SUIWAH CORPORATION BHD 253837-H

ANNUAL REPORT 2018

SUIWAH CORPORATION BHD
253837-H

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-fifth Annual General Meeting (25th AGM) of Suiwah Corporation Bhd. ("SCB" or "the Company") will be held at Sunshine Banquet Hall, Level 4, Sunshine Square Complex, 1, Jalan Mayang Pasir, 11950 Bayan Baru, Penang on Tuesday, 30 October 2018 at 11.30 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements of the Group and the Company for the financial year ended 31 May 2018 together with the Reports of the Directors and Auditors thereon.

   (Please refer to Note III)

2. To approve the declaration of a first and final single tier dividend of 1 sen per ordinary share in respect of the financial year ended 31 May 2018. **Resolution 1**

   (Please refer to Note IV)

3. To re-elect the following Directors who retire by rotation in accordance with Regulation 86 of the Company's Constitution, and being eligible, offered themselves for re-election:

   (i) Mr. Wong Thai Sun **Resolution 2**
   (ii) Mr. Jen Shek Voon **Resolution 3**
   (iii) Mr. Hwang Shin Hung **Resolution 4**

4. To re-elect Ms. Beh Hooi Sim, who retires in accordance with Regulation 88 of the Company's Constitution, and being eligible, offered herself for re-election. **Resolution 5**

   (For items 3 and 4, please refer to Note V)

5. To approve the following payments to Directors:

   a) Directors' fees of Ringgit Malaysia Two Hundred and Ninety Two Thousand (RM292,000) only for the financial year ended 31 May 2018; **Resolution 6**
   b) Directors' benefits of up to Ringgit Malaysia Two Hundred Thousand (RM200,000) from the conclusion of this 25th AGM until the next AGM of the Company to be held in the year 2019. **Resolution 7**

   (Please refer to Note VI)

6. To re-appoint Messrs. Ernst & Young as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 8**

   (Please refer to Note VII)

Notice of Annual General Meeting (contd.)

AS SPECIAL BUSINESS:

7.1 **ORDINARY RESOLUTION:**
AUTHORITY TO ISSUE AND ALLOT SHARES

"**THAT** subject always to the Companies Act, 2016 ("Act"), the Constitution of the Company and approvals of the relevant governmental/regulatory authorities, if applicable, the Directors be and are hereby empowered to issue and allot shares in the Company, pursuant to the Act, at any time to such persons 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 does not exceed ten per centum (10%) of the total number of issued share (excluding treasury shares) of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; **Resolution 9**

AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until:

(a) the conclusion of the Company's next Annual General Meeting ("AGM"), at which time it will lapse, unless the authority is renewed by a resolution passed at the general meeting; or

(b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by resolution passed by the Company's shareholders in a general meeting;

whichever is earlier."

(Please refer to Note VIII)

7.2 **ORDINARY RESOLUTION:**
PROPOSED NEW AND RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE INVOLVING DATO' HWANG THEAN LONG, DATIN CHEAH GAIK HUANG, HWANG POH CHOO, HWANG SIEW PENG, HWANG SHIN HUNG, HWANG YEN MING, SUIWAH HOLDINGS SDN BHD AND SUIWAH SUPERMARKET SENDIRIAN BERHAD

"**THAT** subject to the provision of the Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), approval be and is hereby given to the Company's subsidiaries to enter into and give effect to the recurrent related party transactions of a revenue or trading nature involving Dato' Hwang Thean Long, Datin Cheah Gaik Huang, Hwang Poh Choo, Hwang Siew Peng, Hwang Shin Hung, Hwang Yen Ming, Suiwah Holdings Sdn Bhd and Suiwah Supermarket Sendirian Berhad (hereinafter referred to as "Related Parties") as specified in Section 1.3 under Part A of the Document to Shareholders dated 29 September 2018, and falling within the ambit of Part E, Paragraph 10.09 of Chapter 10 of the Listing Requirements, which are necessary for the day-to-day operations and undertaken in the ordinary course of business of the Company, on terms not more favourable to Related Parties than those generally available to the public and not detrimental to minority shareholders of the Company; **Resolution 10**

THAT such approval unless revoked or varied by the Company in general meeting shall continue to be in full force and effect until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which this mandate was passed, at which time it will lapse, unless by a resolution passed at the general meeting whereby the authority is renewed; or

(ii) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

THAT the above mandate is subject to annual renewal and disclosure will be made in the annual report of the aggregate value of transactions conducted by the Group.

AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the above mandate."

7.3 **ORDINARY RESOLUTION:**
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE INVOLVING A DIRECTOR OF THE COMPANY'S SUBSIDIARY, NAMELY LEONG KONG MENG

"**THAT** subject to the provision of the Listing Requirements, approval be and is hereby given to the Company's subsidiaries to enter into and give effect to the recurrent related party transactions of a revenue or trading nature involving a Director of the Company's subsidiary, namely Leong Kong Meng (hereinafter referred to as "Interested Director") as specified in Section 1.3 under Part A of the Document to Shareholders dated 29 September 2018, and falling within the ambit of Part E, Paragraph 10.09 of Chapter 10 of the Listing Requirements, which are necessary for the day-to-day operations and undertaken in the ordinary course of business of the Company, on terms not more favourable to Interested Director than those generally available to the public and not detrimental to minority shareholders of the Company; **Resolution 11**

THAT such approval unless revoked or varied by the Company in general meeting shall continue to be in full force and effect until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which this mandate was passed, at which time it will lapse, unless by a resolution passed at the general meeting whereby the authority is renewed; or

(ii) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("the Act") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

THAT the above mandate is subject to annual renewal and disclosure will be made in the annual report of the aggregate value of transactions conducted by the Group.

AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the above mandate."

(For items 7.2 and 7.3, please refer to Note IX)

Notice of Annual General Meeting (contd.)

7.4 **ORDINARY RESOLUTION:**
PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO 10% OF THE TOTAL NUMBER OF ITS ISSUED SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE")

Resolution 12

"**THAT** subject to the Companies Act, 2016 ("the Act"), the provisions of the Company's Constitution, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, guidelines, rules and regulations, the Directors of the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company ("SCB Shares") from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

(i) the aggregate number of SCB Shares which may be purchased and/or held by the Company shall not exceed ten per centum (10%) of the total number of issued shares of the Company;

(ii) the maximum fund to be utilised by the Company for the purpose of purchasing the SCB Shares under the Proposed Renewal of Share Buy-Back Mandate shall not exceed the Company's aggregate retained profits;

(iii) the authority conferred by this resolution shall commence immediately upon passing of this ordinary resolution and shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM, at which time the authority will lapse unless renewed by ordinary resolution passed at the general meeting, the authority is renewed, either unconditionally or subject to conditions; or
(b) the expiration of the period within which the next AGM of the Company after the date it is required by law to be held; or
(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first; but not so as to prejudice the completion of purchase(s) by the Company of the SCB Shares before the aforesaid expiry date and, made in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities; and

(iv) upon completion of the purchase(s) of the Shares by the Company, authority be and is hereby given to the Directors of the Company in their absolute discretion to deal with the Shares so purchased by the Company in the following manner:

(a) to cancel all or part of such SCB Shares;
(b) to retain all or part of treasury shares;
(c) to retain all or part of such SCB Shares as treasury shares and subsequently cancel, resell on Bursa Securities or distribute as dividends all or part of such treasury shares; and/or
(d) to deal with in any other manner as may be prescribed by applicable law and/or the regulations and guidelines applied from time to time by Bursa Securities and/or any other relevant authority for the time being in force.

AND THAT authority be and is hereby unconditionally and generally given to the Directors of the Company to take all such steps as are necessary or expedient to implement, finalise, complete or to effect the Proposed Renewal of Share Buy-Back Mandate with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the said Directors may deem fit and expedient in the best interest of the Company to give effect to and to complete the purchase of the SCB Shares."

(Please refer to Note X)

Notice of Annual General Meeting (contd.)

