer required	-	(1,074)
At 31 December	530,000	450,000

14. **AMOUNT DUE FROM/(TO) SUBSIDIARIES**

	Company	
	2018 RM	2017 RM
Amount due from subsidiaries	61,766,072	96,105,949
Less: Impairment losses	(32,631,380)	(32,631,380)
	29,134,692	63,474,569
Amount due to subsidiaries	(24,148,864)	(13,307,543)

The amount due from/(to) subsidiaries are non-trade in nature, unsecured, interest free and repayable on demand and is expected to be settled in cash.

15. **FIXED DEPOSIT**

The deposits placed with licensed banks of the Group amounting to RM1,311,067 (2017: RM1,260,560) are pledged to certain banks to secure banking facilities granted to the Group as disclosed in Note 23 to the financial statement.

The effective interest rates of the deposits placed with licensed banks of the Group range from 2.95% to 3.35% (2017: 2.95% to 3.30%) per annum at the end of the reporting period. All deposits have maturity period of 30 to 365 days (2017: 30 days).

16. **NON-CURRENT ASSETS HELD FOR SALE**

(a) On 11 December 2018, the Group entered into Sale and Purchase Agreements ("SPA") with PSI Recycling Industries Sdn. Bhd. ("the Purchaser") for the disposal of a piece of vacant land for a total cash consideration of RM2,800,000 ("Proposed Disposal"). The Proposed Land Disposal was completed on 5 April 2019. Accordingly, the leasehold land has been classified as non-current assets held for sale.

(b) On 31 December 2018, the Group entered into eight Sale and Purchase Agreements (collectively "SPAs") with Koperasi NLFCS Berhad ("the Purchaser") for the disposal of six adjoining units of four storey intermediate terraced shops/offices and two units of four storey corner terraced shops/offices for a total cash consideration of RM14,700,000 ("Proposed Building Disposal"). The Proposed Disposal was completed on 29 March 2019. Accordingly, the leasehold premises have been classified as non-current assets held for sale.

16. NON-CURRENT ASSETS HELD FOR SALE (CONTINUED)

Non-current assets held for sale relate to properties which had been pledged to licensed banks to secure credit facilities granted to the Group as disclosed in Note 23 to the financial statements.

	Group	
	2018	**2017**
	RM	**RM**
Group		
Cost		
At 1 January	-	-
Transfer from property and equipment (Note 5)	14,080,121	-
Transfer from investment property (Note 6)	3,500,000	-
At 31 December	17,580,121	-
Carrying Amount		
At 31 December	17,580,121	-

17. SHARE CAPITAL

	Group and Company			
	2018		**2017**	
	Number of Shares Units	**RM**	**Number of Shares Units**	**RM**
Issued and fully paid up:				
At 1 January	361,957,575	76,637,392	297,353,127	29,735,313
Share issued for acquisition of subsidiaries	-	-	-	-
Issuance of shares via:				
- Private placements	36,500,000	5,657,500	16,681,027	3,503,016
- Employee share option Schemes exercised	8,589,200	2,209,141	3,417,300	878,929
- Warrants exercised	-	-	44,506,121	8,011,102
Transition to no-par value regime - share premium	-	-	-	34,509,032
At 31 December	407,046,775	84,504,033	361,957,575	76,637,392

17. **SHARE CAPITAL (CONTINUED)**

The new Companies Act 2016 ("the Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium amount of RM34,509,032 become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM34,509,032 for purposes as set out in Section 618(3). 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.

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

During the financial year, the Company:

(i) issued 36,500,000 new ordinary shares at a price of RM0.155 each for working capital purposes for a total cash consideration of RM5,657,500 pursuant to the private placement as disclosed in Note 38 to the financial statements.

(ii) issued 8,589,200 new ordinary shares at an exercise price of RM0.16 each pursuant to the exercise of Employees' Share Option Scheme for a total cash consideration of RM1,374,271.

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

18. **TREASURY SHARES**

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The shareholders of the Company, by a resolution passed in the Annual General Meeting held on 25 May 2017, renewed the approval for the Company to repurchase its own shares. The directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 10,000 (2017: 10,000) shares of its issued share capital from the open market. The average price paid for the share repurchased is RM0.17 (2017: RM0.17) per share including transaction costs, and the repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares.

In the previous financial year, the Company sold 7,015,600 treasury shares on the open market at an average price of RM0.18 per share. The total consideration received from the sale was RM1,258,190.

As at 31 December 2018, the Company held as treasury shares a total of 226,100 of its 407,046,775 issued ordinary shares. Such treasury shares are held at a carrying amount of RM125,023.

19. SHARE BASED PAYMENT RESERVE

The share based payment reserve comprises the cumulative value of director and employees services received and as incentive for the employees to remain in the Group for the issue of share options. The reserve is recorded over the vesting period commencing from the grant date and is reduced by the expiry or exercise of the share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share options expire, the amount from the share option reserve is transferred to retained earnings.

Share options were granted to directors and employees who had rendered services of at least 2 years and 1 year respectively. All share options granted were immediately vested except for the share options granted to employees of a subsidiary which was vested after 31 March 2017. The exercise price was fixed by on five-day volume weighted average price starting from 8 December 2016 to 15 December 2016. The contractual term of each option granted is five years. The options carry neither rights to dividends nor voting rights.

Movement of share options during the financial year

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movement in, share options:

	Group and Company			
	2018		2017	
	Number of ordinary shares Unit	Weighted average exercise RM	Number of ordinary shares Unit	Weighted average exercise RM
At 1 January				
Outstanding	39,137,700	-	42,555,000	-
- Exercised	(8,589,200)	0.160	(3,417,300)	0.160
At 31 December	30,548,500		39,137,700	
Exercisable				
At 31 December	30,548,500	0.160	39,137,700	0.160

The option outstanding at 31 December 2018 has exercise prices of RM0.16 (2017: RM0.16) and the weighted average remaining contractual life for the share options outstanding as at 31 December 2018 was 1.96 years (2017: 2.91 years).

The fair values of the share options granted were determined using a binomial option pricing model, and the inputs were:

	Granted Date
	16.12.2016
Parameter and Assumptions	
Share price at valuation date	RM0.175
Exercise price	RM0.160
Expected option tenure	3.95 years
Expected volatility (% p.a.)	64.62%
Dividend yield (% p.a.)	0.00%
Risk-free interest rate (% p.a.)	3.70%

19. SHARE BASED PAYMENT RESERVE (CONTINUED)

The expected volatility is based on the historical share price volatility over the last 4 years.

Value of the employees services received for issue of share options:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Total expenses recognised as share based payments granted during the financial year	-	1,856,659	-	-

20. REVALUATION RESERVE

	Group	
	2018	**2017**
	RM	**RM**
At 1 January	2,190,048	2,234,743
Amortisation for the financial year	(43,801)	(44,695)
Fair value adjustment	(648,139)	-
At 31 December	1,498,108	2,190,048

The revaluation reserve represents surplus arising from revaluation of office suite as disclosed in Note 5 to the financial statements.

21. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

22. STATUTORY RESERVE

In previous year, the statutory reserve is derived from its direct subsidiary, namely SMR Gulf WLL, where under the Bahrain Commercial Companies Law, at least 10% of the profit for each year has to be transferred to the statutory reserve until such time the reserve total is 50% of the issued capital of the Company. The 50% of the issued share capital of the Company amounts to approximately RM Nil (2017: RM203,809). The reserve is not available for distribution except in the circumstances stipulated in the Bahrain Commercial Law.

23. LOANS AND BORROWINGS

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Secured					
Non-current					
Term loans	(a)	-	11,701,950	-	11,701,950
Sukuk Wakalah	(b)	27,298,990	-	-	-
Hire purchase payables	(c)	441,261	55,356	-	-
		27,740,251	11,757,306	-	11,701,950
Current					
Term loans	(a)	4,130,046	17,365,800	-	17,365,800
Hire purchase payables	(c)	104,416	19,657	-	-
Bank overdraft	(d)	1,739,744	2,475,951	-	-
		5,974,206	19,861,408	-	17,365,800
Total loans and borrowings		33,714,457	31,618,714	-	29,067,750

(a) **Term loans**

Term loan 1 and Term Loan 2 of the Company of RM Nil (2017: RM4,460,000) and RM Nil (2017: RM2,031,250) bear interest at 7.85% (2017: 7.85%) respectively per annum and is repayable by bi-monthly instalments of RM297,500 and RM135,500 over 5 years and 4 years commencing from the day of first drawdown and is secured and supported as follows:

(i) legal charge over 14,002,478 shares and 5,997,522 shares of CUCMS Education Sdn. Bhd. held by SMR Education Sdn. Bhd. and the Company respectively;
(ii) debentures incorporating fixed and floating charge over all present and future assets of the Company;
(iii) assignment of all the income received by the Company but not limited to dividend from CUCMS Education Sdn. Bhd.;
(iv) corporate guarantees by SMR HR Group Sdn. Bhd.; and
(v) legal charge for certain property, plant and equipment of the Group in Note 5 to the financial statements.

Term loan 3 of the Company of RM Nil (2017: 22,576,500) bears interest at 6.34% (2017: 6.34%) per annum and is repayable by bi-monthly instalments of RM346,000 for the first 2 years and RM778,500 over the remaining 3 years commencing from the day of first drawdown and is secured and supported as follows:

(i) legal charge over the entire shares of Strategic Ambience Sdn. Bhd. ("SASB");
(ii) third party charge over all shares of Asiamet Education Group Berhad held by SASB;
(iii) Assignment of irrevocable Put Option Agreement to be entered into between Arenga Pinnata Sdn. Bhd. and SASB in respect of the shares held by SASB;
(iv) Supplement assignment on the existing assignment of all income received by the Company but not limited to dividend payment or distribution income received from the pledged shares in SASB;
(v) Assignment and charge over Debt Service Reserve Account ("DSRA") and SASB proceeds account;

23. **LOANS AND BORROWINGS (CONTINUED)**

(a) **Term loans (Continued)**

(vi) Supplement assignment and charge on the existing assignment over the Company's proceeds account; and
(vii) corporate guarantees by SMR HR Group Sdn. Bhd. and CUCMS Education Sdn. Bhd.

Term loan 4 of the Group consist of Bai' Bithaman Ajil Islamic financing facility bearing a yield payable of 5.45% per annum. The term loan is secured by legal charge over the land and buildings as disclosed in Note 5 to the financial statements.

Term loan 5 bears an interest rate of 6.50% per annum and is secured by shares of a subsidiary of the Group.

During the financial year, term loan 1, 2 and 3 was fully settled.

(b) **Sukuk Wakalah**

CUCMS Education Sdn. Bhd. ("CESB"), an indirect subsidiary of the Company on 20 April 2018 has established an Islamic Medium Term Note Programme ("IMTN Programme) under the Sukuk Wakalah of RM150,000,000 for which Asiamet (M) Sdn. Bhd., an indirect subsidiary of the Company has undertaken to provide a third party first legal charge in favour of Amanahraya Trustees Berhad (the Security Trustee) over certain properties of the Group as disclosed in Note 5 to the financial statements. Certain bank accounts of AMSB and CESB also have been charged and assigned for the Sukuk Wakalah facility as disclosed in Statement of Cash Flows. Asiamet Education Group Sdn. Bhd. ("AEGSB"), an indirect subsidiary of the Company has undertaken to channel any profit guarantee shortfall received pursuant to the Share Sale Agreement entered into on 5 December 2016 between the Company, SMR Education Sdn. Bhd. and AEGSB to CESB in the event if there is a shortfall in the minimum required balance under the IMTN. Minda Global Berhad, a subsidiary of the Company, also entered into Kafalah Guarantee Agreement as guarantor for the IMTN Programme.

The Sukuk Wakalah bears a yield payable of 8.80% per annum.

The maturity profile of borrowings (excluding hire purchase payables and bank overdraft) is as follows:

	Group	
	2018	**2017**
	RM	**RM**
Repayable within 1 year	4,130,046	-
Repayable after 2 year but not later than 3 years	4,817,128	-
Repayable after 3 year but not later than 4 years	22,481,862	-
	31,429,036	-

23. LOANS AND BORROWINGS (CONTINUED)

(c) Hire purchase payables

	Group 2018 RM	Group 2017 RM
Future minimum hire purchase payments		
- not later than one year	119,658	28,023
- later than one year but not later than five years	498,394	52,982
	618,052	81,005
Less: Future interest charges	(72,375)	(5,992)
Present value of hire purchase payables	545,677	75,013
Present value of minimum lease payments receivables:		
- not later than one year	104,416	19,657
- later than one year but not later than five years	441,261	55,356
	545,677	75,013

Hire purchase payables bear interest at a rate of 2.51% - 3.64% (2017: 2.67%) per annum.

(d) Bank overdraft

The bank overdraft bear interest at rates ranging from 8.52% to 8.85% (2017: 8.40% to 8.45%) per annum. The bank overdraft is secured by way of:

(i) legal charge for office suite of the Group as disclose in Note 5 to the financial statements;
(ii) against existing deposits placed with licensed bank as disclose in Note 15 to the financial statements;
(iii) quarterly sinking fund of RM Nil (2017: RM15,000) to be placed until the overdraft of RM500,000 is fully secured as disclose in Note 15 to the financial statements;
(iv) an amount of RM250,000 (2017: RM250,000) to be reduced quaterly until overdraft of RM750,000 (2017: RM1,500,000) is fully secured as disclose in Note 15 to the financial statements;
(v) half yearly sinking fund of RM20,000 to be placed until the overdraft of RM495,000 (2017: RM495,000) is fully secured as disclose in Note 15 to the financial statements; and
(vi) corporate guarantees by the Company as disclose in Note 33 to the financial statements.

24. TRADE AND OTHER PAYABLES

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Trade					
Trade payables	(a)	13,387,587	5,622,936	-	-
Non-trade					
Other payables	(b)	21,220,103	9,903,674	770,263	9,321,206
Deposits		4,395,374	120,000	-	-
Accruals		12,731,536	2,682,361	2,122,307	91,538
GST payables		224,676	566,166	-	-
		38,571,689	13,272,201	2,892,570	9,412,744
Total trade and other payables		51,959,276	18,895,137	2,892,570	9,412,744

(a) **Trade payables**

The normal trade credit terms granted to the Group range from 30 to 90 days (2017: 30 to 90 days).

The Group's currency exposure profile on the trade payables is as follows:

	Group 2018 RM	Group 2017 RM
Ringgit Malaysia	8,692,968	2,835,826
Euro	4,580,774	2,782,124
United States Dollar	-	4,986
Indian Rupee	113,845	-
	13,387,587	5,622,936

(b) **Other payables**

Included in other payables of the Group are:

(i) an amount of RM4,984,719 (2017: RM Nil) due to contractor for the renovation of new campus; and

(ii) an amount of RM5,854,541 (2017: RM Nil) in respect of rental of premises.

25. PROVISION

2017	Group and Company RM
As at 1 January	-
Recognised in profit or loss	1,589,821
As at 31 December	1,589,821

2018	Company RM
As at 1 January	1,589,821
Recognised in profit or loss	2,414,533
Utlised during the financial year	(1,589,821)
As at 31 December	2,414,533

Provision relates to the profit guarantee compensation payable arising from the disposal of CUCMS Education Sdn. Bhd. to Asiamet Education Group Sdn. Bhd..

26. AMOUNT DUE TO RELATED COMPANIES

The amount due to related companies are non-trade in nature, unsecured, interest free , repayable on demand and is expected to be settled in cash.

27. CONTRACT LIABILTIES

	Group	
	2018 RM	2017 RM
Deferred income	5,817,658	-
Advances received from students	8,726,617	-
	14,544,275	-

Significant changes in contract liabilities:

Increases due to billing/cash received, but revenue not recognised	14,544,275	-

28. REVENUE

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Revenue from contract with customers:				
Tuition fee	74,837,912	59,503,019	-	-
Royalty fee	1,253,000	1,879,639	-	-
Training, event and			-	
recruitment	1,187,755	1,488,273	-	-
Software consultancy and			-	
development	146,733	333,515	-	-
IT solutions	39,850,094	34,787,852	-	-
Management fee	-	750,000	-	-
Dividend income	-	-	1,536,000	16,473,980
Consultancy fee	18,000	120,000	-	-
Others	5,131,000	2,752,618	-	-
	122,424,494	101,614,916	1,536,000	16,473,980
Revenue from other sources:				
Hostel rental	4,602,251	-	-	-
	127,026,745	101,614,916	1,536,000	16,473,980

(a) Disaggregation of revenue

The Group reports the following major segments: education, training, technology and other non-reportable segments comprise operation related to investment holding and non-active companies in accordance with MFRS 8 *Operating Segments*. For the purpose of disclosure for disaggregation of revenue, it disaggregates revenue into primary, major goods or services and timing of revenue recognition.

	Education RM	Training RM	Technology RM	Investment holding/ others RM	Total RM
Group					
2018					
Revenue from contract with customers:					
Tuition fee	74,837,912	-	-	-	74,837,912
Royalty fee	1,253,000	-	-	-	1,253,000
Training, event and recruitment	-	1,187,755	-	-	1,187,755
Software consultancy and development	-		146,733	-	146,733
Consultancy fee	-	18,000	-	-	18,000
IT solution	-	-	39,850,094	-	39,850,094
Others	5,131,000	-	-	-	5,131,000
	81,221,912	1,205,755	39,996,827	-	122,424,494

28. REVENUE (CONTINUED)

(a) Disaggregation of revenue (Continued)

	Education RM	Training RM	Technology RM	Investment holding/ others RM	Total RM
Group					
2018					
Timing of revenue recognition:					
At a point in time	5,131,000	1,205,755	39,996,827	-	46,333,582
Over time	76,090,912	-	-	-	76,090,912
	81,221,912	1,205,755	39,996,827	-	122,424,494

29. FINANCE COSTS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Interest expense				
- borrowings	1,612,314	2,374,595	2,674	265,741
- hire purchase payables	43,382	21,839	-	-
- bank overdraft	157,792	197,225	-	-
	1,813,488	2,593,659	2,674	265,741

30. LOSS/(PROFIT) BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at (loss)/profit before tax:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Auditors' remuneration				
- statutory				
- current year	523,243	266,660	78,000	50,000
- prior year	14,431	(1,027)	8,000	21,940
- non-statutory	16,000	8,000	10,000	8,000
Impairment loss for:				
- investment in subsidiaries	-	-	2,850,745	1,316,733
- investment in an associate	-	-	444,654	-
- trade receivables	3,291,752	591,664	-	-
- other receivables	141,775	-	-	-
Amortisation of:				
- contract cost	944,870	-	-	-
- intangible assets	226,413	537,045	-	-
Depreciation of:				
- property, plant and equipment	8,432,003	1,694,780	-	-
- investment properties	1,013,000	-	-	-
Loss on disposal of				
- investment in subsidiaries	111,470	-	878,888	-
Written off for:				
- property, plant and equipment	695,020	36	-	-
Realised loss on foreign exchange	166,232	265,806	2,916	-
Unrealised loss on foreign exchange	13,139	14,110	11,127	-
Rental of:				
- office	282,232	4,293,660	-	-
- campus	-	2,948,282	-	-
- premises	18,369,047	-	-	-
- student's house	-	1,551,635	-	-
- motor vehicles	-	23,093	-	-
- office equipment	10,756	82,239	-	-
- staff quarters	-	5,600	-	-
Staff costs:				
- salary, wages, allowances and bonus	61,992,762	36,110,753	-	-
- Employees' Provident Fund and SOCSO	5,877,493	4,109,738	-	-
- other staff related expenses	796,982	2,330,088	-	-
Share based payment expenses	1,068,716	1,856,659	-	-
Loss on dissolution of subsidiary	1,260,002	-	-	-

30. LOSS/(PROFIT) BEFORE TAX (CONTINUED)

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at (loss)/profit before tax (Continued):

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Dividend income	-	-	(1,536,000)	(3,473,980)
Gain on disposal of:				
- property, plant and equipment	(143,578)	(119,198)	-	-
- investment in subsidiaries	-	(110,338,569)	-	(29,295,859)
Gain on remeasurement of investment	(24,232,234)	-	(9,156,054)	-
Realised gain on foreign exchange	(4,798)	-	(270)	-
Unrealised gain on foreign exchange	(54,794)	(152,171)	-	-
Interest income	(51,219)	(73,434)	(863)	-
Rental income	(1,227,692)	(303,472)	-	-
Reversal of impairment loss no longer required for:				
- trade receivables	-	(29,073)	-	-
- other receivables	(128,333)	(1,074)	-	-
- investment in subsidiaries	-	-	(578,896)	-
- property, plant and equipment	(3,198,434)	-	-	-
Market study on business	-	(195,000)	-	-
Recruitment fee	-	(590,000)	-	-
Program development	-	(720,000)	-	-
Marketing event and branding	-	(600,000)	-	-

31. INCOME TAX EXPENSE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Statements of comprehensive income				
Current income tax:				
- current year	72,248	1,994,480	-	-
- prior years	30,729	109,725	(6,646)	-
	102,977	2,104,205	(6,646)	-
Deferred tax (Note 11):				
- current year	(1,584,628)	(365,630)	-	-
- prior years	(1,179,182)	5,338	-	-
	(2,763,810)	(360,292)	-	-
Income tax expense recognised in profit or loss	(2,660,833)	1,743,913	(6,646)	-

31. **INCOME TAX EXPENSE (CONTINUED)**

Domestic income tax is calculated at the Malaysian statutory rate of 24% (2017: 24%) of the estimated assessable profit for the financial year.

On 15 July 2013, a wholly-owned subsidiary, Management Made Easy Sdn. Bhd., was awarded a Multi Media Super Corridor ("MSC") Status for full tax exemption on its chargeable income for a period of 5 years which expires on 15 June 2018.

The reconciliation from the tax amounts at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
(Loss)/Profit before tax	(3,680,703)	100,651,701	964,390	42,978,535
Tax at Malaysian statutory income tax rate of 24% (2017: 24%)	(883,369)	24,156,408	231,454	10,314,848
Different tax rates in other countries	(2,247)	-	-	-
Adjustments:				
- non-deductible expenses	4,188,008	2,065,800	(231,564)	(10,314,848)
- income not subject to tax	(7,657,533)	(22,944,664)		-
- Tax exempt income	(521,887)			
- SME tax savings	-	(1,913,432)	-	-
- deferred tax assts not recognised in the financial statements	3,364,648	264,738	110	-
- under accrual in prior years	(1,148,453)	115,063	(6,646)	-
Income tax expense	(2,660,833)	1,743,913	(6,646)	-

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Deductible temporary differences	726,282	1,329,736	-	-
Unabsorbed capital allowances	78,702,179	76,729,471	-	-
Unutilised tax losses	219,846,967	207,196,854	98,193	98,649
	299,275,428	285,256,061	98,193	98,649
Potential deferred tax assets not recognised at 24% (2017: 24%)	71,826,103	68,461,455	23,566	23,676

32. EARNINGS PER SHARE

(a) Basic earnings per ordinary shares

Basic (loss)/earnings per share is calculated by dividing the profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	2018 RM	2017 RM
Profit attributable to owners of the Company	2,839,733	97,571,364
	Number of Shares Unit	Number of Shares Unit
Weighted average number of ordinary shares in issue		
At 1 January	361,957,575	290,131,427
Add: Effect of issuance of shares	27,100,000	54,868,965
Less: Effect of treasury shares held	(5,658)	(5,781)
At 31 December	389,051,917	344,994,611
Basic earnings per share (sen)	0.73	28.28

(b) Diluted earnings per ordinary shares

Diluted earnings per share are based on the profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares, calculated as follows:

	Group	
	2018 RM	2017 RM
Profit attributable to owners of the Company	2,839,733	97,571,364
Weighted average number of ordinary shares in issue	389,051,917	344,994,611
Effect of dilution for:		
Employee Share Option Scheme	30,548,500	39,137,700
Adjusted weighted average number of ordinary shares in issue and issuable	419,600,417	384,132,311
Diluted (loss)/earnings per share (sen)	0.68	25.40

33. FINANCIAL GUARANTEES

	Company	
	2018 RM	2017 RM
Corporate guarantees given by the Company to financial institutions for credit facilities granted to subsidiaries	-	5,195,000

34. RELATED PARTIES

(a) Identification of related parties

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

Related parties of the Group include:

(i) Subsidiaries;
(ii) Associate;
(iii) Entities in which directors have substantial financial interests; and
(iv) Key management personnel of the Group and the Company comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Dividend Income				
Subsidiaries	-	-	(1,536,000)	(16,473,980)
Rental Expenses				
Entities in which directors have substantial interests	-	125,433	-	-
Management Fee				
Associate	-	750,000	-	-
Revenue				
Tuition fee from an entity in which a director have substantial interest	-	1,317,166	-	-
Contigent consideration				
Subsidiaries	-	-	2,414,533	-

34. RELATED PARTIES (CONTINUED)

(b) Significant related party transactions (Continued)

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Note 14 and Note 26 to the financial statements.

(c) Key management personnel compensation

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

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Directors				
Salaries and allowances	2,368,477	235,566	753,432	36,000
Fees	574,065	480,886	170,065	147,000
Employees' Provident Fund and SOCSO	293,440	18,064	96,709	5,102
Other emoluments	546,702	142,000	94,500	29,000
	3,782,684	876,516	1,114,706	217,102
Other key management personnel				
Salaries and allowances	1,227,000	2,724,509	-	13,760
Contribution to Employees' Provident Fund	135,570	-	-	-
	5,145,254	3,601,025	1,114,706	230,862

35. SEGMENTAL INFORMATION

The Group has 3 reportable segments, as described below, which are the Group's strategic business units. The following summary describes the operations in each of the Group's reportable segments:

(a) Education: Business of operating educational institutions and provisions educational management services

(b) Training: Provide Human Resources or Human Resources Development training, consulting, outsourcing, events, learning resources and advisory support services.

(c) Technology: Provide software consultancy and development and its related services.

Other non-reportable segments comprise operations related to investment holding and non-active companies.

35. **SEGMENTAL INFORMATION (CONTINUED)**

	Education RM	Training RM	Technology RM	Investment holding/ others RM	Eliminations and adjustments RM	Consolidated RM	Note
2018							
Revenue:							
Sales to external customers	85,824,163	1,205,755	39,996,827	-	-	127,026,745	
Inter-segment sales	-	-	-	-	-	-	A
Dividend income	-	-	-	1,536,000	(1,536,000)	-	A
	85,824,163	1,205,755	39,996,827	1,536,000	(1,536,000)	127,026,745	
Results:							
Included in the measure of segment (loss)/profit							
Interest income	35,994	-	13,048	863	-	49,905	
Interest expense	(1,546,632)	(64,445)	(124,964)	(95,965)	-	(1,832,006)	
Depreciation of:							
- property, plant and equipment	(8,963,496)	(160,086)	(452,414)	(118,342)	-	(9,694,338)	
- investment property	(1,012,143)	-	-	-	-	(1,012,143)	
Reversal/(Impairment loss) of:							
- property, plant and equipment	3,197,559	-	-	-	-	3,197,559	
- trade receivables	3,248,000	-	43,821	-	-	3,291,821	
Amortisation of intangible assets	-	-	(61,171)	-	-	(61,171)	
Other non cash expenses	(268,848)	(1,283,526)	(194,860)	19,066,057	-	17,318,823	B
Share of results of associates	(1,038,496)	-	(30,220)	-	-	(1,068,716)	
Profit/(Loss) before tax	(10,429,961)	(872,053)	4,010,245	4,151,066	-	(3,140,703)	
Income tax expenses/recoverable	2,716,946	(540,000)	7,433	(63,545)	-	2,120,833	
Segment profit/(loss)	(7,713,015)	(1,412,053)	4,017,678	4,087,521	-	(1,019,870)	

35. **SEGMENTAL INFORMATION (CONTINUED)**

	Education RM	Training RM	Technology RM	Investment holding/ others RM	Eliminations and adjustments RM	Consolidated RM	Note
2018							
Assets:							
Segments assets	313,245,317	2,616,054	29,425,450	4,428,371	22,557,990	372,273,182	
Deferred tax assets	2,635,726	-	24,282	-	-	2,660,008	
Tax recoverable	966,542	823,581	159,700	-	-	1,949,823	
Total assets	316,847,585	3,439,635	29,609,432	4,428,371	22,557,990	376,883,013	
Liabilities:							
Segment liabilities	77,446,449	1,254,003	17,105,695	5,176,003	412,898	101,395,048	
Deferred tax liabilities	11,958,969	-	-	18,360,072	-	30,319,041	
Tax payables	2	-	1,181	62,092	-	63,275	
Total liabilities	89,405,420	1,254,003	17,106,876	23,598,167	412,898	131,777,364	

35. **SEGMENTAL INFORMATION (CONTINUED)**

	Education RM	Training RM	Technology RM	Investment holding/ others RM	Eliminations and adjustments RM	Consolidated RM	Note
2017							
Revenue:							
Sales to external customers	64,522,509	1,537,045	34,805,362	750,000	-	101,614,916	
Inter-segment sales	2,328,760	43,632	1,420,056	-	(3,792,448)	-	A
Dividend income	-	-	-	16,473,980	(16,473,980)	-	A
	66,851,269	1,580,677	36,225,418	17,223,980	(20,266,428)	101,614,916	
Results:							
Included in the measure of segment (loss)/profit							
Interest income	6,765	33,188	32,062	1,419	-	73,434	
Interest expense	(479,366)	(37,065)	(172,161)	(1,905,067)	-	(2,593,659)	
Depreciation of property, plant and equipment	(1,139,565)	(152,219)	(402,996)	-	-	(1,694,780)	
Amortisation of intangible assets	(537,045)	-	-	-	-	(537,045)	
Rental of:							
- office	(3,975,103)	-	(209,924)	(108,633)	-	(4,293,660)	
- campus	(2,948,282)	-	-	-	-	(2,948,282)	
- student's house	(1,551,635)	-	-	-	-	(1,551,635)	
- motor vehicles	(7,200)	(15,893)	-	-	-	(23,093)	
- office equipment	-	(81,094)	(1,145)	-	-	(82,239)	
- staff quarters	-	-	-	(5,600)	-	(5,600)	
Other non cash expenses	(591,664)	105,478	(234,570)	110,335,980	-	109,615,224	B
Share of results of associates	(6,230,903)	-	-	-	-	(6,230,903)	
Profit/(Loss) before tax	88,831,971	(2,426,186)	5,727,764	8,518,152	-	100,651,701	
Income tax expenses/recoverable	(1,730,307)	(2,491)	(5,959)	(5,156)	-	(1,743,913)	
Segment profit/(loss)	87,101,664	(2,428,677)	5,721,805	8,512,996	-	98,907,788	

35. **SEGMENTAL INFORMATION (CONTINUED)**

	Education RM	Training RM	Technology RM	Investment holding/ others RM	Eliminations and adjustments RM	Consolidated RM	Note
2017							
Assets:							
Segments assets	99,820,101	2,868,150	21,652,166	69,712,550	-	194,052,967	
Deferred tax assets	-	-	5,022	-	-	5,022	
Tax recoverable	-	1,686,230	157,288	-	-	1,843,518	
Additions to property, plant and equipment	8,384,389	-	608,560	-	-	8,992,949	
Total assets	108,204,490	4,554,380	22,423,036	69,712,550	-	204,894,456	
Liabilities:							
Segment liabilities	16,007,137	894,648	10,459,339	27,732,552	-	55,093,676	
Deferred tax liabilities	-	601	-	-	-	601	
Tax payables	-	-	927	-	-	927	
Total liabilities	16,007,137	895,249	10,460,266	27,732,552	-	55,095,204	

Note: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

35. **SEGMENTAL INFORMATION (CONTINUED)**

(A) Inter-segment revenues are eliminated on consolidation.

(B) Other non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Group	
	2018	**2017**
	RM	**RM**
Impairment loss for:		
- investment in an associate	1,234,731	-
- trade receivables	(3,291,752)	591,664
- other receivables	141,775	-
(Gain)/Loss on disposal of:		
- property, plant and equipment	(143,578)	(119,198)
- investment in subsidiaries	111,470	(110,338,569)
Written off for:		
- property, plant and equipment	698,977	36
Realised forex exchange loss	(41,655)	265,806
Unrealised forex exchange (gain)/loss	161,434	14,110
Reversal of impairment loss no longer required		
- other receivables	(128,333)	(29,073)
- property, plant and equipment	(3,197,559)	(7,298,563)
Gain on remeasurement of investment	(24,232,233)	-
	(28,686,723)	(116,913,787)

Segment profit or loss is measured based on segment profit/(loss) before tax that are reviewed by the Chairman. There are no significant changes from prior financial year in the measurement methods used to determine reported segment profit or loss.

The activities of the Group are carried out mainly in Malaysia and as such, segmental reporting by geographical locations is not presented.

Information about major customers

Major customers' information represents revenues from transactions with a single external customer amount to ten percent or more of the Group revenue. A group of entities known to a reporting entity to be under common control shall be considered a single customer and a government and entities known to the reporting entity to be under the control of that government shall be considered a single customer.

The Group has a major customer with revenue equal or more than 10% of the Group revenue from the technology segment contributing total revenue of RM23,148,191.

36. FINANCIAL INSTRUMENTS

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

From 1 January 2018:
(i) Amortised cost

On or before 31 December 2017:
(i) Loan and receivables ("L&R")
(ii) Other financial liabilities ("FL")

(a) Classification of financial instruments

	Amortised cost RM	Total RM
Group		
2018		
Financial assets		
Trade and other receivables *	43,352,226	43,352,226
Deposits placed with licensed banks	1,311,067	1,311,067
Cash and bank balances	5,399,073	5,399,073
	50,062,366	50,062,366
Financial liabilities		
Trade and other payables #	51,734,600	51,734,600
Loans and borrowings	33,714,457	33,714,457
	85,449,057	85,449,057

	Loans and receivables RM	Financial liabilities at amortised cost RM	Total RM
2017			
Financial assets			
Trade and other receivables *	57,340,940	-	57,340,940
Fixed deposit	1,260,560	-	1,260,560
Cash and bank balances	4,371,719	-	4,371,719
	62,973,219	-	62,973,219

* *The amount exclude prepayments and GST refundable.*
\# *The amount exclude deferred income and GST payables.*

36. **FINANCIAL INSTRUMENTS (CONTINUED)**

(a) **Classification of financial instruments (Continued)**

	Loans and receivables RM	Financial liabilities at amortised cost RM	Total RM
Group			
2017			
Financial liabilities			
Trade and other payables #	-	18,328,971	18,328,971
Loans and borrowings	-	31,618,714	31,618,714
	-	49,947,685	49,947,685

	Amortised cost RM	Total RM
Company		
2018		
Financial assets		
Amount due from subsidiaries	29,134,692	29,134,692
Cash and bank balances	215	215
	29,134,907	29,134,907
Financial liabilities		
Other payables and accruals	2,892,570	2,892,570
Amount due to subsidiaries	24,148,864	24,148,864
	27,041,434	27,041,434

	Loans and receivables RM	Financial liabilities at amortised cost RM	Total RM
2017			
Financial assets			
Other receivables	13,303,938	-	13,303,938
Amount due from subsidiaries	63,474,569	-	63,474,569
Cash and bank balances	83,859	-	83,859
	76,862,366	-	76,862,366
Financial liabilities			
Other payables and accruals	-	9,412,744	9,412,744
Amount due to subsidiaries	-	13,307,543	13,307,543
Loans and borrowings	-	29,067,750	29,067,750
	-	51,788,037	51,788,037

exclude GST payable

36. **FINANCIAL INSTRUMENTS (CONTINUED)**

(b) **Fair values**

(i) *Determination of Fair Value*

The carrying amounts of cash and bank balances, trade and other receivables, trade and other payables and short-term borrowings, are reasonable approximation of fair value due to the relatively short-term nature of these financial instruments.

In respect of the long-term borrowings with variable interest rates, the carrying amounts approximate fair values as they are repriced to market interest rates for liabilities with similar risk profiles.

(ii) *Fair Value Hierarchy*

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total		
	RM	RM	RM	RM	RM	RM
Group						
2018						
Financial liabilities						
Loans and borrowings						
Group						
- 2018	-	-	33,714,457	33,714,457	33,714,457	33,714,457
- 2017	-	-	31,618,714	31,618,714	31,618,714	31,618,714
Company						
- 2017	-	-	29,067,750	29,067,750	29,067,750	29,067,750

37. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk, interest rate risk and market price risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company do not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Trade receivables and contract assets

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group and the Company consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

37. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(i) Credit risk (Continued)

Trade receivables and contract assets (Continued)

Credit risk concentration profile

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

	Group			
	2018		2017	
	RM	% of total	RM	% of total
Education	15,596,219	53%	-	0%
Training	49,163	0%	256,228	2%
Technology	13,966,099	47%	11,605,428	90%
Investment holding/		0%		0%
others	-	0%	962,376	8%
	29,611,481	100%	12,824,032	100%

	Company			
	2018		2017	
	RM	% of total	RM	% of total
Investment holding/ others	-	0%	13,299,876	100%

The Group and the Company applied the simplified approach to providing for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables and contract assets. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward looking information.

37. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(i) Credit risk (Continued)

Trade receivables and contract assets (Continued)

The information about the credit risk exposure on the Group's and Company's trade receivables and contract assets using provision matrix are as follows:

Group	ECL Rate %	Gross carrying amount RM	ECL allowance RM	Net balance RM
1 to 30 days past due	2%	11,498,886	(14,000)	11,484,886
> 30 days past due	4%	2,517,099	(23,000)	2,494,099
> 60 days past due	6%	3,530,515	(192,000)	3,338,515
> 90 days past due	6% to 8%	2,644,494	(141,000)	2,503,494
> 120 days past due	6% to 14%	9,922,825	(459,000)	9,463,825
> 180 days past due	8% to 100%	6,995,662	(6,669,000)	326,662
Credit impaired:				-
- individually impaired	100%	48,896,981	(48,896,981)	-
		86,006,462	(56,394,981)	29,611,481

The significant changes in the gross amount of trade receivables do not contribute to the changes in impairment loss during the financial year:

Comparative information under MFRS 139 Financial Instruments: Recognition and Measurement.

As at 31 December 2017, the ageing analysis of the Group's and Company's trade receivables were as follows:

	Group 2017 RM
Neither past due nor impaired	9,249,050
Past due but not impaired:	
- 1 to 30 days	208,070
- 31 to 60 days	781,331
- 61 to 90 days	510,675
- 91 to 120 days	196,947
- More than 120 days	1,877,959
	3,574,982
Impaired	4,137,204
	16,961,236

37. **FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

(i) **Credit risk (Continued)**

Trade receivables and contract assets (Continued)

Trade receivables that are neither past due nor impaired

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

Trade receivables that are past due but not impaired

Trade receivables that are past due but not impaired mainly relates to debtors who are still attending courses with the Group, reputable institutions who are the sponsors for these students or credit worthy corporations. Based on past experience and the creditworthiness of these institutions, the Group are of the opinion that no impairment is necessary.

Other receivables and other financial assets

For other receivables and other financial assets (including fixed deposits placed with licensed banks, cash and balance balances, and related company balance), the Group and the Company minimise credit risk by dealing with credit worthy counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

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

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

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

Refer to Note 3(m)(i) for the Group's and the Company's other accounting policies for impairment of financial assets.

37. **FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

(i) **Credit risk (Continued)**

Trade receivables and contract assets (Continued)

Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given to financiers in respect of loans granted to a subsidiary. The Company monitors the results of the subsidiary and their repayment on an ongoing basis. The maximum exposure to credit risk amounting to RM Nil (2017: RM 5,195,000) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 33 to the financial statements. Generally, the Company considers the financial guarantee has low credit risk. As at the reporting date, there was no loss allowance for expected credit losses as determined by the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantee is provided as credit enhancement to the subsidiary's secured borrowing.

(ii) **Liquidity risk**

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arises principally from trade and other payables, loans and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's and the Company's treasury department also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

37. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(ii) Liquidity risk

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities based on contractual undiscounted repayment at the reporting date are as follows:

	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On demand or within 1 year RM	1 to 5 years RM	Total RM
Financial liabilities					
Group					
2018					
Trade and other payables #	51,734,600	51,734,600	51,734,600	-	51,734,600
Loans and borrowings	33,714,457	42,142,230	8,317,988	33,824,242	42,142,230
	85,449,057	93,876,830	60,052,588	33,824,242	93,876,830
2017					
Trade and other payables #	18,328,971	18,328,971	18,328,971	-	18,328,971
Loans and borrowings	31,618,714	33,994,180	21,746,725	12,247,455	33,994,180
	49,947,685	52,323,151	40,075,696	12,247,455	52,323,151
Company					
2018					
Other payables and accruals	2,892,570	2,892,570	2,892,570	-	2,892,570
Amount due to subsidiaries	22,559,043	22,559,043	22,559,043	-	22,559,043
	25,451,613	25,451,613	25,451,613	-	25,451,613
2017					
Other payables and accruals	9,412,744	9,412,744	9,412,744	-	9,412,744
Amount due to subsidiaries	13,307,543	13,307,543	13,307,543	-	13,307,543
Loans and borrowings	29,067,750	31,227,226	19,038,468	12,188,758	31,227,226
Financial guarantee contracts ^	-	5,195,000	5,195,000	-	5,195,000
	51,788,037	59,142,513	46,953,755	12,188,758	59,142,513

\# *The amount exclude GST payables.*

^ *The Company has given corporate guarantee to bank on behalf of certain subsidiaries. The potential exposure of the financial guarantee contracts is equivalent to the amount of the banking facilities being utilised by the said subsidiaries.*

37. **FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

(iii) **Interest rate risk**

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

The Group manages the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. The Group do not enter into interest rate hedging transactions as the cost of such instruments outweighs the potential risk of interest rate fluctuation.

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments as a result of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their long-term loans and borrowings with floating interest rates. The Group's and the Company's policy to manage their interest rate risk is to hedge all material floating rate borrowings using interest rate swaps.

	Effective interest rate %	**Within 1 year RM**	**1 to 5 years RM**	**Total RM**
Group				
2018				
Fixed Rate				
Financial Asset				
Deposits placed with licensed banks	2.95 - 3.35	1,311,067	-	1,311,067
Financial Liabilities				
Suku Wakalah	8.80	-	27,298,990	27,298,990
Floating Rate				
Financial Liabilities				
Term loans	5.45 - 6.50	4,130,046	-	4,130,046
Hire purchase payables	2.51 - 3.64	104,416	441,261	545,677
Bank overdraft	8.52 - 8.85	1,739,744	-	1,739,744

37. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(iii) Interest rate risk (Continued)

	Effective interest rate %	Within 1 year RM	1 to 5 years RM	Total RM
Group				
2017				
Fixed Rate Financial Asset				
Deposits placed with licensed banks	2.95 - 3.30	1,260,560	-	1,260,560
Floating Rate Financial Liabilities				
Term loans	6.34 - 7.85	17,365,800	11,701,950	29,067,750
Hire purchase payables	2.67	19,657	55,356	75,013
Bank overdraft	8.40 - 8.45	2,475,951	-	2,475,951
Company				
2017				
Financial Liabilities Floating Rate				
Term loans	6.34 - 7.85	17,365,800	11,701,950	29,067,750

Sensitivity analysis for interest rate risk

A change in 1% in interest rate at the end of the reporting period would have immaterial impact to the Group's and the Company's (loss)/profit before tax.

37. **FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

(iv) **Foreign Currency Risk**

Foreign currency risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities. The foreign currencies in which these transactions are denominated are mainly Euro and United States Dollar. The Group's trade receivables and trade payables balance at the reporting date have similar exposure.

Sensitivity analysis for foreign currency risk

A 10% strengthening/weakening of the RM against respective foreign currencies as at the end of the reporting period would have immaterial impact on profit before tax.

38. **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

(a) On 14 February 2018, the share exchange between Asiamet Education Group Berhad ("AEGB") and Minda Global Berhad ("Minda Global") was completed, which involved the exchange of all AEGB shares for new Minda Global shares by way of Scheme of Arrangement on the basis of 1 Minda Global share for every 1 AEGB share ("Share Exchange"). On 19 February 2018, Minda Global assumed the listing status of AEGB, with the listing and quotation of the total number of issued shares of Mind Global on the Main Market of Bursa Securities.

On 1 March 2018, the Collaboration Agreement was terminated between the Group and Arenga Pinnata Sdn. Bhd. ("Arenga"), a subsidiary of Creador II. As a result, the Group gains control of Minda Globad.

(b) On 4 April 2018, the Company announced the completion of its private placement exercise with the listing and quotation of the 36,500,000 Placement Shares which were issued at RM0.155 each.

(c) On 26 December 2018, the Company announced the winding up SMR Gulf WLL, a 99% owned subsidiary has been completed on the same day.

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

(a) On 3 January 2019, the Company completed the acquisition of one (1) ordinary share in Cendana Edisi Sdn. Bhd. ("Cendana") representing 100% of the equity interest of Cendana for a cash consideration of RM1 ("Acquisition"). Upon the Acquisition, Cendana shall become a wholly-owned subsidiary of the Company.

(b) The Group had on 30 March 2019 completed the acquisition of 10,000 ordinary shares from TalentOz Sdn. Bhd. (formerly known as Cendana Edisi Sdn. Bhd.) in Forzia Tech Private Limited ("Forzia") representing 100% equity interest in Forzia for a cash consideration of RM74,272. Upon the Acquisition, Forzia shall become a wholly-owned subsidiary of the Company.

40. COMMITMENTS

Operating lease commitment – Lessee

	Group	
	2018	**2017**
	RM	**RM**
Capital commitments:		
Property and equipment contracted but not provided for	3,143,000	-
Non-cancellable operating lease commitments:		
- Not later than one year	21,849,455	4,546,494
- Later than one year but not later than five years	105,650,485	52,133,131
- Later than five years	250,993,225	88,808,183
	378,493,165	145,487,808

The Group leases number of campus, hostel and equipment under operating leases for average lease term between 2 to 25 years, with option to renew the lease at the end of the lease term for the equipment.

41. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and to sustain future development of the business. The directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements, if any. There were no changes in the Group's approach to capital management during the financial year.

The Group and the Company do not have any externally imposed capital requirement other than debt to equity ratio.

The debt-to-equity ratios at 31 December 2018 and 31 December 2017 are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Loans and borrowings	33,714,457	31,618,714	-	29,067,750
Less : Cash and bank balances	(6,710,140)	(5,632,279)	(215)	(83,859)
Net debts	27,004,317	25,986,435	(215)	28,983,891
Total equity attributable to the owners of the Company	153,698,006	146,105,015	94,317,116	86,391,850
Total equity plus net debts	180,702,323	172,091,450	94,316,901	115,375,741
Gearing ratio	0.18	0.18	(0.00)	0.34

In previous year, as disclosed in Note 22 to the financial statements, a direct subsidiary of the Company, SMR Gulf WLL, is required by Bahrain Commercial Companies Law to transfer at least 10% of the profit for each year to the statutory reserve until such time the reserve total is 50% of the issued capital of the company. The reserve is not available for distribution except in the circumstances stipulated in the Bahrain Commercial Law.

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

We, **TAN SRI DATO' DR. PALANIAPPAN A/L RAMANATHAN CHETTIAR** and **MALAYANDI @ KALAIARASU**, being two of the directors of **SMRT HOLDINGS BERHAD**, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages **56 to 172** are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

…………………………………………….
TAN SRI DATO' DR. PALANIAPPAN A/L RAMANATHAN CHETTIAR
Director

…………………………………………….
MALAYANDI @ KALAIARASU
Director

Date: 29 April 2019

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

I, **ROSNAN BIN ROSLI**, being the director primarily responsible for the financial management of **SMRT HOLDINGS BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages **56 to 172** are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

…………………………………………….
ROSNAN BIN ROSLI
MIA Membership No.: CA 20677

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 29 April 2019.

Before me,

AMIRUL IMRAN BIN MOHD ALI
Commissioner for Oaths
No. W749

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SMRT Holdings Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended, and notes to financial statements, including a summary of significant accounting policies, as set out on pages **56 to 172**

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and of the Company in accordance with the *By-Laws* (*on Professional Ethics, Conduct and Practice*) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Group

Goodwill (Note 4(i) and Note 9 to the financial statements)
Other intangible assets (Note 4(i) and Note 10 to the financial statements)

The Group has significant balances of goodwill and education licenses arising from the acquisition of Minda Global Berhad. The goodwill and education licenses are tested for impairment annually. We focused on this area because this assessment requires significant judgements by the directors on the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections.

Our response:

Our audit procedures included, among others:

- assessing the appropriateness of the finalised fair value of purchase consideration, identifiable assets acquired and the liabilities assumed at the acquisition date as performed by the Company;
- assessing the valuation methodology adopted by the Group;
- comparing the actual results with previous budget;
- comparing the Group's assumptions to our understanding obtained during our audit in relation to key assumptions;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions that are expected to be most sensitive to the recoverable amount.

Key Audit Matters (Continued)

<u>Group (Continued)</u>

Trade receivable (Note 4(iii) and Note 13 to the financial statements)

The Group has significant trade receivables as at 31 December 2018 which include certain amounts which are long outstanding. We focused on this area because the directors made significant judgements over assumptions about risk of default and expected loss rate. In making the assumptions, the directors selected inputs to the impairment calculation, based on the Group's past history and existing market conditions at the end of the reporting period.

Our response:

Our audit procedures included, among others,
- understanding the design and implementation of controls associated with monitoring and impairment assessment of trade receivables that were either in default or significantly overdue;
- understanding of the calculation of provision matrix and significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports;
- assessing the mathematical calculation of expected credit loss as at the end of the reporting period; and
- reviewing receipts subsequent to the end of the financial year.

<u>Company</u>

Investment in subsidiairies (Note 4(ii) and Note 7 to the financial statements)

The Company has significant balance of investment in subsidiaries. At the end of the financial year, the Company determined whether there is any indication of impairment in investment in subsidiaries.

We focused on this area because the directors' assessment of the recoverable amount involved significant judgement. The recoverable amount of the identified investment in the subsidiaries was determined based on value-in-use which includes the discount rate applied in the recoverable amount calculation and the assumption supporting the underlying cash flow projections which include future revenue, gross profit margin and operating expenses.

Our response:

Our audit procedures included, among others:
- comparing the actual results with previous budget to assess the performance of the business;
- comparing the Group's assumptions to our understanding obtained during our audit in relation to key assumptions to assess their reasonableness;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions that are expected to be most sensitive to the recoverable amount.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

Other Matters

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

Baker Tilly Monteiro Heng PLT
LLP0019411-LCA & AF 0117
Chartered Accountants

Andrew Choong Tuck Kuan
03264/04/2021 J
Chartered Accountant

Kuala Lumpur

Date: 29 April 2019

Location	Description	Tenure	Existing use	Built-up area	Age of Building (years)	Net Book Value as at 31.12.2018 RM'000	Year of Acquisition
Suite 2A-23-2 Block 2A Level 23 Plaza Sentral Jalan Stesen Sentral 5 50470 Kuala Lumpur	Office suite	Freehold	Office	3,893 square feet	12 years	3,114	2006

(Date of last revaluation: 14 June 2013)

The property has been pledged as security by way of a Facility Agreement and Deed of Assignment to secure banking facilities as disclosed in Note 23 on page 143 to the financial statements.

The office suite was last further revalued by the Group on 14 June 2013 based on its open market values as ascertained through an independent valuation. The fair value of the office suite as at 31 December 2018 is adjusted based on the sales consideration which was agreed between the Group and a third party.

ANALYSIS OF SHAREHOLDINGS
As At 29 March 2019

SHAREHOLDINGS STRUCTURE

Total number of Issued Shares	: 406,815,675 (excluding Treasury Shares of 231,100)
Class of shares	: Ordinary Shares
Voting Rights	: One (1) vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of shares	%
1 – 99	368	14.35	11,960	0.00
100 – 999	185	7.21	44,970	0.01
1,000 – 4,999	283	11.03	639,309	0.16
5,000 – 10,000	521	20.31	4,210,221	1.03
10,001 – 100,000	963	37.54	38,431,921	9.45
100,001 – 1,000,000	211	8.23	61,300,102	15.07
Over 1,000,000	34	1.33	302,177,192	74.28
TOTAL	2,565	100.00	406,815,675	100.00

DIRECTORS' SHAREHOLDINGS

Directors	Direct		Indirect	
	No. of Shareholdings	%	No. of Shareholdings	%
Tan Sri Dato' Dr R. Palan	59,368,515	14.593	71,419,272	17.556 (1)
Leow Nan Chye	-	-	-	-
Malayandi @ Kalaiarasu	49,999	0.01	-	-
Dato' (Dr) Asariah	-	-	-	-
Soh Eng Hooi	-	-	-	-
Maha Palan	-	-	-	-

SUBSTANTIAL SHAREHOLDERS

Name	Direct		Indirect	
	No. of Shareholdings	%	No. of Shareholdings	%
Tan Sri Dato' Dr R Palan	59,368,515	14.593	71,419,272	17.556 (1)
Puan Sri Datin Kamatchi @ Valliammai A/P Malayandi	130,000	0.032	130,657,787	32.117 (2)
Special Flagship Holdings Sdn Bhd	71,289,272	17.524	-	-
Dayatahan Sdn Bhd	57,300,715	14.085	7,138,800	1.755(3)
Dato' Aziz Bin Sheikh Fadzir	13,833,900	3.401	64,439,515	15.840(4)

Notes:

(1) Deemed interested by virtue of his shareholdings in Special Flagship Holdings Sdn Bhd and the shareholdings of his wife, Puan Sri Datin Kamatchi @ Valliammai A/P Malayandi pursuant to Section 8 and 197 of the Companies Act 2016.

(2)Deemed interested by virtue of her shareholdings in Special Flagship Holdings Sdn Bhd and the shareholdings of her husband, Tan Sri Dato' Dr. R. Palan pursuant to Section 8 and 197 of the Companies Act 2016.

(3)Deemed interested by virtue of his shareholdings in Goldleaf Pavilion Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

(4)Deemed interested by virtue of his shareholdings in Dayatahan Sdn Bhd and Goldleaf Pavilion Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

LIST OF TOP 30 SHAREHOLDERS

No	Name	No. of Shareholdings	%
1	JF Apex Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Special Flagship Holdings Sdn Bhd (Margin)	68,954,300	16.95
2	Kenanga Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Dayatahan Sdn Bhd	41,204,787	10.13
3	JF Apex Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Palaniappan A/L Ramanathan Chettiar (Margin)	38,098,744	9.37
4	Teniza Holdings Sdn Bhd	20,036,200	4.93
5	CIMSEC Nominees (Tempatan) Sdn Bhd Beneficiary: CIMB for Sarojini A/P Kandiah (PB)	17,984,200	4.42
6	Alliancegroup Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Dayatahan Sdn Bhd (7003143)	16,095,928	3.96
7	Alliancegroup Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Palaniappan A/L Ramanathan Chettiar (7004964)	15,000,000	3.69
8	JF Apex Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Abd Aziz Bin Sheikh Fadzir (Margin)	13,833,900	3.40
9	Destini Berhad	9,472,500	2.33
10	Kenanga Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account for Goldleaf Pavilion Sdn Bhd	7,000,000	1.72
11	Meenambal A/P Vijayakumar	5,977,700	1.47
12	Public Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account for Tan Siew Chen (E-IMO)	5,670,000	1.39
13	Ong Kim Hong	4,750,000	1.17
14	CIMSEC Nominees (Tempatan) Sdn Bhd Beneficiary: CIMB for Siva Kumar A/L M Jeyapalan (PB)	3,500,000	0.86
15	Hong Chin Teck	2,900,000	0.71
16	RHB Capital Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Chan Kam Fut	2,270,000	0.56
17	Public Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Chiew Lay Huah (E-KPG)	2,200,000	0.54
18	Maybank Nominees (Tempatan) Sdn Bhd Beneficiary: Beh Pow Yoke	2,185,000	0.54
19	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Beneficiary: Exempt an for UOB Kay Hian Pte Ltd (A/C Clients)	2,145,000	0.53
20	Maybank Securities Nominees (Tempatan) Sdn Bhd Beneficiary: Exempt an for Maybank Trustee Berhad (SMRT)	2,000,000	0.49
21	PM Nominees (Tempatan) Sdn Bhd Beneficiary: Pledge Securities Account for Palaniappan A/L Ramanathan Chettiar (A)	1,998,900	0.49
22	Kenanga Nominees (Tempatan) Sdn Bhd Beneficiary: Lim Soh Woon	1,889,900	0.46
23	Public Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account for Tan Chun How (E-TSA)	1,800,000	0.44
24	Lee Jong Weng	1,784,500	0.44
25	Khor Sok Boey	1,700,000	0.42

ANALYSIS OF SHAREHOLDINGS
(Continued)

No	Name	No. of Shareholdings	%
26	L Sundra Surian A/L N Lechumanan	1,700,000	0.42
27	CIMSEC Nominees (Tempatan) Sdn Bhd Beneficiary: CIMB Bank for Freddy Lim Yong Cheng (MY1687)	1,675,000	0.41
28	HSBC Nominees (Asing) Sdn Bhd Beneficiary: Exempt An for Credit Suisse (SG BR-TST-ASING)	1,470,200	0.36
29	CIMSEC Nominees (Tempatan) Sdn Bhd Beneficiary: CIMB Bank for Koh Kin Lip (MY0502)	1,330,000	0.33
30	Subramanian A/L Amamalay	1,183,433	0.29
	TOTAL :	297,810,192	73.22

NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifteenth Annual General Meeting of SMRT Holdings Berhad ("SMRT" or "Company") will be held at Lecture Hall 3, Level 4, Academic Block, CUCMS Campus, Persiaran Bestari, Cyber 11, 63000 Cyberjaya, Selangor Darul Ehsan on Friday, 28 June 2019 at 10.00 a.m. for the following purposes:

AGENDA

ORDINARY BUSINESS :

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon. — **Please refer to Explanatory Note 1**
2. To approve the payment of Directors' fees and meeting allowances to be paid to Non-Executive Directors from 29 June 2019 until the conclusion of the next Annual General Meeting. — **Resolution 1 Please refer to Explanatory Note 2**
3. To re-elect the following Directors who retire pursuant to Article 94 of the Company's Articles of Association and being eligible, offer themselves for re-election :

   (a) Tan Sri Dato' Dr Palaniappan A/L Ramanathan Chettiar — **Resolution 2**

   (b) Mr Malayandi @ Kalaiarasu — **Resolution 3**
4. To re-elect Mr Maha Ramanathan Palan who retires pursuant to Article 101 of the Company's Articles of Association and being eligible, offers himself for re-election. — **Resolution 4**
5. To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. — **Resolution 5**

SPECIAL BUSINESS :

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

6. **ORDINARY RESOLUTION**
   AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 — **Resolution 6 Please refer to Explanatory Note 3**

   "**THAT** subject to Sections 75 and 76 of the Companies Act, 2016 and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this Resolution in any one financial year does not exceed ten per cent (10%) of the total number of issued shares of the Company (excluding treasury shares) for the time being.

   AND THAT such authority shall commence immediately upon passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

7. **ORDINARY RESOLUTION**
   RETENTION OF INDEPENDENT DIRECTOR PURSUANT TO PRACTICE 4.2 OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE — **Resolution 7 Please refer to Explanatory Note 4**

   "**THAT** pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance, Mr Leow Nan Chye be and is hereby retained as Independent Non-Executive Director of the Company and he shall continue to act as Independent Non-Executive Director notwithstanding that he has been on the Board of the Company for a cumulative term of more than twelve (12) years since 5 October 2005."

8. **ORDINARY RESOLUTION** **Resolution 8**
PROPOSED RENEWAL OF SHARE BUY-BACK BY THE COMPANY TO PURCHASE UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY

Please refer to Explanatory Note 5

"**THAT** subject to the Companies Act, 2016, rules, regulations and orders made pursuant to the Companies Act, 2016, provisions of the Company's Memorandum and Articles of Association and the requirements of Bursa Malaysia Securities Berhad and any other relevant authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that :

(i) the aggregate number of shares purchased does not exceed 10% of the total number of issued shares of the Company as quoted on Bursa Malaysia Securities Berhad as at the point of purchase;
(ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall be backed by an equivalent amount of retained profits ; and
(iii) the Directors of the Company may resolve to cancel the shares so purchased, to retain the shares purchased as treasury shares or to retain part of the shares so purchased as treasury shares and cancel the remainder of the shares. Where such shares are held as treasury shares, the Directors may distribute the shares as share dividends, resell the shares, transfer the shares for the purpose of or under an employees' share scheme consideration or otherwise use the shares for such other purposes as the Minister may by order prescribe.

THAT the authority conferred by this resolution shall commence immediately upon the passing of this ordinary resolution and will continue to be in force until :

(i) the conclusion of the next Annual General Meeting at which time it shall lapsed unless by ordinary resolution passed at this meeting, the authority is renewed, either unconditionally or subject to conditions; or
(ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or
(iii) revoked or varied by ordinary resolution passed by the shareholders in general meeting,

whichever occurs first.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary to implement or to effect the purchase of the shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

9. **SPECIAL RESOLUTION**
PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY (“PROPOSED ADOPTION”)

Special Resolution 1
Please refer to Explanatory Note 6

“**THAT** the existing Memorandum and Articles of Association of the Company be revoked with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in Appendix “B” accompanying the Company’s 2018 Annual Report be adopted as the new Constitution of the Company with immediate effect.

AND THAT the Directors of the Company be authorised to do all acts and things and take all such steps that may be necessary and/or expedient to give effect to the Proposed Adoption with full power to assent to any modification, variation and/or amendment as may be required by the relevant authorities.”

ANY OTHER BUSINESS :

10. To transact any other business for which due notice shall have been given in accordance with the Company’s Articles of Association and the Companies Act, 2016.

BY ORDER OF THE BOARD

WONG YOUN KIM (MAICSA 7018778)
YIP SIEW CHENG (MAICSA 7006780)
Company Secretaries

Kuala Lumpur
Dated : 30 April 2019

NOTES:

1. A member of the Company entitled to attend and vote at the meeting may appoint one or more proxies (or being a corporate member, a corporate representative) to attend and vote in his/her stead. A proxy may but need not be a member of the Company.

2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.

3. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his/her attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney or by an officer duly authorised.

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”) as defined under the Securities Industry (Central Depositories) Act 1991, 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 and the power of attorney or other authority, if any, under which it is signed or executed must be deposited at the Registered Office of the Company at Level 8, Tower Block, CUCMS Campus, Persiaran Bestari, Cyber 11, 63000 Cyberjaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

6. Only members whose names appear in the Record of Depositors on 24 June 2019 shall be entitled to attend, speak and vote at the meeting or appoint proxy(ies) to attend, speak and vote on his/her behalf.

EXPLANATORY NOTES:

1. Audited Financial Statements

This item of the Agenda is meant for discussion only. The provisions of Section 340(1) of the Companies Act, 2016 require the Audited Financial Statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such, this item of the Agenda is not a business which requires a resolution to be put to vote by shareholders.

2. Directors' Remuneration

Section 230(1) of the Companies Act, 2016 provides amongst others that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

In this respect, the Board wishes to seek shareholders' approval for the proposed Ordinary Resolution 1 for payment of Directors' fees and meeting allowances to be paid to Non-Executive Directors from 29 June 2019 until the conclusion of the next Annual General Meeting of the Company comprising the following, with or without modifications :

		Directors' Fees (Per Director) RM	Meeting Allowance (Per Meeting) RM
Board of Directors	Non-Executive Directors	Up to 4,000 per month	500
Audit and Risk Management Committee	Chairman	-	1,000
	Member		500
Nomination and Remuneration Committees	Chairman	-	1,000
	Member		500

3. Authority to Issue Shares

The proposed Ordinary Resolution 6 is a renewal of the previous year's mandate and if passed, will authorise the Directors of the Company to issue new shares up to an amount not exceeding in total 10% of the total number of issued shares of the Company (excluding treasury shares) at the time of issue, for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of notice of meeting, no shares have been issued pursuant to the general mandate granted at the last Annual General Meeting of the Company.

This mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring additional cost and time. This mandate is also meant for any possible fund raising exercises including but not limited to further placement of shares, for purpose of funding current and/or future investments, working capital and/or acquisitions.

4. Retention of Independent Director

The proposed Ordinary Resolution 7 is to seek shareholders' approval to retain Mr Leow Nan Chye as Independent Non-Executive Director of the Company. Mr Leow Nan Chye has served the Company as Independent Non-Executive Director for 14 years since 5 October 2005 and he has expressed his intention to seek re-appointment as Independent Non-Executive Director of the Company. If the Board continues to retain independent director after 12 years pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance, the Board should provide justification and seek annual shareholders' approval through a two-tier voting process. The Nomination Committee had assessed the independence of Mr Leow Nan Chye and recommended to the Board that he be retained as Independent Non-Executive Director of the Company based on his ability to maintain independent judgement and to express unbiased views without any influence. He is familiar with the Group's business operations and has devoted time and commitment and has exercised due care in discharging his duties and responsibilities as Independent Non-Executive Director. He has fulfilled the criteria under the definition of Independent Director as defined in the Listing Requirements of Bursa Malaysia Securities Berhad.

5. Renewal of Share Buy-Back Authority

The proposed Ordinary Resolution 8, if passed, will empower the Company to purchase up to 10% of the total number of issued shares of the Company. This authority unless revoked or varied by the Company in general meeting will expire at the next Annual General Meeting.

The details are set out in Appendix "A" of the Company's 2018 Annual Report.

6. Proposed Adoption of New Constitution of the Company ("Proposed Adoption")

The proposed Special Resolution 1 is undertaken to align the Constitution of the Company with the Companies Act, 2016 and the Main Market Listing Requirement of Bursa Malaysia Securities Berhad.

The details are set out in Appendix "B" of the Company's 2018 Annual Report.

Appendix A - Statement to Shareholders in Relation to Proposed Renewal of Share Buy-Back by the Company to Purchase Up to 10% of the Total Number of Issued Shares of the Company("Proposed Renewal of Share Buy-Back")

THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused this Statement prior to its issuance. 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 due to your reliance upon, the whole or any part of the contents of this Statement.

DEFINITIONS

For the purpose of this Statement, except where the context otherwise requires, the following terms and expressions shall have the following meanings :

Act	:	The Companies Act, 2016 as amended from time to time and any re-enactment thereof.
AGM	:	Annual General Meeting.
Board	:	Board of Directors of SMRT.
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W).
Code	:	Malaysian Code on Take-Overs and Mergers, 2010 as amended from time to time.
Directors	:	Directors of SMRT. For the purpose of this definition, "Directors" shall have the meaning given in Section 2 of the Act.
EPS	:	Earnings Per Share.
LPD	:	29 March 2019, being the latest practicable date prior to the printing of the Statement.
Listing Requirements	:	The ACE Market Listing Requirements of Bursa Securities, including any amendment thereto that may be made from time to time.
Market Day	:	A day on which the stock market of Bursa Securities is open for trading in securities.
NA	:	Net Assets.
Persons Connected	:	Shall have the same meaning given in Rule 1.01, Chapter 1 of the Listing Requirements.
Proposed Renewal of Share Buy-Back	:	Proposed renewal of share buy-back by the Company to purchase up to 10% of the total number of issued shares of the Company.
RM or Sen	:	Ringgit Malaysia and Sen respectively.
SMRT or Company	:	SMRT Holdings Berhad (659523-T).
SMRT Group or Group	:	SMRT and its subsidiaries.
Statement	:	This statement to the shareholders of the Company dated 30 April 2019.
Substantial Shareholder	:	A person who has an interest in one or more voting shares in the Company and the number or the aggregate number of those shares is not less than 5% of the total number of all the voting shares included in the Company.

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations, unless otherwise specified.

Any reference in this Statement to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day shall be a reference to Malaysian time, unless otherwise stated.

1. INTRODUCTION

At the AGM held on 31 May 2018, the shareholders of SMRT had granted their approval for SMRT to purchase up to 10% of the total number of issued shares of SMRT. In compliance with the Listing Requirements and the ordinary resolution passed by the shareholders on 31 May 2018, the authority granted to SMRT to purchase its own shares on Bursa Securities will expire at the conclusion of the Company's forthcoming AGM to be held on 28 June 2019 unless renewed by an ordinary resolution passed by the shareholders of the Company.

On 26 April 2019, the Board had announced that the Company is proposing to seek its shareholders' approval at the forthcoming AGM for the Proposed Renewal of Share Buy-Back.

This Statement serves to provide you with relevant information on the Proposed Renewal of Share Buy-Back and to seek your approval for the ordinary resolution on the Proposed Renewal of Share Buy-Back to be tabled at the forthcoming AGM.

SHAREHOLDERS ARE ADVISED TO READ THIS STATEMENT AND TO CONSIDER CAREFULLY THE RECOMMENDATION CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHARE BUY-BACK.

2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK

2.1 The Proposed Renewal of Share Buy-Back

The Board proposes to seek the approval of the shareholders for the renewal of the authority for the Company to purchase and/or hold from time to time and at any time up to 10% of the total number of issued shares of SMRT for the time being quoted on Bursa Securities through stockbrokers. If approved by shareholders at the forthcoming AGM, the authority conferred by the Proposed Renewal of Share Buy-Back will continue in force until the next AGM of the Company (whereupon it will lapse unless renewed at such meeting) or until it is varied or revoked by the Company in general meeting (if so varied or revoked prior to the next AGM).

2.2 The Maximum Number or Percentage of Shares to be Acquired

The maximum number of shares which may be purchased or acquired by the Company will be 10% of the total number of issued shares of the Company being quoted on Bursa Securities. As at LPD, the total number of issued shares of the Company is 406,815,675 shares (excluding treasury shares of 231,100) and the issued share capital of the Company stood at RM48,827,970.15.

2.3 Source of Funds

The maximum amount of funds to be allocated for the Proposed Renewal of Share Buy-Back shall be backed by an equivalent amount of retained profits of the Company. As per the latest Audited Financial Statements for the financial year ended 31 December 2018, the retained profits of the Company stood at RM 7,044,607. The Proposed Renewal of Share Buy-Back will be funded from internally generated funds and/or external borrowings.

The authority for the Proposed Renewal of Share Buy-Back will allow the Directors to exercise the power of the Company to purchase its own shares at any time within the abovementioned time period using the internal funds and/or external borrowings of the Company. The actual number of shares to be purchased will depend on the market conditions and sentiments of the stock market, the availability of the retained profits as well as the financial resources available to the Group. In the event the Company decides to use external borrowings, the Company will ensure that it has sufficient financial capability to repay such borrowings and that the external borrowings are not expected to have any adverse effects on the cash flow of the Group. In any event, the Board will ensure that the maximum funds to be used for the buy-back of its shares shall not exceed the retained profits of the Company.

2.4 Pricing

In accordance with the Listing Requirements, the Company may only purchase its own shares on Bursa Securities at a price which is not more than 15% above the weighted average market price for the shares for the past five (5) market days immediately preceding the date of purchase. The Company may only resell the treasury shares on Bursa Securities at :

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

(b). a discounted price of not more than 5% to the weighted average market price for 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 sold.

2.5 Treatment of Shares Purchased

In accordance with Section 127 of the Act, the Directors may deal with the shares purchased in the following manner:

- to cancel the shares so purchased;
- to retain the shares so purchased as treasury shares; or
- to retain part of the shares so purchased as treasury shares and cancel the remainder of the shares.

Where such shares are held as treasury shares, the Directors may:

- distribute the shares as dividends to shareholders;
- resell the shares in accordance with the relevant rules of Bursa Securities;
- transfer the shares for the purposes of or under an employees' share scheme;
- transfer the shares as purchase consideration;
- cancel the shares; or
- sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe.

Where the Directors intend to retain the shares purchased as treasury shares or cancel the shares so purchased or both, an appropriate announcement will be made to Bursa Securities as and when the Proposed Renewal of Share Buy-Back is exercised.

If the Board decides to retain the shares so purchased as treasury shares, it may distribute the treasury shares as dividends to the shareholders and/or resell the shares so purchased on Bursa Securities and utilise the proceeds for any feasible investment opportunity arising in the future, or as working capital. The treatment of the shares so purchased and treasury shares, whether treated as dividends, resold on Bursa Securities or cancelled by the Company, will be dependent on the availability of the retained profits of the Company. In the event that the Company ceases to hold all or any part of such shares as a result of the above actions, the Company may further purchase and/or hold such additional number of shares (in aggregate with shares then held by the Company) which shall not exceed 10% of the total number of issued shares of the Company for the time being quoted on Bursa Securities.

While the shares are held as treasury shares, the rights attached on them as to voting, dividends and participation in any other distribution and otherwise are suspended 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, takeovers, notices, requisitioning of meetings, quorum for meetings and the result of votes on resolutions.

3. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK

The Proposed Renewal of Share Buy-Back, if implemented, will enable SMRT Group to utilise any of its surplus financial resources which is not immediately required for other uses to purchase its own shares from the market. The Proposed Renewal of Share Buy-Back is expected to stabilise the supply and demand as well as the price of the Company's shares.

Other things being equal, the Proposed Renewal of Share Buy-Back regardless of whether the shares so purchased are maintained as treasury shares or cancelled, will strengthen the EPS of the Company which in turn is expected to have a positive impact on the market price of the Company.

The shares so purchased may be held as treasury shares and resold on Bursa Securities at a higher price with the intention of realising a potential gain without affecting the total number of issued shares of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

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

The potential advantages and disadvantages of the Proposed Renewal of Share Buy-Back, if exercised, to the Company and its shareholders are as follows :

Potential Advantages:

- Where the Directors resolve to cancel the shares so purchased, the Company expects to enhance the EPS of the Group as a result of the reduction in the total number of issued shares of the Company, thereby enabling long term and genuine investors to enjoy any potential corresponding increase in the value of their investments in the Company;

- As permitted under Section 127 of the Act, where the shares bought back are retained as treasury shares, the Directors would have an option to distribute these shares as dividends to reward shareholders; and

- The Company may be able to reduce any unwarranted volatility of its shares and assist to stabilize the supply, demand and price of its shares in the open market, thereby supporting the fundamental value of its shares.

Potential Disadvantages:

- The Proposed Renewal of Share Buy-Back, if implemented, will reduce the financial resources of the Group and may result in the Group foregoing better investment opportunities that may emerge in the future or, at least, deprive SMRT and the Group of interest income that can be derived from the funds utilised for the Proposed Renewal of Share Buy-Back;

- It may also result in a lower amount of cash reserves available for dividends to be declared to shareholders as funds are utilised to purchase shares;

- In the event that the Proposed Renewal of Share Buy-Back is funded by external borrowings, the Company's net cash flow may decline to the extent of the interest costs associated with such borrowings.

However, these disadvantages are mitigated by the prospect that the final resources of the Group may increase, if the shares purchased held as treasury shares are re-sold at prices higher than their purchase price.

The Board in exercising any decision on the Proposed Renewal of Share Buy-Back will be mindful of the interest of the Company and its shareholders.

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

On the assumption that the Proposed Renewal of Share Buy-Back is carried out in full, the effects of the Proposed Renewal of Share Buy-Back on the share capital, NA, working capital, earnings, dividends and gearing of the Company are set out below :

5.1 Share Capital

In the event that the maximum number of shares authorised under the Proposed Renewal of Share Buy-Back are purchased and subsequently cancelled, the effects of the Proposed Renewal of Share Buy-Back on the total number of issued shares of the Company will be as follows:

		After the Proposed Renewal of Share Buy-Back	
	As at LPD No. of Shares	Minimum Scenario No. of Shares	Maximum Scenario No. of Shares
Total number of issued shares	407,046,775	407,046,775	407,046,775
Assuming full exercise of ESOS	-	-	30,548,500
	-----------------	-----------------	-----------------
Enlarged total number of issued shares	407,046,775	407,046,775	437,595,275
Treasury shares	(231,100)	(231,100)	(231,100)
Maximum number of shares that may be purchased pursuant to the Proposed Renewal of Share Buy-Back	-	(40,473,577)	(43,528,427)
	-----------------	-----------------	-----------------
Total number of issued shares after cancellation of shares purchased under the Proposed Renewal of Share Buy-Back	406,815,675	366,342,098	393,835,748
	==========	==========	==========

However, if all the shares purchased are retained as treasury shares, the Proposed Renewal of Share Buy-Back would not have any effect on the total number of issued shares of the Company, although substantially all rights attached to the shares held as treasury shares would be suspended.

5.2 Net Assets

The effects of the Proposed Renewal of Share Buy-Back on the consolidated NA per share of SMRT would be dependent on the purchase price of the shares, the effective funding cost to SMRT Group to finance the purchase of the shares and/or any loss of interest income to the Company and whether the shares so purchased are cancelled, retained as treasury shares or resold on Bursa Securities.

In the event the shares so purchased are cancelled by the Company, the consolidated NA per share of SMRT would improve if the purchase price of the shares is below the NA per share of the Company, and vice versa.

If the treasury shares are resold in the open market, the consolidated NA per share of SMRT may increase if the Company realises a gain from the resale, and vice versa. If the treasury shares are distributed as share dividends, the NA of SMRT Group would be accordingly decreased by the cost of acquisition of the treasury shares.

5.3 Working Capital

The Proposed Renewal of Share Buy-Back will reduce the working capital of SMRT Group, the quantum of which would depend on, amongst others, the number of shares eventually purchased and the purchase price of the shares. The cash flow of SMRT Group will be reduced relatively to the number of shares eventually purchased and the purchase price of the shares.

For shares so purchased which are kept as treasury shares, upon its resale, the working capital and cash flow of the Company will increase. The quantum of the increase in the working capital and cash flow will depend on the actual selling price of the treasury shares and the number of treasury shares resold.

5.4 Earnings

The effects of the Proposed Renewal of Share Buy-Back on the EPS of SMRT Group are dependent on the purchase prices of the shares and the effective funding cost, if any, or any loss in interest income to the Group. If the shares so purchased by the Company are cancelled, the net EPS of SMRT may increase as a result of the reduction in the total number of issued shares of the Company.

In the event that the treasury shares are resold on the open market, the EPS of SMRT Group may also increase if the Company realises a gain from the resale, and vice-versa. Assuming that the shares purchased are being retained as treasury shares and subsequently resold, the effects on the earnings of the Group will depend on the actual selling price, the number of treasury shares resold and the effective gain or loss arising from the resale.

5.5 Dividends

The Proposed Renewal of Share Buy-Back is not expected to have any impact on the policy of the Board in recommending dividends, if any, to the shareholders of SMRT. However, the Board may distribute future dividends in the form of shares which have been bought back and retained as treasury shares.

5.6 Gearing

The effect of the Proposed Renewal of Share Buy-Back on the gearing of the Company would depend on the proportion of borrowings utilised to fund any purchase of shares, if any. Any borrowing utilised to purchase the shares may increase the gearing of the Company.

6. PUBLIC SHAREHOLDING SPREAD

As at LPD, the public shareholding spread of SMRT was 50.35%. The public shareholding spread is expected to be reduced to 48.71% assuming the Proposed Renewal of Share Buy-Back is implemented in full and all the shares so purchased are cancelled. However, the Board will ensure that prior to any share buy-back exercise, the public shareholding spread of at least 25% is maintained.

7. HISTORICAL SHARE PRICES

The details of the highest and lowest prices at which the relevant shares were traded on Bursa Securities for the preceding twelve (12) months are as follows:

	High (RM)	Low (RM)
2018		
April	0.175	0.145
May	0.185	0.135
June	0.160	0.140
July	0.165	0.145
August	0.180	0.150
September	0.155	0.130
October	0.150	0.125
November	0.140	0.125
December	0.125	0.095
2019		
January	0.125	0.105
February	0.120	0.115
March	0.125	0.110

Last transacted market price of SMRT shares on 25 April 2019 being the day prior to the date of announcement of the Proposed Renewal of Share Buy-Back.	0.120
Last transacted market price of SMRT shares on 29 April 2019 being the latest practicable date prior to the printing of this Statement.	0.120

(Source : Bloomberg)

8. IMPLICATIONS RELATING TO THE CODE

As at LPD, none of the Directors and/or Substantial Shareholders has more than 33% of the voting shares of the Company.

Pursuant to the Code, if a person and/or any person acting in concert,
(i). has obtained control of a company as a result of acquiring shares i.e. the stake in the company is increased beyond 33%; or
(ii). holding more than 33% but less than 50% of the voting shares of a company, who as a result of a purchase by the company of its own voting shares, increases the person's and any person acting in concert's shareholding in any period of 6 months by more than 2% of the voting shares of the company,

there is an obligation to extend a mandatory general offer to acquire the remaining shares not already held by that person and person acting in concert.

In addition, according to the Code, if any person or person acting in concert, as a result of a reduction of the voting shares of a company through a buy-back scheme under the Act, has increased his holding of voting shares by more than 2% in any six (6) months period, he may apply to the Securities Commission for an exemption from the mandatory general offer obligation if the increase in his holding is inadvertent and as a result of any action that is outside his direct participation. However, such exemption will not be granted by the Securities Commission if the holder of voting shares has previously acquired voting shares in the knowledge that the company intended to seek permission from its shareholders to purchase its own voting shares.

The Board does not intend to undertake the Proposed Renewal of Share Buy-Back such that it will trigger any obligation to undertake a mandatory general offer pursuant to the Code. However, in the event an obligation to undertake a mandatory general offer is expected to arise from the Proposed Renewal of Share Buy-Back, the affected Substantial Shareholder and/or person acting in concert with him may make necessary application to the Securities Commission for an exemption from undertaking the mandatory general offer pursuant to the Code prior to any buy-back of the shares.

The Board is aware of the implications of the Code and other prevailing laws and will be mindful of such implications when making any purchase of SMRT shares pursuant to the Proposed Renewal of Share Buy-Back.

9. PREVIOUS PURCHASES, RESALE AND CANCELLATION OF TREASURY SHARES

During the financial year ended 31 December 2018, the Company purchased a total of 10,000 shares from the open market at an average price of RM0.1725 per share for a total consideration of RM1,725.00.

During the financial year ended 31 December 2018, all the shares purchased were retained as treasury shares and none of the purchased treasury shares were cancelled or transferred.

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED

Save for the proportionate increase in the percentage shareholding and/or voting rights of the shareholders of the Company as a consequence of the implementation of the Proposed Renewal of Share Buy-Back, none of the Directors, major shareholders and/or persons connected to them has any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back or the resale of treasury shares, if any, in the future.

The following illustrates the proforma effects on the shareholdings of the Directors, major shareholders and/or persons connected to them (who had direct and/or indirect interests in shares) as at LPD, assuming that the Company implements the Proposed Renewal of Share Buy-Back in full and that the shares purchased are from public shareholders :

Appendix A - Proposed Renewal of Share Buy-Back

(Continued)

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED

	As at LPD				After the Proposed Share Buy-Back							
					Minimum Scenario				Maximum Scenario			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No of Shares	%	No of Shares	%	No of Shares	%	No of Shares	%	No of Shares	%	No of Shares	%
DIRECTORS												
Tan Sri Dato' Dr Palaniappan A/L Ramanathan Chettiar	59,368,515	14.59	71,419,272[1]	17.561	59,368,515	16.21	71,419,272[1]	19.501	59,368,515	15.07	71,419,272[1]	16.551
Malayandi @ Kalaiarasu	49,999	0.01	-	-	49,999	0.01	-	-	49,999	0.01	-	-
Leow Nan Chye	-	-	-	-	-	-	-	-	-	-	-	-
Dato' (Dr) Asariah Binti Mior Shaharuddin	-	-	-	-	-	-	-	-	-	-	-	-
Soh Eng Hooi	-	-	-	-	-	-	-	-	-	-	-	-
SUBSTANTIAL SHAREHOLDERS												
Tan Sri Dato' Dr Palaniappan A/L Ramanathan Chettiar	59,368,515	14.59	71,419,272[1]	17.561	59,368,515	16.21	71,419,272[1]	19.501	59,368,515	15.07	71,419,272[1]	16.551
Puan Sri Datin Kamatchi @ Valliammai A/P Malayandi	130,000	0.03	130,657,787[2]	32.122	130,000	0.04	130,657,787[2]	35.672	130,000	0.03	130,657,787[2]	33.182
Special Flagship Holdings Sdn Bhd	71,289,272	17.52	-	-	71,289,272	19.46	-	-	71,289,272	18.10	-	-
Dayatahan Sdn Bhd	57,300,715	14.09	7,138,800[3]	1.753	57,300,715	15.64	7,138,800[3]	1.953	57,300,715	14.55	7,138,800[3]	1.813
Dato' Aziz Bin Sheikh Fadzir	13,833,900	3.40	64,439,515[4]	15.844	13,833,900	3.78	64,439,515[4]	17.594	13,833,900	3.51	64,439,515[4]	16.364

Notes :

1. Deemed interested by virtue of his shareholdings in Special Flagship Holdings Sdn Bhd and the shareholdings of his wife, Puan Sri Datin Kamatchi @ Valliammai A/P Malayandi pursuant to Section 8 and 197 of the Act.
2. Deemed interested by virtue of her shareholdings in Special Flagship Holdings Sdn Bhd and the shareholdings of her husband, Tan Sri Dato' Dr Palaniappan A/L Ramanathan Chettiar pursuant to Section 8 and 197 of the Act.
3. Deemed interested by virtue of its shareholdings in Goldleaf Pavilion Sdn Bhd pursuant to Section 8 of the Act.
4. Deemed interested by virtue of his shareholdings in Dayatahan Sdn Bhd and Goldleaf Pavilion Sdn Bhd pursuant to Section 8 of the Act.

11. APPROVALS REQUIRED

The Proposed Renewal of Share Buy-Back is conditional upon approval from the shareholders of the Company at the forthcoming AGM.

12. DIRECTORS' RECOMMENDATION

The Board is of the opinion that the Proposed Renewal of Share Buy-Back is in the best interest of the Company and its shareholders.

As such, the Directors recommend that you vote in favour of the ordinary resolution for the Proposed Renewal of Share Buy-Back to be tabled at the forthcoming AGM.

13. ANNNUAL GENERAL MEETING

The ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back is set out as Special Business in the Notice of the forthcoming AGM in the Company's 2018 Annual Report.

The forthcoming AGM will be held at Lecture Hall 3, Level 4, Academic Block, CUCMS Campus, Persiaran Bestari, Cyber 11, 63000 Cyberjaya, Selangor Darul Ehsan on Friday, 28 June 2019 at 10.00 a.m. or any adjournment thereof, for the purpose of considering and if thought fit, passing, amongst others, the ordinary resolution to give effect to the Proposed Renewal of Share Buy-Back.

If you are unable to attend and vote in person at the forthcoming AGM, you may complete, sign and return the Form of Proxy enclosed in the Company's 2018 Annual Report in accordance with the instructions contained therein as soon as possible and in any event, so as to arrive at the Company's registered office at Level 8, Tower Block, CUCMS Campus, Persiaran Bestari, Cyber 11, 63000 Cyberjaya, Selangor Darul Ehsan not less than forty eight (48) hours before the time fixed for the AGM or any adjournment thereof.

The lodging of the Form of Proxy will not preclude you from attending and voting in person at the forthcoming AGM should you subsequently wish to do so.

14. FURTHER INFORMATION

(a). Directors' Responsibility Statement

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

(b). Documents Available For Inspection

Copies of the following are available for inspection at the registered office of the Company at Level 8, Tower Block, CUCMS Campus, Persiaran Bestari, Cyber 11, 63000 Cyberjaya, Selangor Darul Ehsan during business hours from Mondays to Fridays (except public holidays) from the date of this Statement to and including the date of the forthcoming AGM :

(b) Documents Available For Inspection

(a). The Constitution of SMRT; and
(b). The Audited Consolidated Financial Statements of SMRT for the past two (2) financial years ended 31 December 2017 and 31 December 2018.

This Statement is dated 30 April 2019.

SMRT HOLDINGS BERHAD
(Company No. 659523-T)
(Incorporated in Malaysia)

APPENDIX "B"

PROPOSED NEW CONSTITUTION

OF

SMRT HOLDINGS BERHAD

THE COMPANIES ACT 2016
MALAYSIA

****

COMPANY LIMITED BY SHARES

****

CONSTITUTION

SMRT HOLDINGS BERHAD
(COMPANY NO. 659523-T)

Incorporated in Malaysia on the 14 day of July 2004

Company No. 659523-T

THE COMPANIES ACT 2016
MALAYSIA

PUBLIC COMPANY LIMITED BY SHARES

CONSTITUTION

OF

SMRT HOLDINGS BERHAD

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1. The name of the Company is **SMRT HOLDINGS BERHAD**.

2. The registered office of the Company will be situated in Malaysia.

3. Objects and Power of the Company:

3.1 To acquire and hold for investment shares, stocks, debentures, debenture stocks, bonds, obligations and securities issued or guaranteed by any company or private undertaking or any syndicate of persons constituted or carrying on business in Malaysia or elsewhere, or by any government, sovereign ruler, commissioners, public body or authority, supreme, municipal, local or otherwise, whether at home or abroad, to issue debentures, debenture stocks, bonds, obligations, and securities of all kinds, and to frame, constitute and secure the same as may seem expedient, with full power to make the same transferable by delivery or by instrument of transfer or otherwise and to charge or secure the same by trust deed or otherwise, on the undertaking of the Company or upon any specified property and rights, present and future of the Company or otherwise howsoever.

3.2 To carry on the business of a holding or management company and to carry on business as software house to provide E-Business software application development, customization, designing, programming, research and development of E-Business related application packages, E-Business solutions provider i.e. B to B and B to C solutions provider, intranet and extranet infrastructure consultancy, total system solutions provider and to provide system integration services, web page designing, database developers, multimedia application specialists and consultants.

3.3 To carry on business as Professional E-Business consultancy and services, hardware system integration services specialist, to provide networking project consultancy including networking equipment, cabling, software and hardware. To provide training and to act as institution of computers education center and all kinds of related services thereto. To carry on business as dealers, distributors, suppliers, representatives, franchisor, commission agents, retailers, run on importers and exporters, marketing and sales of Information Technology products, computer parts, software and hardware and services of all kinds, technical support and applications, electronic systems, portal, information technology infrastructure implementer, licensing of software, acting as sole distributor and licensee of software packages.

3.4 Section 21 of the Companies Act 2016 (“the Act”) shall apply.

4. The liability of the members is limited.

Company No. 659523-T

5. The share capital of the Company is the issued share capital. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential deferred qualified or other special rights, privileges, conditions or restrictions as to dividend, capital, voting or otherwise.

6. Definitions and interpretation

6.1 In this Constitution, unless the subject matter or context dictates otherwise, the following words and phrases shall have the meaning assigned to them herein:

WORDS	MEANINGS
"Act"	The Companies Act 2016 or any statutory modification, amendment or re-enactment thereof and any and every other legislation for the time being in force made thereunder and any written law for the time being in force concerning companies and affecting the Company for the time being in force.
"Authorised Nominee"	An authorised nominee defined under the Central Depositories Act.
"Auditors"	The auditors of the Company for the time being.
"Board"	The Board of Directors of the Company for the time being.
"Central Depositories Act"	The Securities Industry (Central Depositories) Act 1991 or any statutory modification, amendment or re-enactment thereof for the time being in force.
"Chairman"	The Chairman of the Board for the time being.
"Company"	SMRT Holdings Berhad (Company No. 659523-T)
"Depository"	Bursa Malaysia Depository Sdn. Bhd. (Company No. 165570-W).
"Depositor"	A holder of a Securities Account.
"Deposited Security"	A Security standing to the credit of a Securities Account and includes a Security in a Securities Account that is in suspense.
"Directors"	The directors of the Company for the time being.
"Dividend"	Dividend and/or bonus.
"Electronic Form"	Document or information set or supplied in electronic form are those sent by "electronic communication" or by any other means while in an electronic form (for example sending an electronic copy (CD-ROM) by post) whereby a recipient of such document or information would be able to retain a copy.

Company No. 659523-T

"Exchange"	Bursa Malaysia Securities Berhad (Company No. 635998-W) and any other share, stock, or securities exchange upon which the shares of the Company may be listed.
"Exempt Authorised Nominee"	An authorised nominee defined under the Central Depositories Act which is exempted from compliance with provisions of subsection 25A(1) of the Central Depositories Act.
"Foreign Ownership Regulations"	The Security Industry (Central Depositories) (Foreign Ownership) Regulations 1996 or any statutory modification, amendment or re-enactment thereof for the time being in force.
"Listed"	Admitted to the Official List and "listing" shall be construed accordingly.
"Listing Requirements"	Unless the context otherwise requires, means the ACE Market Listing Requirements of the Exchange including any relevant practice and/or guidance notes, directives, guidelines issued pursuant thereto and any amendment, supplemental, modification to the same that may be made from time to time.
"Managing Director"	The managing director of the Company for the time being.
"Market Day"	Any day on which the stock market of the Exchange is open from trading in securities.
"Member"	Any person for the time being holding shares in the Company and whose name appears in the Register of Members (with the exception of the Depository or its nominee company in whose name the Deposited Security is registered) and shall include any depositor whose name appears in the Record of Depositors.
"Month"	Calendar Month.
"Office"	The registered office of the Company for the time being.
"Record of Depositors"	A record provided by the Depository to the Company or its registrar or its issuing house pursuant to an application under Chapter 24 of the Rules of the Depository.
"Ringgit" and "RM"	The lawful currency of Malaysia.
"Rules/Rules of the Depository "	Rules of the Depository and any appendices thereto as they may be amended or modified from time to time.
"Seal"	The common seal of the Company.

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"Secretary"	Any person (or persons jointly) appointed to perform the duties of the Secretary of the Company for the time being and shall include an assistant or deputy secretary.
"Securities Account"	An account established by the Depository for a Depositor for all recordings of deposits and for dealings in such securities by the Depositor as permitted under the Central Depositories Act or the Rules.
"Security/Securities"	Shall have the meaning given in Section 2 of the Capital Markets and Services Act 2007 ("CMSA").
"Share Registrar"	Any person appointed to perform the duties of the Registrar of the Company for the time being.
"Statutes"	The Act, the Central Depositories Act and every other Ordinance and Act for the time being in force concerning companies and affecting the Company.
"Year"	Calendar Year.

The expressions "debenture" and "debenture-holder" shall include "debenture-stock" and "debenture-stockholder", and the expression "Secretary" shall include any person appointed by the Directors to perform any other duties of the Company.

Interpretation

6.2 In this Constitution, unless there is something in the subject or context inconsistent with such construction or unless it is otherwise expressly provided:

6.2.1 Reference to "Writing" shall, unless the contrary intention appears, be construed as including references to printing, typewriting, photography and lithography or wholly expressed in any other mode or modes representing or reproducing words in a visible form, or partly one and partly another;

6.2.2 Words denoting the singular number only shall include the plural number and vice versa and words importing the masculine gender only shall include the feminine gender and neuter genders and the words importing person shall include corporations and companies;

6.2.3 Any reference to a statutory provision includes any modification, consolidation or re-enactment thereof for the time being in force, and all statutory instruments or orders made pursuant thereto; and

6.2.4 Subject as aforesaid words or expressions contained in this Constitution shall be interpreted in accordance with the provisions of the Interpretation Act, 1948 and 1967, as amended from time to time and any re-enactment thereof.

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SHARES

7. Authority of Directors to allot shares

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, and subject to the provisions of this Constitution and the Act and the Central Depositories Act and to the provisions of any resolution of the Company, shares in the Company may be issued by the Directors, who may allot or otherwise dispose of such shares to such persons on such terms and conditions with such (whether in regard to dividend, voting or return of capital) preferred, deferred or other special rights and either at a premium or otherwise, and subject to such restrictions and at such time or times as the Directors may think fit but the Directors in making any issue of shares shall comply with the following conditions:-

7.1 no issue of shares shall be made which will have the effect of transferring a controlling interest in the Company to any person, company or syndicate without the prior approval of the Members in general meeting;

7.2 in the case of shares, other than ordinary shares, no special rights shall be attached until the same have been expressed in this Constitution or in the resolution creating the same;

7.3 every issue of shares or options to employees and/or Directors shall be approved by the Members in general meeting and:

(a) Such approval shall specifically detail the amount of shares or options to be issued to such employees and/or Directors; and

(b) A Director not holding office in an executive capacity may so participate in an issue of shares pursuant to a share option scheme;

7.4 in the case of shares offered to the public for subscription the amount payable on application on each share shall not be less than five per centum (5%) of the issued price;

7.5 the Company must ensure that all new issue of shares for which listing is sought shall be made by way of crediting the Securities Accounts of the allottees or entitled persons in the Depository with such securities save and except where the Company is specifically exempted from doing so. The Company shall notify the Depository of the names of the allottees or the entitled persons together with all such particulars as may be required by the Depository to enable it to make the appropriate entries in the Securities Accounts of such allottees or entitled persons.

7.6 the Company must allot and issue Securities, despatch notices of allotment to the allottees and make an application for the quotation of such securities within such periods as may be prescribed by the Exchange.

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8. Issuance of Preference Shares

Subject to the Act, any preference shares may be issued on the terms that they are, or at the option of the Company are or will be liable, to be redeemed provided that:-

8.1 Preference shareholders shall have the same rights as ordinary shareholders as regards the receiving of notices, reports and financial statements and the attending of general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the whole of the Company's property, business or undertaking or where the proposition to be submitted to the meeting directly affects their rights and privileges or when the dividend or part of the dividend on the preference shares is in arrears for more than six (6) months or during the winding up of the Company. On a resolution to be decided on a show of hands, a holder of preference shares who is personally present and entitled to vote shall be entitled to one (1) vote.

8.2 The holder of a preference shares shall be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up; and

8.3 The Company shall not, without the consent of the existing preference shareholders at a class meeting or pursuant to Clause 19 hereof, issue further preference capital ranking in priority above preference shares already issued but may issue preference shares ranking equally therewith.

9. No financial assistance

The Company shall not give whether directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the Company or in its holding company nor shall the Company make a loan for any purpose whatsoever on the security of its shares or those of its holding company, but nothing in this Constitution shall prohibit transactions mentioned in Section 127 of the Act or the circumstances set out in Section 127 of the Act.

10. Purchase of own shares

Subject to the provisions of the Act and the Listing Requirements and the approval of the Members and any other relevant authority the Company shall have the power to purchase its own shares and to deal with the shares so purchased in the manner provided by the Act, the Listing Requirements and any other relevant authority.

11. Powers of paying commission and brokerage

The Company may exercise the powers of paying commissions conferred by Section 80 of the Act to any persons in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, or procuring or agreeing to procure, whether absolutely or conditionally, for any shares of the Company, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act, and the rate of the commission shall not exceed the rate of ten per cent (10%) of the price at which the shares in respect whereof the same is paid are issued or an amount equal to ten per cent (10%) of such price (as the case may be). Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.

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12. Interest on share capital during construction

Where any shares are issued for the purpose of raising money to defray the expense of the construction of any works or buildings, or the provision of any plant which cannot be made profitable for a long period, the Company may pay interest on so much of such share capital as is for the time being paid up for the period and subject to the conditions and restrictions mentioned in Section 130 of the Act and may charge the same to capital as part of the cost of construction of the works or buildings or the provision of the plant.

13. Compliance with requirements

The Company shall duly observe and comply with the provisions of the Act and the Listing Requirements from time to time prescribed by the Exchange applicable to any allotment of its shares.

14. Trust not to be recognised

Except as required by this Constitution, the Act, any order of court, the Central Depositories Act, the Rules or otherwise required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or unit of share or any other rights in respect of any share, except an absolute right to the entirety thereof in the registered holder.

15. Issue of Securities

Subject to the Listing Requirements, the Act, the Central Depositories Act and/or the Rules and notwithstanding the existence of a resolution pursuant to Sections 75 and 76 of the Act, the Company must not issue any shares or convertible securities if the total number of those shares or convertible securities, when aggregated with the total number of any such shares or convertible securities issued during the preceding twelve (12) months, exceeds 10% of the total number of issued shares (excluding treasury shares) of the Company except where the shares or convertible securities are issued with the prior approval of shareholders in a general meeting of the precise terms and conditions of the issue.

16. Exercise of rights of Members

No person shall exercise any rights of a Member until his name shall have been entered in the Records of Depositors and he shall have paid all calls and other moneys for the time being due and payable on any share held by him.

17. Instalments

If, by the conditions of allotment of any share, the whole or part of the amount or issue price thereof shall be payable on fixed dates every such amount shall, when due, be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the share, or his legal personal representatives.

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CERTIFICATES

18. 18.1 **Issue of share certificates**

Subject to the provisions of the Act, the Central Depositories Act and the Rules, every share certificate of the Company shall be issued under the Seal and bear the facsimile signatures or the autographical signatures reproduced by mechanical, electronic and/or by any other means of one Director and the Secretary or a second Director or such persons as may be authorised by the Board and shall specify the number and class of shares to which it relates to and the amount paid thereon.

18.2 **Jumbo certificates**

The Depository or its nominee company shall be entitled to receive jumbo certificates in denominations requested by the Depository or its nominee company for shares that are deposited securities which shall be issued in accordance with the Central Depositories Act and the Rules. If the Depository or its nominee company shall require more than one jumbo certificate in respect of the shares that are deposited securities, it shall pay such fee as the Directors may from time to time determine and which the Company may be permitted to charge by law plus any stamp duty levied by the Government from time to time.

ALTERATION OF RIGHTS

19. Repayment of Preference Shares

Notwithstanding Clause 20 hereof, the repayment of preference shares other than redeemable preference shares, or any alteration of preference shareholders rights may only be made pursuant to a special resolution of the preference shareholders concerned provided always that where the necessary majority for such a special resolution is not obtained at the class meeting, consent in writing, if obtained from the holders of three-fourths (3/4) of the preference shares concerned within two (2) months of the class meeting, shall be as valid and effectual as a special resolution carried at the class meeting.

20. Alteration of class rights

Whenever the capital of the Company is divided into different classes of shares or groups the special rights attached to any class or group may subject to the provisions of this Constitution (unless otherwise provided by the terms of issue of the shares of the class), either with the consent in writing of the holders of three-quarters (3/4) of the issued shares of the class or group, or with the sanction of any Special Resolution passed at a separate general meeting of such holders (but not otherwise), be modified or abrogated, and may be so modified or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up, and such writing or resolution shall be binding upon all the holders of shares of the class. To every such separate general meeting all the provisions of this Constitution relating to general meetings or to the proceedings thereat shall, mutatis mutandis, apply, except that the necessary quorum shall be two persons at least holding or representing by proxy (but so that if an adjourned meeting of such holders a quorum as above defined is not present those Members who are present shall be a quorum), that any holder of shares in the class present in person or by proxy may demand a poll and that the holders of shares of the class or group shall, on a poll, have one (1) vote in respect of every share of the class or group held by them respectively. To every such special resolution, the provisions of Section 292 of the Act, shall, with such adaptations as are necessary, apply.

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21. Ranking of class rights

The rights conferred upon the holders of the shares of any class with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects pari-passu therewith.

CALLS ON SHARES

22. Calls on shares

The Directors may, subject to the provisions of this Constitution, from time to time make such calls upon the Members in respect of all moneys unpaid on their shares as they think fit and each Member shall be liable to pay the amount of every call so made upon him to the Company and at the times and places appointed by the Directors provided that no call shall exceed one-fourth of the issued price of the share or be payable at less than thirty (30) days from the date fixed for the payment of the last preceding call and provided that at least fourteen (14) days' notice is given to the Members of each call. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed and may be required to be paid by instalments. No shareholder shall be entitled to receive any dividend or to exercise any privilege as a Member, until he shall have paid all calls for the time being due and payable on every share held by him, together with interest and expenses (if any). A call may be revoked or postponed as the Directors may determine.

23. Instalments similar to call

If by the terms of the issue of any shares or otherwise any amount is made payable at any fixed time or by instalments at any fixed times such amount or instalments shall be payable on the date on which by the terms of issue the same becomes payable as if it were a call duly made by the Directors and of which due notice had been given; and all provisions hereof with respect to the payment of calls and interests thereon or to the forfeiture of shares for non-payment of calls shall apply.

24. When calls deemed made

A call shall be deemed to have been made at the time when the resolution of the Directors authorizing such call was passed.

25. Differentiation in time and payment of calls

The Directors may, on the issue of shares, differentiate between the holders of such shares as to the amount of calls to be paid and of the time of payment of such calls.

26. Non-payment of calls

Any sum which by the terms of allotment of a share is made payable upon allotment or at any fixed date, shall, for all purposes of this Constitution be deemed to be a call duly made and payable on the date fixed for payment, and in case of non-payment the provisions of this Constitution as to payment of interest and expenses, forfeiture and the like, and all other relevant provisions of this Constitution shall apply as if such sum were a call duly made and notified as hereby provided.

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27. Interest on unpaid call

If before or on the day appointed for payment thereof a call or instalment payable in respect of a share is not paid, the holder or allottee of the share shall pay interest from the day appointed for payment thereof to the time of actual payment, on the amount of the call at such rate not exceeding eight per cent (8%) per annum or at such other rate as the Directors shall determine but the Directors may waive payment of such interest wholly or in part.

28. Calls to be fully paid before receiving dividend

No shareholder shall be entitled to receive any dividend or to exercise any privileges as a Member until he shall have paid all calls for the time being due and payable on every share held by him together with interest and expenses (if any).

29. Advance of calls

The Directors may, if they think fit, receive from any Member willing to advance the same, all or any part of the moneys due upon his shares beyond the sums actually called up thereon, and upon the moneys so paid in advance or so much thereof as exceeds the amount for the time being called up on the shares in respect of which such advance has been made, the Directors may pay interest on such moneys advanced at a rate not exceeding (unless the Company in general meeting shall otherwise direct) eight per cent (8%) per annum, but no money so advanced shall confer a right to participate in profits. Except in liquidation, sums paid in advance of calls shall not, until the same would but for such advance have become payable, be treated as paid up on the shares in respect of which they have been paid.

FORFEITURE AND SURRENDER OF SHARES

30. Notice to pay calls

If any Member fails to pay the whole or any part of any call or instalment of a call on or by the day appointed for the payment thereof the Director may, at any time thereafter, during such time as the call or instalment or any part thereof remains unpaid, serve a notice on him or on the person entitled to the share by transmission requiring him to pay such call or instalment, or such part thereof as shall then be unpaid together with interest thereon not exceeding eight per cent (8%) per annum or at such other rate as the Directors shall determine which may have accrued and any expenses that may have been incurred by reason of such non-payment.

31. Length of Notice

The notice shall name a further day (not earlier than the expiration of fourteen (14) days from the date of service of the notice) on which such call or instalment or such part as aforesaid and all interest which have accrued and expenses that have been incurred by reason of such non-payment is to be paid. It shall also name the place where the payment is to be made and shall state that in the event of non-payment by the time and at the place appointed, the share in respect of which such call was made will be liable to be forfeited.

32. Failure to comply with notice

If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter before the payment required by the notice has been made be forfeited by a resolution of the Directors to that effect. A forfeiture of shares shall include all dividends in respect of the shares not actually paid before the forfeiture notwithstanding that they shall have been declared.

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33. Notice of forfeiture

When any share has been forfeited in accordance with this Constitution, notice of the forfeiture shall be given to the holder of the share or to the person entitled to the share by transmission as the case may be, within fourteen (14) days of the forfeiture and an entry of such notice having been given, and of the forfeiture with the date thereof shall forthwith be made in the Register opposite to the share but no forfeiture shall in any manner be invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

34. Annulment of forfeiture

Notwithstanding any such forfeiture as aforesaid the Directors may at any time before the forfeited share has been otherwise disposed of, annul the forfeiture upon the payment of all calls and interest accrued thereon and expenses incurred in respect of the share and upon such further terms (if any) as the Directors shall see fit to impose.

35. Sale of forfeited shares

Every share which has been forfeited shall thereupon become the property of the Company, and may either be cancelled or sold or re-allotted or otherwise disposed of, either to the person who was before forfeiture the holder thereof or to any other person upon such terms and in such manner as the Directors shall think fit. If any shares are forfeited and sold, any residue after the satisfaction of the unpaid calls and accrued interest and expenses, shall be paid to the person whose shares have been forfeited, or his executors, administrators or assignees or as he directs.

36. Liability to Company of person whose shares are forfeited

A Member whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares but shall, notwithstanding the forfeiture be liable to pay to the Company all calls made and not paid on such shares at the time of forfeiture together with interest thereon at the rate of eight percent (8%) per annum to the date of payment as well as all expenses incurred thereby but his liability shall cease if and when the Company receives payment in full of all such money in respect of the shares.

37. Consequence of forfeiture

The forfeiture of a share shall involve the extinction at the time of forfeiture of all interest in and claims and demands against the Company in respect of the share and all other rights and liabilities incidental to the share as between the Member whose share is forfeited and the Company except only such of those rights and liabilities as are by this Constitution expressly saved, or as are by the Act, the Central Depositories Act and the Rules, given or imposed in the case of past Members.

38. Evidence of forfeiture

A statutory declaration in writing that the declarant is a Director or the Secretary of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.

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39. Title of purchaser of forfeited share

The Company may receive the consideration, if any, given for a forfeited share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and he shall thereupon be registered as the holder of the share, and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

40. Application of forfeiture provisions

The provisions of this Constitution as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time as if the same had been payable by virtue of a call duly made and notified.

LIEN

41. Company's lien on shares and dividends

The Company's lien on shares and dividends from time to time declared in respect of such shares, shall be restricted to: -

(a) unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid;

(b) if the shares were acquired under an employee share option scheme, amounts which are owed to the Company for acquiring them; and

(c) to such amounts as the Company may be called upon by law to pay and has paid in respect of the shares of the Member or deceased Member.

In each case, the lien extends to reasonable interest and expenses incurred because the amount is not paid.

42. Power of sale

For the purpose of enforcing such lien, the Company may sell the shares subject thereto in such manner as the Directors think fit, but no such sale shall be made unless a sum in respect of which the lien exists is presently payable, nor until notice in writing of the intention to sell shall have been served on such Member, his executors or administrators or other persons recognised by the Company as the owner thereof, and default shall have been made by him or them in the payment of such debts, for fourteen (14) days after such notice.

43. Application of proceeds of sale

The net proceeds of any such sale after payment of costs of such sale shall be received by the Company and applied in payment of the amount in respect of which the lien exists as is presently payable and the residue (if any) shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale or his executors, administrators or assignees or as he directs. No Member shall be entitled to receive any dividend or to exercise any privileges as a Member until he has paid all calls for the time being due and payable on every share held by him together with interest and expenses (if any).

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TRANSFER OF SECURITIES

44. Transfer of securities

The transfer of any Listed Security or class of Listed Security in the Company shall be by way of book entry by the Depository in accordance with the Rules and notwithstanding Sections 105, 106 or 110 of the Act, subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the Listed Security.

45. Transferor's Right

The instrument of transfer of any share shall be executed by or on behalf of the transferor, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Record of Depositors in respect thereof.

46. Person under disability

No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

TRANSMISSION OF SHARES

47. Transmission of Shares

Where:-

(a) the securities of the Company are listed on another Exchange; and

(b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the rules of the Depository in respect of such securities,

the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the Share Registrar of the Company in the jurisdiction of the other Exchange, to the register of holders maintained by the Share Registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such securities.

48. Death of holder of shares

In the event of the death or bankruptcy of a Member any person becoming entitled as a result thereof may transfer or be registered as the owner of the shares held by that Member before his death or bankruptcy or otherwise deal with the said shares in the manner allowed by law and in accordance with the Rules. The person so entitled shall notify the Depository accordingly in writing of his election whether to have the shares of the deceased or bankrupt Member to be registered under his name or otherwise to be transferred to another person and shall comply with the Rules affecting the registration and transfer of the said shares, as the case may be.

CONVERSION OF SHARES INTO STOCK

49. Conversion of shares into stock and reconversion

The Company may by special resolution at a general meeting convert all or any of its paid up shares into stock and may from time to time, in like manner, reconvert any such stock into paid up shares of any denomination.

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50. Stock may be transferred

When any shares have been converted into stock, the several holders of such stock may transfer their respective interests therein, or any part of such interest, in such manner as the Company in general meeting shall direct, but in default of any such direction in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred, or as near thereto as circumstances will admit. But the Directors may, if they think fit, from time to time fix the minimum amount of stock transferable, and restrict or forbid the transfer of fractions of that minimum, provided that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

51. Participation in dividends and profits

The holders of stock shall according to the amount of the stock held by them have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters as if they held the shares, from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by any such aliquot part of stock which would not, if existing in shares, have conferred that privilege or advantage.

52. Provisions applicable to shares shall apply to stock

All such provisions of this Constitution as are applicable to paid-up shares shall apply to stock, and in all such provisions the words “share” and “shareholder” shall include “stock” and “stockholder”.

INCREASE OF CAPITAL

53. Increase of share capital

The Company may from time to time, whether all the shares for the time being issued shall have been fully paid up or not, by ordinary resolution passed at the general meeting increase its share capital, such new capital to be of such amount and to be divided into shares of such rights to or be subject to such conditions or restriction in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase directs, and if no direction to be given, as the Directors shall determine and in particular, but without prejudice to the rights attached to any preference shares that may have been issued, such new shares may be issued with a preferential or qualified right to dividends, and in the distribution of the assets of the Company and with a special or restricted or without any right of voting.

54. Issue of new shares to existing Members

Subject to any direction to the contrary that may be given by the Company in general meeting any shares or securities from time to time to be created shall before they are issued be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may in like manner dispose of any such new shares or securities as aforesaid which, by reason of the ratio borne by them to the number of shares or securities held by persons entitled to such offer of new shares or securities cannot, in the opinion of the Directors be conveniently offered in the manner herein provided.

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55. New capital to be considered as part of the current share capital of the Company

Except so far as otherwise provided by the conditions of issues, any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company, and shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transaction, forfeiture and otherwise as the original share capital and shall also be subject to the Rules.

ALTERATION OF CAPITAL

56. 56.1 The Company may by special resolution:-

(i) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived.; or

(ii) convert all or any of its paid-up shares into stock and may reconvert that stock into paid-up shares; or

(iii) subdivide its shares or any of the shares, whatever is in the subdivision, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived.

56.2 The Company may, subject to the provision of the Act, by special resolution reduce its share capital.

GENERAL MEETINGS

57. Annual General Meeting

The Company shall hold an annual general meeting in every calendar year in addition to any other meetings held during that period. The annual general meeting shall be held within six (6) Months from the Company's financial year end and not more than fifteen (15) Months after the last preceding annual general meeting.

58. Extraordinary General Meeting

All general meetings other than annual general meetings shall be called extraordinary general meetings.

59. Convening of General Meetings

All general meetings shall be held at such time, day and place as the Directors shall determine. Every notice of an annual general meeting shall specify the meeting as such and every meeting convened for passing a special resolution shall state the intention to propose such resolution as a special resolution. A general meeting may be held at more than one venue using any technology or method that enables the Members of the Company to participate and to exercise the Members' rights to speak and vote at the meeting.

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60. Convening of Extraordinary General Meeting

The Directors may whenever they think fit, convene an extraordinary general meeting, and extraordinary general meeting shall also be convened on such requisition as is referred to in Section 311 of the Act, or if the Company makes default in convening a meeting in compliance with a requisition received pursuant to Section 311 of the Act, a meeting may be convened by such requisitionists themselves in the manner provided in Section 313 of the Act. Any meeting convened by requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Directors.

61. Notice of meetings

The notice convening general meetings shall be given to all shareholders at least twenty-eight (28) days in the case of an annual general meeting and in any other case, at least fourteen (14) days. A meeting of Members where special resolution is to be proposed shall be called by notice of at least twenty-one (21) days. Subject to the provisions of the Act and agreement for shorter notice, notices shall be given to the Exchange and all Members entitled to receive notices of general meetings of the Company and shall be published in at least one (1) national Bahasa Malaysia or English daily newspaper circulating in Malaysia. For the purpose of calculating the notice period, the day on which the notice of meeting is given or served or deemed to be duly served shall not be counted.

62. General Meeting Record of Depositors

The Company shall request the Depository in accordance with the Rules, to issue a Record of Depositors to whom notices of general meetings shall be given by the Company. The Company shall request the Depository in accordance with the Rules, to issue a Record of Depositors as at the latest date which is reasonably practicable which shall in any event be not less than three (3) Market Days before the general meeting (hereinafter referred to as "the General Meeting Record of Depositors"). Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations, 1996 (where applicable) and notwithstanding any provision in the Act, a Depositor shall not be regarded as a Member entitled to attend any general meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors.

63. Business of Extraordinary General Meeting

Subject always to the provisions of the Act, no business shall be transacted at an extraordinary general meeting except business of which notice has been given in the notice convening the meeting.

64. Right to appoint proxy

In every notice calling a meeting of the Company, there shall appear with reasonable prominence a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy may, but need not, be a Member of the Company. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.

65. Omission to give notice

The accidental omission to give notice of any meeting to or the non-receipt of the notice of a meeting by, any person entitled to receive notice shall not invalidate any resolution passed or proceedings held at any such meeting.

66. Call of meetings by shorter notice

A meeting shall, notwithstanding that it is called by notice shorter than is required by Clause 61, be deemed to be duly called if it is so agreed, in the case of a meeting called as the annual general meeting, by all the Members entitled to attend and vote thereat or in the case of an extraordinary general meeting, by a majority in number of the Members having a right to attend and vote thereat, being a majority which together holds not less than ninety-five per cent (95%) of the shares giving a right to attend and vote.

67. Resolution requiring special notice

Where by the Act special notice is required of a resolution, the resolution shall not be effective unless notice of the intention to move it has been given to the Company not less than twenty-eight (28) days before the meeting at which it is moved, and the Company shall give its Members notice of any such resolution at the same time and in the same manner as it gives notice of the meeting or, if that is not practicable, shall give them notice thereof, in any manner allowed by this Constitution not less than fourteen (14) days before the meeting, but if after notice of the Mention to move such a resolution has been given to the Company, a meeting is called for a date twenty-eight (28) days or less after the notice has been given, the notice, although not given to the Company within the time required by this Constitution shall be deemed to be properly given.

68. Circulation of Statements

Subject to Section 323 of the Act, Members of a public company may require the Company to circulate statements to Members of the Company entitled to receive notice of Company meeting of Members.

PROCEEDINGS AT GENERAL MEETING

69. Special Business

All business that is transacted at any extraordinary general meeting and also all business that is transacted at an annual general meeting shall be deemed special, with the exception of declaring a dividend, the receipts and consideration of the audited financial statements and audited group financial statements (if any) of the Company and the reports of the Directors and Auditors and other documents required to be annexed to the financial statements, the fixing of Directors' fees and benefits payable, the election of Directors in the place of those retiring, and the appointment of, and the fixing of the remuneration of the Auditors.

70. Quorum

No business shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds, to business. For all purposes two (2) Members present in person or by proxy, or, in the case of corporations which are Members, present by their representatives appointed pursuant to the provision of this Constitution and entitled to vote shall be a quorum.

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71. Proceedings of quorum not present

If within half an hour after the time appointed for the meeting a quorum is not present, the meeting, if convened by or upon the requisition of Members, shall be dissolved. If otherwise convened, it shall stand adjourned to the same day in the next week (or if that day be a public holiday, then to the next business day following such public holiday), at the same time and place or to such other day and at such other time and place as the Directors may determine, but if a quorum is not present within fifteen (15) minutes from the time appointed for holding the adjourned meeting, the Member(s) present shall be a quorum and may transact the business for which the meeting was called but no notice of any such adjournment as aforesaid shall be required to be given to the Members.

72. Chairman of general meeting

The Chairman of the Board, shall preside as Chairman at every general meeting, but if no such Chairman is present within fifteen (15) minutes after the time appointed for holding the meeting, or shall decline to take or shall retire from the chair, the Directors present shall choose one of their number to act as Chairman of such meeting, and if there be no Director chosen who shall be willing to act, the Members present in person or by proxy and entitled to vote shall choose one of their own number to act as Chairman at such meeting.

73. Chairman may adjourn meeting and notice of adjournment to be given

The Chairman may, with the consent of any meeting at which a quorum is present and if so directed by the meeting shall, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

74. Resolution in writing

A resolution in writing signed or approved by letter, telegram, telex, telefax or electronic means by all the Members of the Company or their agents authorised in writing shall (except where a meeting is prescribed by the Act) be as valid and effectual as if it had been passed at a meeting of the Members duly convened and held, and such resolution may consist of several documents in like form each signed by or on behalf of one or more Members. In the case of a corporate body which is a Member of the Company such resolution may be signed on its behalf by its authorised representative duly authorised by such corporate body by resolution of its directors or other governing body or by Power of Attorney to sign resolution on its behalf.

75. Voting on resolution

75.1 Subject to any express requirement of the Listing Requirements, at any general meeting a resolution put to the vote of the meeting shall be determined by a show of hands of the members present in person or by proxy, unless a poll is demanded (before or upon the declaration of the result of a show of hands):-

(a) by the Chairman of the meeting;

(b) by at least five (5) Members having the right to vote at the meeting in person or by proxy;

(c) by any Member or Members present in person or by proxy representing not less than one-tenth (1/10) of the total voting rights of all the Members having the right to vote at the meeting; or

(d) by a Member or Members present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth (1/10) of the total sum paid up on all the shares conferring that right.

Provided that no poll shall be demanded on the election of a chairman of a meeting or on any question of adjournment.

75.2 Unless a poll is duly demanded in accordance with the foregoing provisions, a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority or lost, and an entry to that effect in the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number, proportion or validity of the votes, recorded in favour of or against such resolution.

76. Proxies' right to demand a poll

The instrument appointing a proxy to vote at a meeting shall be deemed to confer authority to demand, or join in demanding a poll, and, for the purposes of Clause 75, a demand by a person as proxy for a member shall be the same as a demand by the member.

77. Counting of votes

If any votes shall have been counted which ought not to have been counted, or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same meeting or at any adjournment thereof and unless in the opinion of the Chairman at the meeting or any adjournment thereof as the case may be, it shall be of sufficient importance to vitiate the result of the voting.

78. Taking of poll

If a poll is duly demanded it shall be taken in such manner as the Chairman may direct (including the use of a ballot or voting papers or tickets or electronically using various forms of electronic voting devices) and the result of the poll shall be the resolution of the meeting at which the poll was demanded. The Chairman shall appoint scrutineers to verify the votes which shall be counted by the poll administrators for the purposes of a poll, and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the results of the poll.

79. Time of the taking of poll

Subject to Clause 75 a poll demanded on any question shall be taken either at once or at such time and place as the Chairman directs not being more than thirty (30) days from the date of the meeting or adjourned meeting at which the poll was demanded. No notice need to be given of a poll not taken immediately.

80. Continuance of meeting of other business

The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

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81. Withdrawal of poll

The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the Chairman and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.

VOTES FOR MEMBERS

82. Chairman's casting vote

In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting shall be entitled to casting vote in addition to any other vote he may have.

83. 83.1 **Members' vote**

Subject to Clause 62 above and any rights or restrictions for the time being attached to any class or classes of shares, at meetings of Members or classes of Members, each Member shall be entitled to be present and to vote at any general meeting of the Company either personally or by proxy or by attorney and to be reckoned in a quorum in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid.

83.2 **Number of votes**

Subject to any special rights or restrictions as to voting attached to any class or classes of shares by or in accordance with these Constitution, on a show of hands a holder of ordinary shares or preference shares who presents as a Member or a Member's representative or proxy or attorney and entitled to vote shall be entitled to one (1) vote on any question at any general meeting and in the case of a poll every member present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for every share held by him. A person entitled to more than one (1) vote need not use all his votes or cast all the votes he uses on a poll in the same way.

83.3 **Shares of different denominations**

Where the capital of the Company consists of shares of different monetary denominations, voting rights shall be prescribed in such manner that a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such right's exercisable.

84. Votes of corporation

Any corporation which is a Member of the Company may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative either at a particular meeting of the Company, or at all meetings of the Company or of any class of Members and the person so authorised shall, in accordance with his authority and until his authority is revoked by the corporation, be entitled to exercise the same powers subject to Section 333 of the Act on behalf of the corporation which he represents as that corporation could exercise if it were an individual Member of the Company.

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85. 85.1 **Vote of Members of unsound mind**

Any Member being of unsound mind or whose person or estate is liable to be dealt with in any way under the law relating to mental disorder "may vote, whether on a show of hands or on a poll, by his committee, receiver or other legal guardian or such other person who has been properly appointed to manage his estate. Any one of such committee or other person may vote either by proxy or by attorney provided such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the Office not less than forty-eight (48) hours before the time appointed for holding the meeting.

85.2 **Vote of legal personal representatives of Members**

The legal personal representative of a deceased Member or the person entitled under Clause 48 to any share in consequence of the death or bankruptcy of any Member may vote at any general meeting in respect thereof in the same manner as if he was the registered holder of such shares provided that forty-eight (48) hours at least before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote he shall satisfy the Directors of his right to any share in consequence of the death or bankruptcy of any Member unless the Directors shall have previously admitted his right to vote in respect thereof.

86. Members in default

No Member shall be entitled to be present or to vote at any general meeting or to exercise any privilege as a Member nor be counted as one of the quorum unless all calls or other sums immediately payable by him in respect of shares in the Company have been paid.

87. Time for objection of any voter's qualification

No objection shall be raised in respect of the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision shall be final and conclusive.

88. Instrument of proxy

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. The Directors may, but shall not be bound to require evidence of the authority of any such attorney or officer. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand a poll on behalf of the appointor.

89. Appointment of multiple proxies

A Member, including an Authorised Nominee and an Exempt Authorised Nominee which holds securities in the Company for an Omnibus Account, may appoint one or more proxies to attend on the same occasion. Where a Member appoints two or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall not be valid unless he specifies the proportions of his holdings to be represented by each proxy.

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90. Appointment and deposit of proxy

90.1 The Company shall be entitled and bound:-

(a) to reject any instrument of proxy lodged if the Member is not shown to have any shares entered against his name in the register of Members and/or the latest Record of Depositors made available to the Company; and

(b) to accept as the maximum number of votes which in aggregate the proxy appointed by the Member is able to cast on a poll the aggregate number of shares which is entered against the name of that Member in the register of Members and/or the latest Record of Depositors made available to the Company whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Member.

90.2 The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.

91. Form of Proxy

An instrument appointing a proxy shall be in the following form or in such other form as the Directors may prescribe or approve, or in particular cases accept. An instrument appointing a proxy shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates and need not be witnessed.

FORM OF PROXY
SMRT HOLDINGS BERHAD
(Company No. 659523-T)
(Incorporated in Malaysia under the Companies Act 1965)

Number of Shares :	
CDS Account No. :	

*I/We, ……..
of ………
being a *Member/Members of SMRT HOLDINGS BERHAD
hereby appoint ……
of ………
or failing *him/her, ……………………………………………………………………………………………….....
of ………
or failing *him/her, the CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us on *my/our behalf at the *Annual/Extraordinary General Meeting of the Company to be held on the …… day of ……………… 20...... and at any adjournment thereof.

NO.	RESOLUTION	FOR	AGAINST

Please indicate with an "X" in the space provided on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at *his/her discretion.

Dated this day of 20

…………………………………
Signature of Member(s)
**Strike out whichever is not desired. (Unless otherwise instructed the proxy may vote as he/she thinks fit).*

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92. Deposit of proxy

The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarial certified copy of such power or authority, shall be deposited at the Office or at such other place within Malaysia as is specified for that purpose in the notice convening the meeting, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid. Provided always that the Company may by written notice waive the prior lodgement of the above instrument appointing a proxy and the power of attorney or other authority.

93. Proxy irrevocable unless notice received by the Company

A vote given in accordance with the terms of an instrument of proxy or attorney shall be valid, notwithstanding the previous death or unsoundness of mind of the principal or revocation of the instrument of proxy, or of the authority under which the instrument of proxy was executed, or the transfer of the share in respect of which the instrument of proxy is given, provided that no intimation in writing of such death, unsoundness of mind, revocation or transfer shall have been received by the Company at the Office before the commencement of the meeting or adjourned meeting [or in the case of a poll, before the time appointed for the taking of the poll) at which the instrument is used.

94. Notice of termination of appointment of proxy

A Member of the Company is permitted to give the Company notice of termination of a person's authority to act as proxy not less than twenty-four (24) hours before the time appointed for holding the meeting. The notice of termination must be in writing and be deposited at the Office or at such other place within Malaysia.

DIRECTORS

95. Number of Directors

All the Directors of the Company shall be of full age and the number of Directors shall not be less than two (2) or more than fifteen (15). In the event of any casual vacancy occurring and reducing the number of Directors below the aforesaid minimum, the continuing Director(s) may, except in an emergency, act only for the purpose of increasing the number of Directors to such minimum number or to summon a general meeting of the Company but not for any other purpose. The first Directors of the Company were Palaniappan A/L Ramanathan Chettiar and Kamatchi @ Valliammai A/P Malayandi.

96. Director's qualification

The shareholding qualification for Directors may be fixed by the Company in general meeting and until so fixed no shareholding qualification for Directors shall be required. All Directors shall be entitled to receive notice of and to attend and speak at all general meetings of the Company.

97. 97.1 **Rotation and retirement of Directors**

An election of Directors shall take place each year at the annual general meeting of the Company where one-third of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election provided always that Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

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97.2 **Senior Director to retire**

The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

98. Notice of nomination of Director

No person, not being a retiring Director, shall be eligible for election to the office of Director at any general meeting unless a Member intending to propose him for election has, at least eleven (11) clear days before the meeting, left at the Office of the Company a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office, or the intention of such Member to propose him for election, provided that in the case of a person recommended by the Directors for election, nine (9) clear days' notice only shall be necessary, and notice of each and every candidature for election to the Board of Directors shall be served on the registered holders of shares at least seven (7) days prior to the meeting at which the election is to take place.

99. When the retiring Director deemed re-elected

The Company at the meeting at which a Director retires may fill the vacated office by electing a person thereto. Unless at that meeting it is expressly resolved not to fill the vacated office or a resolution for re-election of the Director retiring at that meeting is put to the meeting and lost or some other person is elected as Director in place of the retiring Director, the retiring Director shall, if offering himself for re-election and not being disqualified under the Act from holding office as a Director, be deemed to have been re-elected. A retiring Director shall be deemed to have offered himself for re-election unless he has given notice in writing to the Company that he is unwilling to be re-elected.

100. No appointment of Director by single resolution

At a general meeting at which more than one Director is to be elected, each candidate shall be the subject of a separate motion and vote unless a motion for the appointment of two or more persons as Directors by a single resolution shall have first been agreed to by the meeting without any vote being given against it.

101. Number may be increased or decreased

The Company may from time to time by ordinary resolution passed at a general meeting increase or reduce the number of Directors, and may also determine in what rotation the increased or reduced number is to go out of office.

102. Alternate Director

102.1 A Director may appoint a person approved by a majority of his co-Director to act as his alternate provided that any fee paid by the Company to the alternate shall be deducted from that Director's remuneration. The alternate Director shall be entitled to notices of all meetings and to attend, speak and vote at any such meeting at which his appointor is not present. Any appointment so made may be revoked at any time by the appointor and any appointment or revocation under this Constitution shall be effected by notice in writing to be delivered to the Secretary of the Company. An alternate Director shall ipso facto cease to be an alternate Director if his appointor for any reason ceases to be a Director.

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102.2 If any Director retires by rotation and is re-elected by the meeting or is, pursuant to this Constitution, deemed to be re-elected at the meeting at which such retirement took effect, any appointment made by him of an alternate Director which was in force immediately prior to the appointor's retirement shall continue to operate after such re-election as if the appointor had not so retired.

102.3 Any appointment or removal of an alternate Director may be made by cable, telegram, telefax, telex or in any other manner approved by the Directors. Any cable or telegram shall be confirmed as soon as possible by letter, but may be acted upon by the Company meanwhile.

102.4 A Director shall not be liable for the acts and defaults of any alternate Director appointed by him.

102.5 An alternate Director shall not be taken into account in reckoning the minimum or maximum number of Directors allowed for the time being but he shall be counted for the purpose of reckoning whether a quorum is present at any meeting of the Directors attended by him at which he is entitled to vote.

103. Removal of Directors

The Company may by ordinary resolution of which special notice has been given, remove any Director before the expiration of his period of office, notwithstanding, any provisions of this Constitution or of any agreement between the Company and such Director but without prejudice to any claim he may have for damages for breach of any such agreement. The Company may by ordinary resolution appoint another person in place of a Director so removed from office and any person so appointed shall be subject to retirement by rotation at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director. In default of such appointment the vacancy so arising may be filled by the Directors as a casual vacancy.

104. Appointment by the Board of Directors

The Directors shall have power at any time, and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but the total number of Directors shall not at any time exceed the maximum number fixed in accordance with this Constitution. Any Director so appointed shall hold office only until the next following annual general meeting, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

105. Remuneration

The fees and any benefits payable to the Directors shall be such fixed sum as shall from time to time be determined by an ordinary resolution of the Company and is subject to annual shareholders' approval at a general meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office provided always that:-

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105.1 fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;

105.2 salaries payable to executive Directors may not include a commission on or percentage of turnover;

105.3 any fee paid to an Alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

106. Reimbursement and special remuneration

106.1 The Directors shall be entitled to be reimbursed for all travelling or such other reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in connection with or about the business of the Company in the course of the performance of their duties as Directors.

106.2 If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged subject to any other provisions of this Constitution.

107. Vacation of office of Directors

The office of Director shall, ipso facto, be vacated:-

107.1 if he ceases to be a Director by virtue of the Act;

107.2 if (not being the Managing or Deputy or Assistant Managing Director holding office as such for a fixed term) he resigns his office by notice in writing under his hand sent to or left at the Office;

107.3 if he is absent from more than 50% of the total Board of Directors' meetings held during a financial year unless approval is sought and obtained from the Exchange;

107.4 if he is removed from his office of Director by resolution of the Company in general meeting of which special notice has been given;

107.5 if he becomes of unsound mind during his term of office;

107.6 if he becomes bankrupt during his term of office; or

107.7 if he becomes prohibited or disqualified from being a Director by reason of any order made under the provisions of the Act or the Listing Requirements.

POWER AND DUTIES OF DIRECTORS

108. General power of Directors to manage Company's business

The business of the Company shall be managed by the Directors who may exercise all such powers of the Company, and do on behalf of the Company all such acts as may be exercised and done by the Company, and as are not by the Act or by this Constitution required to be exercised or done by the Company in general meeting, subject nevertheless to any regulations of this Constitution, to the provisions of the Act, and to such regulations or provisions as may be prescribed by the Company in general meeting, but no regulation made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

109. Approval of the Company required

The Directors shall not without the prior approval of the Company in general meeting:-

109.1 carry into effect any proposal or execute any transaction for the acquisition of an undertaking or property of a substantial value, or the disposal of a substantial portion of or a controlling interest in the Company's undertaking or property;

109.2 exercise any power of the Company to issue shares unless otherwise permitted under the Act; or

109.3 subject to Section 228 of the Act, enter into any arrangement or transaction with a Director or a director of the holding company or a subsidiary of the Company, or with a person connected with such a Director to acquire from or dispose to such a Director or person any non-cash assets of the requisite value.

110. Directors' borrowing powers

110.1 The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, property and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or of any related third party provided always that nothing contained in this Constitution shall authorise the Directors to borrow any money or mortgage or charge any of the Company's undertaking, property or any uncalled capital or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

110.2 The Directors shall cause a proper register to be kept in accordance with Section 362 of the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the Act in regard to the registration of mortgages and charges therein specified or otherwise.

110.3 If the Directors or any of them, or any other person, shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

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111. Pensions

The Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to any Director or ex-Director who may hold or have held any executive office or any office of profit under the Company or any subsidiary company, and for the purpose of providing any such pensions or other benefits, to contribute to any scheme or fund or to pay premiums.

112. Directors' power to appoint attorney of the Company

The Directors may from time to time, and at any time, by power of attorney under the Seal, appoint any corporation, firm or person or body of persons, whether nominated directly or indirectly by the Directors to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretion (including the power to sub-delegate but not exceeding those vested in or exercisable by the Directors under this Constitution) and for such period and subject to such conditions as the Directors may from time to time think fit, and any such power of attorney may contain such provisions for the protection or convenience of persons dealing with any such attorney as the Directors think fit.

113. Cheques, bills etc.

All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipt for money paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Directors may from time to time determine by resolution.

114. Right to hold other office under the Company

A Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. No Director or intending Director shall be disqualified by his office from contracting with the Company with regard to his tenure of any such office or place of profit in any other respect nor shall any such contact, or any contract or arrangement entered into by or on behalf of any company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established provided always that Sections 221 and 228 and all other relevant provisions of the Act and this Constitution are complied with.

115. Right to payment for professional services

Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, provided that nothing herein contained shall authorise a Director or his firm to act as auditor of the Company.

116. As to the duty and liability of the Director

A Director shall at all times act honestly and use reasonable diligence in the discharge of the duties of his office and shall not make use of any information acquired by virtue of his position to gain, directly or indirectly, an improper advantage for himself or for any other person or cause detriment to the Company.

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117. General duty to make disclosure

Every Director shall give notice to the Company of such events and matters relating to himself as may be necessary or expedient to enable the Company and its officers to comply with the requirements of the Act.

PROCEEDINGS OF DIRECTORS

118. Meetings of Directors

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Subject to this Constitution, questions arising at any meeting shall be determined by a majority of votes.

119. Calling of meetings

A Director may at any time summon a meeting of the Directors, and the Secretary, upon the request of the Chairman or any one Director, shall convene a meeting of the Directors. Unless otherwise determined by the Directors, a seven (7) days' notice of all Directors' meetings shall be given to all Directors and their Alternate Directors, except in the case of an emergency, where reasonable notice of the meeting shall be sufficient.

120. Irregularity in notice

An irregularity in the notice of a meeting is waived if all Directors entitled to receive notice of the meeting attend the meeting without objection to the irregularity.

121. Quorum

The quorum necessary for the transaction of the business of the Directors shall be two (2) Directors for the time being of the Company. A meeting of the Directors at which a quorum is present shall be competent to exercise all powers and discretion for the time being exercisable by the Directors.

122. Participation of Directors' meeting by way of telephone and video conferencing

Any Director may participate at a meeting of Directors by way of telephone and video conferencing or by means of other communication equipment whereby all persons participating in the meeting are able to hear each other and be heard for the entire duration of the meeting in which event such Director shall be deemed to be physically present at the meeting. A Director participating in a meeting in the manner aforesaid may also be taken into account in ascertaining the presence of a quorum at the meeting. Any meeting held in such manner shall be deemed to be held at such place as shall be agreed upon by the Directors attending the meeting provided that at least one of the Directors present at the meeting was at such place for the duration of that meeting. All information and documents must be made equally available to all participants prior to or at/during the meeting.

123. Election of Chairman

The Directors may from time to time elect a Chairman and may elect one or more Deputy Chairman from their number and the Directors may determine the period for which such officers shall respectively hold office. The Chairman or in the absence of the Chairman, the Deputy Chairman (if any) or in the event that there are more than one Deputy Chairman, the senior in appointment amongst them, shall preside at the meeting of Directors. If such officers have not been appointed, or if no such officers are present within fifteen (15) minutes after the time appointed for holding of the meeting of the Directors, the Directors present shall choose one of their number to be Chairman of the meeting.

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124. Chairman has casting vote

In case of equality of votes the Chairman shall have a casting vote except where only two (2) Directors are competent to vote on the question at issue, or at the quorum present at the meeting.

125. Declaration of interest and restriction of voting

A Director who is in any way, whether directly or indirectly interested in a contract or proposed contract or arrangement with the Company, shall declare the nature of his interest in accordance with the provisions of the Act. A Director shall not vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly, a personal interest and if he should do so, his vote should not be counted, but this prohibition shall not apply to: -

(a) any arrangement for giving any Director any security or indemnity in respect of money lent by him or obligations undertaken by him for the benefit of the Company or any of its subsidiaries; or

(b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of a security.

126. Directors retained from voting in interested transactions

Every Director shall comply with the provisions of Sections 219 and 221 of the Act in connection with the disclosure of his shareholding and interest in any contract or proposed contract with the Company and in connection with the disclosure of the fact and the nature, character and extent of any office or possession of any property whereby whether directly or indirectly duties or interests might be created in conflict with his duty or interest as a Director of the Company.

127. Directors appointed at a meeting to hold other office to be counted in the quorum

A Director notwithstanding his interest may be counted in the quorum present at any meeting whereat, he or any other Director is to be appointed to hold any office or place of profit in the Company or whereat the Directors resolve to exercise any of the rights of the Company, (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit in any other company or whereat the terms of any such appointment or arrangements as hereinbefore mentioned are considered, as he may vote on any such matter other than in respect of the appointment of or arrangements with himself or the fixing of the terms thereof.

128. General notice of interest in corporation by Company

A general notice given to the Board of Directors that a Director, alternate Director or Managing Director is a member of or interested in any specified firm or corporation with whom any contract is proposed to be entered into in relation to the affairs of the Company and is to be regarded as interested in all transactions with such firm or corporation shall be sufficient disclosure under this Clause as regards such Director and the said transaction and after such general notice it shall not be necessary for such Director to give any special notice relating to any particular transaction with such firm or corporation.

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129. Director's interest in corporation promoted by Company

A Director of the Company may be or become a Director or other officer of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a Director or officer of or from his interest in such corporation unless the Company otherwise directs at the time of his appointment. The Directors may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as Directors of such other corporation in such manner and in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of the Directors or other officers of such corporation), and any Director may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be, or is about to be appointed a Director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in the manner aforesaid.

COMMITTEES OF DIRECTORS

130. Directors may establish committees etc.

The Directors may establish any committees, local boards or agencies, comprising of one or more such member as members of its body, for managing any of the affairs of the Company, either in Malaysia or elsewhere, and may lay down, vary or annul such rules and regulations as they may think fit for the conduct of the business thereof, and may appoint any other person or persons to be the member or members of any such committee or local board or agency and may fix their remuneration, and may delegate to any such committee or local board or agency any of these powers, authorities and discretion vested in the Directors, with power to sub-delegate, and may authorise the member or members of any such committee or local board, or any of them, to fill any vacancies therein, and to act notwithstanding vacancies, and any such appointment or delegation may be made upon such terms and subject to such conditions as the Directors may think fit, and the Directors may remove any person so appointed, and may annul or vary any such delegation, but no persons dealing in good faith without notice of any such annulment or variation shall be affected thereby.

131. Participation of committee meetings by way of telephone and video conferencing

Notwithstanding any provisions to the contrary contained in this Constitution, any member of a committee may participate at a committee meeting by way of telephone and video conferencing or by means of other communication equipment whereby all persons participating in the meeting are able to hear each other, in which event such member shall be deemed to be physically present at the meeting whether for the purposes of this Constitution or otherwise. A member participating in a meeting in the manner aforesaid may also be taken into account in ascertaining the presence of a quorum at the meeting. Any meeting held in such manner shall be deemed to be held at such place as shall be agreed upon by the members attending the meeting provided that at least one of the members present at the meeting was at such place for the duration of that meeting.

132. Meeting of the committees

The meetings and proceedings of any such committee consisting of three (3) members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by a regulation made by the Directors under Clause 130.

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133. Proceedings of the committees

Subject to any rules and regulations made under Clause 130, a committee may meet and adjourn as it thinks proper, and questions arising at any meeting shall be determined by a majority of votes of the members present (if more than one), and in the case of an equality of votes, the Chairman shall have a casting vote.

134. Chairman of the committees

A committee, local board or agency may elect a Chairman of its meetings, if no such Chairman is elected, or if at any meeting, the Chairman is not present within fifteen (15) minutes after the time appointed for holding of the meeting, the members present may choose one of their number to be the Chairman at the meeting.

VALIDATION OF ACTS OF DIRECTORS

135. Validation of acts of Directors or committees

All acts done by any meeting of the Directors or a committee of Directors or by any person acting as a Director, local board or agency shall, notwithstanding that it is afterwards discovered that there was some defects in the appointment of any such Director or person acting as aforesaid, or that they, or any of them were disqualified, or had vacated office or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee, local board or agency as aforesaid and had been entitled to vote.

CIRCULAR RESOLUTIONS

136. Circular Resolution

A resolution in writing (including by any means of electronic communication) signed or approved by a majority of Directors for the time being entitled to receive notice of meeting of Directors shall be as valid and effective as if it had been passed at a meeting of the Directors duly convened and held; provided that where a Director is not so present but has an alternate who is so present, then such resolution shall also be signed by such alternate. All such resolutions shall be described as "Directors' Circular Resolution" and shall be forwarded or otherwise delivered to the Secretary without delay and shall be recorded by the Secretary in the Company's minutes book. Any such resolution in writing may consist of several documents in like form, each signed by one or more Directors or their alternates.

MANAGING DIRECTOR / EXECUTIVE DIRECTOR

137. Directors may appoint Managing Director and/or Executive Director

The Directors may from time to time appoint any one or more of their body to be Managing Director and/or Executive Director upon such terms as they think fit, and may vest in such Managing Director and/or Executive Director such of the powers hereby vested in the Directors generally as they may think fit and such powers may be made exercisable for such period or periods, and upon such conditions and subject to such restrictions, and generally upon such terms as to remuneration and otherwise as they may determine; and may, from time to time revoke, withdraw, alter, or vary all or any of such powers but subject thereto, such Managing Director and/or Executive Director shall always be under the control of the Board of Directors.

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138. Remuneration of Managing Director and/or Executive Director

The remuneration of the Managing Director and/or Executive Director may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but such remuneration shall not include a commission on or percentage of turnover.

139. Position of Managing Director and/or Executive Director

A Managing Director and/or Executive Director shall be subject to the same provisions as to resignation and removal as the other Directors of the Company, and if he ceases to hold the office of Director he shall ipso facto and immediately cease to be a Managing Director and/or Executive Director.

MINUTES AND REGISTERS

140. Minutes

The Directors shall cause minutes to be duly entered in books provided for the purpose:

140.1 of all appointments of officers;

140.2 of the names of all the Directors present at each meeting of the Directors and of any committees of Directors and of the Company in general meeting;

140.3 of all resolutions and proceedings of general meetings, of the holders of any class of shares in the Company and of meetings of the Directors and committees of Directors; and

140.4 of all orders made by the Directors and any committee of Directors.

Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated.

141. Where a resolution is passed at an adjourned meeting of the Board, the resolution shall, for all purposes, be treated as having been passed on the date on which it was in fact passed and shall not to be deemed to have been passed on any earlier date.

142. Register of Directors, Managers and Secretaries

The Company shall in accordance with the provisions of Section 57 of the Act, keep at the Office or such other place provided notice has been given to the Registrar of Companies, a register containing such particulars with respect to the Directors, managers and secretaries of the Company as are required by and shall from time to time notify the Registrar of Companies of any change in such register and of the date of such change in manner prescribed by that section.

143. Minutes book in registered office

The books containing the minutes of proceedings of any general meeting shall be kept by the Company at the Office or such other place provided notice has been given to the Registrar of Companies, and shall be open to the inspection of any Member without charge.

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144. Registers of shareholders, particulars of Directors' shareholdings

The Company shall also keep at the Office or such other place provided notice has been given to the Registrar of Companies, a register which shall be open to the inspection of any Member without charge and to any other person on payment of such prescribed fee as may be determined by the Company, all such matters required to be so registered under the Act, and in particular:-

144.1 a register of substantial shareholders and of information received in pursuance of the requirements under Section 137 and 138 of the Act;

144.2 a register of the particulars of each of the Directors' shareholdings and interests as required under Section 59 of the Act;

144.3 a register of mortgages and charges as required under Section 357 of the Act.

ASSOCIATE DIRECTOR

145. Associate Director

The Directors may from time to time appoint any person to be an associate director and may from time to time revoke any such appointment. The Directors may fix, determine and vary the powers, duties and remuneration of any person so appointed, but a person so appointed shall not be required to hold any shares to qualify him for appointment nor have any right to attend or vote at any meeting of Directors except by the invitation and with the consent of the Directors.

THE SECRETARY

146. The Secretary

The Secretary or Secretaries shall, in accordance with the Act, be appointed by the Directors for such term, at such remuneration, and upon such conditions as the Directors think fit and any Secretary or Secretaries so appointed may be removed by them but without prejudice to any claim he or they may have for damages for breach of any contract of service with the Company. The Directors may from time to time by resolution appoint a temporary substitute for the Secretary who shall be deemed to be the Secretary during the term of his appointment. The first Secretary of the Company was Chin Kim Fung.

SEAL

147. The custody and the affixing of the Seal

The Directors shall provide for the safe custody of the Seal which shall only be used pursuant to a resolution of the Directors, or a committee of the Directors authorised to use the Seal. The Directors may from time to time (subject to the provisions of Clause 18 in relation to share and debenture stock certificates and debentures) make such regulations as they think fit determining the persons and the number of such persons in whose presence the Seal shall be affixed and, until otherwise so determined, every instrument to which the Seal shall be affixed shall (subject to Clause 18) be signed by a Director and either by the Secretary or by a second Director or by some other person appointed by the Directors for the purpose provided always that no person dealing with the Company shall be concerned to see or enquire as to whether any regulations so made have been complied with.

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148. The share seal

The Company may also have a share seal pursuant to Section 63 of the Act. The share seal is a duplicate or facsimile of the Seal with the addition on its face of the words "Share Seal" which is specifically affixed onto certificates that may be issued by the Company for any share, stock, loan stock, debentures as defined in the Act, or other marketable security created or issued by the Company.

SEAL FOR USE ABROAD

149. Seal for use abroad

The Company may exercise the powers conferred by the Act with regard to having an official Seal for use abroad and such powers shall be vested in the Directors.

RESERVES

150. Creation of reserve fund

The Directors may, before recommending any dividend, whether preferential or otherwise, set aside out of the profits of the Company such sums as they think proper as a reserve fund to meet depreciation or contingencies, or for equalising dividends or for the payment of special dividends, or for the general liquidation of any debt or liability of the Company or for repairing, improving or maintaining any of the property of the Company, or for such other purposes [being purposes for which the profits of the Company may lawfully be applied) as the Directors shall in their absolute discretion think conducive to the interest of the Company, and may invest the several sums so set aside upon such investments as they think fit [including purchasing shares in the Company to the extent and in the manner allowed by the Act and subject to the provisions of this Constitution) and from time to time vary or realise such investments and dispose of all or any part thereof for the benefit of the Company, and may divide any reserve fund into such special funds as they think fit, with all power to employ the assets constituting the reserve fund in the business of the Company, and that without being bound to keep the same separate from the other assets. The Directors may also, without placing the same to reserve, carry forward any profits which they may think prudent not to divide.

DIVIDEND

151. Declaration of Dividend

The Company in general meeting may declare dividends but no dividend shall exceed the amount recommended by the Directors.

152. Dividend payable from profits only

No dividend shall be paid otherwise than out of profits nor shall any dividend bear interest against the Company.

153. Payment of Dividend in proportion to amounts paid

Subject to the rights of persons (if any) entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amount paid on the shares in respect whereof the dividend is paid, but no amount paid or credited as paid on a share in advance of call shall be treated for the purpose of this Clause as paid on the share. All dividends shall be apportioned and paid proportionately to the amount paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.

154. Interim Dividend

The Directors may if they think fit from time to time pay to the members such dividends as appear to the Directors to be justified by the profits of the Company. If at any time the share capital of the Company is divided into different classes the Directors may pay such dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Directors act bona fide they shall not incur any responsibility to the holder of shares conferring any preferential rights for any damage that they may suffer by reason of the payment of a dividend on any shares having deferred or non-preferential rights. The Directors may also pay half-yearly or at other suitable intervals to be determined by them any dividend which may be payable at a fixed rate if they are of the opinion that the profits justify the payment.

155. 155.1 **Debts may be deducted from dividend**

The Directors may deduct from any dividend payable to any Member all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

155.2 **Power to retain dividend on which the Company has a lien**

The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

156. Directors may form reserve fund and invest

The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as reserves which shall, at the discretion of Directors, be applicable for any purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares in the Company) as the Directors may from time to time think fit. The Directors may also without placing the same to reserve carry forward any profits which they may think prudent not to divide.

157. Power to retain dividend in respect of transmission of shares

The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a Member, or which any person is under those provisions entitled to transfer, until such person shall become a Member in respect of such shares or shall transfer the same.

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158. Unclaimed dividend

All dividends unclaimed for more than one (1) year after having been declared may be dealt with in accordance with the provisions of the Unclaimed Monies Act 1965.

159. Transfer not to affect right to dividend declared before registration

Any dividend declared on Deposited Securities shall accrue to the Depositors whose names appear on the Record of Depositors issued to the Company pursuant to the Rules.

160. Mode of payment of dividend

160.1 **Payment by cheque**

Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder of, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the Register of Members or the Record of Depositors or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent, and the payment of any such cheque or warrant shall operate as a good discharge to the Company in respect of the dividend represented thereby. Every such cheque or warrant shall be sent at the risk of the person entitled to the money thereby represented.

160.2 **Payment by electronic means**

Payment of dividend may be made by direct transfer or such other electronic means to the bank account of the holder whose name appears in the Register of Members or Record of Depositors or, if more than one (1) person is entitled thereto in consequence of the death or bankruptcy of the holder, payment in such manner to the bank account of any one of such persons or to the bank account of such person as such persons may by writing direct. The payment of any dividend by such electronic means shall constitute a good and full discharge to the Company of the dividend to which it relates regardless of any discrepancy given by the Member in the details of bank account(s).

161. Payment of dividend in specie

Any general meeting declaring a dividend or bonus may upon the recommendation of the Directors, make direct payment of such dividend or bonus wholly or in part by the distribution of specific assets, and in particular of paid-up shares or debenture or debenture stock of any other company, or in any one or more of such ways, and the Directors shall give effect to such resolution, and where any difficulty arises in regard to the distribution, the Directors may settle the same as they think expedient, and may fix the value for distribution of such specific assets or any part thereof and may determine that cash payment shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

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CAPITALISATION OF PROFITS

162. Bonus Issue

The Company in general meeting may upon the recommendation of the Directors resolve that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's profit and loss account or otherwise available for distribution, and accordingly that such sum be set free for distribution amongst the Members who would have been entitled thereto if distributed by way of dividend and in the same proportions on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such Members respectively or paying up in full unissued shares or debentures to be allotted and distributed credited as fully paid up to and amongst such Members in the proportion aforesaid, or partly in the one way and partly in the other, and the Directors shall give effect to such resolution.

163. Power for application of undivided profits

Whenever such a resolution as aforesaid shall have been passed the Directors shall make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares or debentures, if any, and generally shall do all acts and things required to give effect thereto, with full power to the Directors to make such provision by the issue of fractional shares or by payment in cash or otherwise as they think fit for the case of shares or debentures becoming distributable in fractions, and also to authorize any person to enter on behalf of all the Members entitled thereto into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalisation, or (as the case may require) for the payment up by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares, and any agreement made under such authority shall be effective and binding on all such Members.

FINANCIAL STATEMENTS

164. Directors to keep proper financial statements

The Directors shall cause proper accounting and other records to be kept and shall distribute copies of financial statements and other documents as required by the Act and shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounting and other records of the Company or any of them shall be open to the inspection of Members not being Directors, and no Member (not being a Director) shall have any right of inspecting any account or book or paper of the Company except as conferred by statute or authorised by the Directors or by the Company in general meeting. Subject always to Section 47 of the Act the books of account or records of operations shall be kept at the Office or at such other place as the Directors think fit and shall always be open to inspection by the Directors.

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165. Sending of Financial Statements

The Directors shall from time to time in accordance with Section 248 of the Act, cause to be prepared and laid before the Company in general meeting such financial statements and reports as are referred to in Section 248 of the Act. A copy of each such documents shall not less than twenty-eight (28) days (or such other shorter period as may be agreed by all Members entitled to attend and vote at the meeting) before the date of the meeting, be sent to every Member of, and to every holder of debentures of the Company under the provisions of the Act or of this Constitution. The requisite number of copies of each such document as may be required by the Exchange and Securities Commission shall at the same time be likewise sent to the Exchange and Securities Commission provided that this Clause shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.

166. Directors not bound to publish any list or particular of securities or investments held by Company

Save as may be necessary for complying with the provisions of the Act or as the Company may by special resolution otherwise resolve, the Directors shall not be bound to publish any list or particulars of the securities or investments held by the Company or to give any information with reference to the same to any Member.

AUDIT

167. Appointment of Auditors

Auditors shall be appointed in accordance with Section 271 of the Act and their duties regulated in accordance with Section 266 of the Act.

168. Validity acts of Auditors in spite of some formal defect

Subject to the provisions of the Act all acts done by any person acting as an Auditor shall, as regards all persons dealing in good faith with the Company, be valid, notwithstanding that there was some defect in his appointment or that he was at the time of his appointment not qualified for appointment.

169. Auditors entitled to attend general meeting

The Auditors shall be entitled to attend any general meeting and to receive all notices of and other communications relating to any general meeting which any Member is entitled to receive, and to be heard at any general meeting on any part of the business of the meeting which concerns the Auditors.

LANGUAGE

170. Language

Where any accounts, minutes books or other records required to be kept by the Act are not kept in Bahasa Malaysia or the English language, the Directors shall cause a true translation of such accounts, minutes books and other records to be made from time to time at intervals of not more than seven (7) days and shall cause such translation to be kept with the original accounts, minutes books and other records for so long as the original accounts, minutes books and other records are required by the Act to be kept.

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DESTRUCTION OF RECORDS

171. Company may destroy the documents

The Company shall be entitled to destroy in any manner, all instruments of transfer which shall have been registered at any time after a reasonable time from the date of registration thereof, and all share certificates and dividend mandates which have been cancelled or have ceased to have effect at any time after the expiration of one (1) year from the date of cancellation or cessation thereof, and all notifications of change of name or address after the expiration of one (1) year from the date they were recorded, and in favour of the Company it shall conclusively be presumed that every entry in the register which purports to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and every share certificate so destroyed was a valid certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company provided that:-

171.1 the foregoing provisions of this Clause shall apply only to the destruction of a document in good faith and without express notice that the preservation of such document was relevant to a claim; and

171.2 nothing contained in this Clause shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company but for the provisions of this Constitution.

AUTHENTICATION OF DOCUMENTS

172. 172.1 **Power to authenticate documents**

Any Director or the Secretary or any person appointed by the Directors for the purpose shall have power to authenticate any documents affecting the Constitution of the Company and any resolution passed by the Company or the Directors, and any books, records, documents and accounts relating to the business of the Company, and to certify, copies thereof or extracts therefrom as true copies or extracts; and where any books, records, documents or accounts are kept elsewhere other than in the Office, the local manager or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Directors as aforesaid.

172.2 **Conclusive evidence of resolutions and extract of minutes of meetings**

A document purporting to be a copy of a resolution of the Directors or an extract from the minutes of a meeting of the Directors which is certified as such in accordance with the provisions of Clause 172.1 shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such extract is a true and accurate record of a duly constituted meeting of the Directors.

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NOTICES OR DOCUMENTS

173. Mode of service of notice or other document

A notice or other document required to be sent by the Company to Members or Directors may be given by the Company or the Secretary to any Member or Director, as the case may be:-

(a) in hard copy, either personally or by sending it through the post in prepaid letter addressed to such Member or Director at his registered address as appearing in the Record of Depositors or Register of Directors, as the case may be, in Malaysia or (if he has no address within Malaysia) to the address, if any, within Malaysia supplied by him to the Company for the giving of notices or documents to him; or

(b) In electronic form and sent via the following electronic means :-

(i) transmitting to the last known electronic mail address of the Member or Director;

(ii) publishing the notice or document on the Company's website provided that a notification via hard copy or electronic mail or short messaging service to that effect is given in accordance with Section 320 of the Act and the Listing Requirements; or

(iii) using any other electronic platform maintained by the Company or third parties that can host the information in a secure manner for access by Members or Directors, provided that a notification of the publication or availability of the notice or document on the electronic platform via hard copy or electronic mail or short messaging service has been given to the Members or Directors.

174. Deemed time of service of notice or other document

174.1 A notice or other document if served by post shall be deemed to be served in the case of a Member or Director having an address for service in Malaysia two (2) days following that on which a properly stamped letter containing the same is posted within Malaysia and in the case of a Member or Director having an address for service outside Malaysia five (5) days following that on which the letter suitably stamped at airmail rates containing the same is posted within Malaysia. In proving service by post it shall be sufficient to prove that the letter containing the notice or document was properly addressed and stamped and put into a Government post office letter box.

174.2 A notice or other document if served by electronic means:-

(a) pursuant to Clause 173(b)(i), shall be deemed to have been served at the time of transmission to a Member's electronic mail address, provided that there is a record of the electronic mail being sent and that no written notification of delivery failure is received by the Company;

(b) pursuant to Clause 173(b)(ii), shall be deemed to have been served two (2) days from the date the notification of publication of the notice or other document on the Company's website is given to the Members; or

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(c) pursuant to Clause 173(b)(iii), shall be deemed to have been served two (2) days from the later of the time the notification of the making available of the notice and/or document on the relevant electronic platform is served or deemed served, as the case may be, and the time the notice or other document is first made available or accessible to Members on the electronic platform.

174.3 In the event that service of a notice or other document pursuant to Clause 173(b) is unsuccessful, the Company must, within two (2) market days of discovering the delivery failure, make alternative arrangements for service by serving the notice or document by hard copy in accordance with Clause 173(a).

174.4 Last known address for service

The registered address in Malaysia (or if he has no address within Malaysia, to the address within Malaysia supplied by the Member or the Director of the Company for giving of notices or other documents to him) and electronic mail address of the Member and/or Director appearing in the Record of Depositors, Register of Members or Register of Directors, as the case may be, shall be deemed as the last known address for purposes of service of notices or documents to the Member or Director, as the case may be, by the Company.

175. Person entitled to shares by transfer, transmission or other means be bound by notices or other documents

Every person who, by operation of law shall become entitled to any share by way of , transfer, transmission or other means whatsoever, shall be bound by every notice in respect of such share, which, previously to his name and address being entered in the Record of Depositors as the registered holder of such share, shall have been duly given to the person from whom he derives the title to such share provided always that a person entitled to a share in consequence of the death or bankruptcy of a Member, upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, and upon supplying also an address within Malaysia for the service of notices, shall be entitled to have served upon him at such address any notice or document to which the Member but for his death or bankruptcy would be entitled, and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (as claiming through or under him) in the share.

176. Notice by post to persons entitled in consequence of death

Subject always to the provisions of Clause 175, any notice or document in hard copy or electronic form or partly in hard copy and partly in electronic form delivered or sent by post to, or left at, the registered address or electronic address provided by any Member shall, if such Member be then deceased, and whether or not the Company has notice of his death, be deemed to have been duly served on his legal personal representatives.

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177. Persons entitled to notice of general meeting

177.1 Notice of every general meeting shall be given in any manner hereinbefore specified to:-

(a) every Member at his registered address as appearing in the Record of Depositors, as the case may be, in Malaysia, or (if he has no address within Malaysia) to the address, if any, within Malaysia supplied by him to the Company for the giving of notices to him;

(b) every person entitled to a share in consequence of the death or bankruptcy of a Member who, but for his death or bankruptcy, would be entitled to receive notice of the meeting;

(c) the Auditors for the time being of the Company;

(d) Directors for the being of the Company; and

(e) the Exchange and other stock exchange, if any, on which the Company is listed.

177.2 Save as otherwise provided in this Constitution or in the Act, no other person shall be entitled to receive notice of general meetings.

177.3 Subject to this Constitution or to the Act, any notice issued on behalf of the Company or of the Board of Directors shall be deemed effectual if it purports to bear the signature of the Secretary or other duly authorised officer of the Company.

178. Service of notice to joint holders of shares

All notices to be served to the Members shall with respect to any share to which persons are jointly entitled, be served to such person who is named first in the Record of Depositors, and any notice so given shall be sufficient notice to all joint holders. Where there are joint holders, anything which needs to be agreed or specified in relation to any notice, documents or other information to be sent or supplied to them can be agreed or specified by any one of the joint holders. The agreement or specification of the person whose name stands first as one of the joint holders will be accepted to the exclusion of the agreement or specification of the other joint holders.

ALTERATION OF CLAUSES

179. Alteration of Clauses

Subject to the Act, the Company may by Special Resolution add to, amend or delete any of these Clauses.

WINDING UP

180. Distribution of assets in specie

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company, divide amongst the Members in specie or in kind the whole or any part of the assets of the Company (whether they consist of property of the same kind or not) and may for that purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how the division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of any such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, thinks fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

181. Manner of distribution of assets

Save that this Clause shall be without prejudice to the rights of holders of shares issued upon special terms and conditions, the following provisions shall apply:-

181.1 If the Company shall be wound up and the assets available for distribution among the Members as such, shall be insufficient to repay the whole of the paid up capital such assets shall be distributed so that as nearly as may be the losses shall be borne by the Members in proportion to the capital paid up, or which ought to have been paid up at the commencement of the winding-up, on the shares held by them respectively.

181.2 If in a winding-up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding-up, the excess shall be distributed among the Members in proportion to the capital paid up, or which ought to have been paid up at the commencement of the winding up, on the shares held by them respectively.

179.3 Commission or fee to liquidators

On a voluntary winding up of the Company, no commission or fee shall be paid to a liquidator without the prior approval of the Members in general meeting. The amount of such commission or fee shall be notified to all Members not less than seven (7) days before the meeting at which it is to be considered.

182. Commission or fee to liquidators

On the voluntary liquidation of the Company, no commission or fee shall be paid to the liquidator without the prior approval of the Members in general meeting. The amount of such commission or fee shall be notified to all Members not less than seven (7) days before the meeting at which it is to be considered.

SECRECY CLAUSE

183. Secrecy

Save as may be provided by the Act, no Member shall be entitled to enter into or to inspect any premise or property of the Company nor to require discovery of any information respecting any detail of the Company's trading, manufacturing or any matter which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Members of the Company to communicate to the public.

INDEMNITY

184. Indemnity to Directors and other officers

Every Director, Managing Director, Auditor, Secretary and other officer for the time being of the Company shall be indemnified out of the assets of the Company against any losses and liability incurred or sustained by him :

a) in execution of the duties of his office or otherwise in relation thereto, and no such Director or other officer shall be liable for any cost, loss, damage or expenses which may happen to or be incurred by the Company by reason of any covenant, contract or agreement entered into or in the execution of duties of his office or in relation thereto;

b) in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him by the Court.

Provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the said persons. But this Article only has effect in so far as its provisions are not avoided by the Act, the Listing Requirements and the Securities Law.

Subject to the provisions of the Act, every Director, Managing Director, Deputy Managing Director, Assistant Managing Director, agent, Auditors, Secretary and other officer for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under the Act in which relief is granted to him by the Court in respect of any negligence, default, breach of duty or breach of trust.

RECONSTRUCTION

185. Reconstruction

On the sale of the undertaking of the Company, the Directors or the liquidators on a winding up may, if authorised by a special resolution, accept fully paid or partly paid-up shares, debentures or securities of any other company, either then existing or to be formed for the purchase in whole or in part of the property of the Company, and the Directors (if the profits of the Company permit), or the liquidators (on a winding-up), may distribute such shares or securities, or any property of the Company amongst the Members without realisation, or vest the same in trust for them and any special resolution may provide for the distribution or appropriation of the cash, shares or other securities, benefits or property, otherwise than in accordance with the strict legal rights of the Members or contributories of the Company, and for valuation of any such securities or property at such price and in such manner as the meeting may approve, and all holders of shares shall be bound to accept and shall be bound by any valuation or distribution so authorised, and waive all rights in relation thereto, save only in the case of the Company which is proposed to be or is in the course of being wound up, such statutory rights (if any) under the Act as are incapable of being varied or excluded by this Constitution.

EFFECT OF LISTING REQUIREMENTS

186. Effects of Listing Requirements

186.1 Notwithstanding anything contained in this Constitution, if the Listing Requirements prohibit an act being done, then the act shall not be done.

Company No. 659523-T

186.2 Nothing contained in this Constitution shall prevent an act from being done if the Listing Requirements require that act to be done.

186.3 If the Listing Requirements require an act to be done or not to be done, then authority is hereby given for that act to be done or not to be done (as the case may be).

186.4 If the Listing Requirements require this Constitution to contain a provision and they do not contain such provision, then this Constitution is deemed to contain that provision.

186.5 If the Listing Requirements require this Constitution not to contain a provision and they contain such provision, then this Constitution is deemed not to contain that provision.

186.6 If any provision of this Constitution is or becomes inconsistent with the Listing Requirements, then this Constitution is deemed not to contain that provision to the extent of the inconsistency.

THE ACT, CENTRAL DEPOSITORIES ACT, THE LISTING REQUIREMENTS AND THE RULES

187. Compliance with the Act, Central Depositors Act, the Listing Requirements and Rules

Notwithstanding this Constitution, the Company shall comply with the Act, Central Depositories Act, the Listing Requirements and the Rules in respect of all matters relating to Securities or otherwise where applicable.

STATEMENT ACCOMPANYING NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING

1. The Directors seeking re-election at the Fifteenth Annual General Meeting of the Company are as follows :

   1.1 Article 94 of the Company's Articles of Association :
   (i). Tan Sri Dato' Dr Palaniappan A/L Ramanathan Chettiar
   (ii). Mr Malayandi @ Kalaiarasu

   1.2 Article 101 of the Company's Articles of Association :
   (i). Mr Maha Ramanathan Palan

2. The details of attendance of the Directors of the Company at Board of Directors' Meetings held during the financial year ended 31 December 2018 are disclosed in the Corporate Governance Overview Statement set out on page 23 of this Annual Report.

3. The details of the Fifteenth Annual General Meeting are as follows :

Date of Meeting	Time of Meeting	Place of Meeting
Friday, 28 June 2019	10.00 a.m.	Lecture Hall 3, Level 4, Academic Block, CUCMS Campus, Persiaran Bestari, Cyber 11, 63000 Cyberjaya, Selangor Darul Ehsan

SMRT
HOLDINGS BERHAD
(659523-T)

FORM OF PROXY

*I/We... *NRIC/Company No ....
(Block Letters)

of ....

being a member/members of the abovenamed Company, hereby appoint..

of ....

or failing *him/her,..

of ....

or failing *him/her, the CHAIRMAN of the meeting, as *my/our proxy to vote for *me/us on *my/our behalf at the Fifteenth Annual General Meeting of the Company to be held at Lecture Hall 3, Level 4, Academic Block, CUCMS Campus, Persiaran Bestari, Cyber 11, Cyberjaya, Selangor Darul Ehsan on Friday, 28 June 2019 at 10.00 a.m. and at any adjournment thereof in the manner indicated below :

No.	Resolutions	For	Against
ORDINARY BUSINESS			
1.	To approve the payment of Directors' fees and meeting allowances to be paid to Non-Executive Directors from 29 June 2019 until the conclusion of the next Annual General Meeting.		
2.	To re-elect Tan Sri Dato' Dr Palaniappan A/L Ramanathan Chettiar who retires pursuant to Article 94 of the Company's Articles of Association and being eligible, offers himself for re-election.		
3.	To re-elect Mr Malayandi @ Kalaiarasu who retires pursuant to Article 94 of the Company's Articles of Association and being eligible, offers himself for re-election.		
4.	To re-elect Mr Maha Ramanathan Palan who retires pursuant to Article 101 of the Company's Articles of Association and being eligible, offers himself for re-election.		
5.	To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
6.	Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act, 2016.		
7.	Retention of Independent Director pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance – Mr Leow Nan Chye.		
8.	Proposed Renewal of Share Buy-Back by the Company to purchase up to 10% of the total number of issued shares of the Company.		
SPECIAL BUSINESS			
9	Proposed Adoption of New Constitution.		

Please indicate with an "X" in the appropriate box against the resolution on how you wish your proxy to vote. If no specific instruction as to voting is given, the proxy will vote at *his/her discretion.

Number of Shares	
CDS Account No	
Date	

____
Signature

Fold This Flap For Sealing

Notes :

1. *A member of the Company entitled to attend and vote at the meeting may appoint one or more proxies (or being a corporate member, a corporate representative) to attend and vote in his/her stead. A proxy may but need not be a member of the Company.*
2. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.*
3. *The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his/her attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney or by an officer duly authorised.*
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") as defined under the Securities Industry (Central Depositories) Act 1991, 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 and the power of attorney or other authority, if any, under which it is signed or executed must be deposited at the Registered Office of the Company at Level 8, Tower Block, CUCMS Campus, Persiaran Bestari, Cyber 11, 63000 Cyberjaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*
6. *Only members whose names appear in the Record of Depositors on 24 June 2019 shall be entitled to attend, speak and vote at the meeting or appoint proxy(ies) to attend, speak and vote on his/her behalf.*

**Delete where inapplicable*

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Affix
Stamp
here

The Company Secretary
SMRT Holdings Berhad (659523-T)

Level 8, Tower Block, CUCMS Campus,
Persiaran Bestari, Cyber 11
63000 Cyberjaya
Selangor Darul Ehsan
Malaysia

Fold Here

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