7.5 **ORDINARY RESOLUTION:**
MANDATE FOR THE FOLLOWING DIRECTORS WHO HAVE SERVED AS INDEPENDENT NON-EXECUTIVE DIRECTORS OF THE COMPANY FOR A CUMULATIVE TERM OF MORE THAN TWELVE (12) YEARS, TO CONTINUE TO ACT AS INDEPENDENT NON-EXECUTIVE DIRECTORS OF THE COMPANY

"**THAT** approval be and is hereby given to the following Directors who have served as Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company in compliance with the recommendation of Malaysian Code on Corporate Governance:

(i) "**THAT** contingent upon the polling results vis-à-vis the required two-tier voting process, approval be and is hereby given to YBhg. Dato' Haji Mohd Suhaimi bin Abdullah, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company." **Resolution 13**

(ii) "**THAT** contingent upon the polling results vis-à-vis the required two-tier voting process, approval be and is hereby given to YBhg. Dato' Ahmad Hassan bin Osman, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company." **Resolution 14**

(iii) "**THAT** subject to the passing of Ordinary Resolution 2 and contingent upon the polling results vis-à-vis the required two-tier voting process, approval be and is hereby given to Mr. Wong Thai Sun, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company." **Resolution 15**

(iv) "**THAT** subject to the passing of Ordinary Resolution 3 and contingent upon the polling results vis-à-vis the required two-tier voting process, approval be and is hereby given to Mr. Jen Shek Voon, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company." **Resolution 16**

(Please refer to Note XI)

7.6 **SPECIAL RESOLUTION:**
PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY

"**THAT** the amendments to the Constitution of the Company as set out in the Appendix I annexed to the Document to Shareholders dated 29 September 2018 be and are hereby approved and adopted. **Resolution 17**

AND THAT the Directors and/or Secretary of the Company be hereby authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the Proposed Amendments to the Constitution of the Company."

(Please refer to Note XII)

Notice of Annual General Meeting (contd.)

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT a first and final single tier dividend of 1 sen per ordinary share in respect of the financial year ended 31 May 2018, if approved by members of the Company, will be paid on 17 December 2018. The entitlement date for the dividend payment is 6 December 2018.

A Depositor shall qualify for entitlement to the dividend only in respect of:

(a) Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 6 December 2018 in respect of ordinary transfers; and

(b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board,

THUM SOOK FUN
(MIA 24701)
Company Secretary

Dated: 29 September 2018
Penang

Notes:

I) Appointment of proxy

(i) For the purpose of determining a member who shall be entitled to attend, speak and vote at this 25th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), a Record of Depositors as at 22 October 2018 ("General Meeting Record of Depositors") and a Depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at the Meeting or appoint proxy to attend, speak and vote in his/her stead.

(ii) A member may appoint up to two (2) proxies to attend and vote in his place at a meeting of the Company. Where a holder appoints two (2) proxies, he shall specify the proportion of his shareholding to be represented by each proxy. A proxy need not be a member. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend the Meeting shall have the same rights as the member to speak and vote at the Meeting.

(iii) An instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarially certified copy of that power or authority, shall be deposited at the Registered Office of the Company at No. 1-20-1 SUNTECH @ Penang Cybercity, Lintang Mayang Pasir 3, 11950 Bayan Baru, Penang not less than 48 hours before time appointed for holding the meeting or at any adjournment thereof.

(iv) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it shall be entitled to appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with ordinary shares of the Company.

(v) Where a member of the Company is an Exempt Authorised Nominee ("EAN"), which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the EAN may appoint in respect of each Omnibus Account it holds.

Where an authorised nominee or an EAN appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

Notice of Annual General Meeting (contd.)

II) Poll Voting

Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all the resolutions set out in this Notice will be put to vote by way of poll.

III) Audited Financial Statements for the financial year ended 31 May 2018

This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act, 2016 ("Act") does not require a formal approval for the Audited Financial Statements from the shareholders of the Company and hence, Agenda 1 is not put forward for voting.

IV) First and Final dividend

With reference to Section 131 of the Act, a company may only make a distribution to the shareholders out of profits of the Company available if the Company is solvent. On 31 July 2018, the Board had considered the amount of dividend and decided to recommend the same for the shareholders' approval.

The Directors of the Company are satisfied that the Company will be solvent as it will be able to pay its debts as and when the debts become due within twelve (12) months immediately after the distribution is made on 17 December 2018 in accordance with the requirements under Section 132(2) and (3) of the Act.

V) Re-election of Directors

Pursuant to Section 205(3)(b) of the Act, states that at every annual general meeting one-third or more of the Directors for the time being or, if the number is not three (3) or a multiple of three (3), then the number nearest to one-third, shall retire from the office. Regulation 86 of the Company's Constitution also states that an election of Directors shall take place each year. All Directors shall retire from office at least once in each three (3) years but shall be eligible for re-election. While Regulation 88 of the Company's Constitution states that any director appointed to the existing directors shall hold office only until the next following annual general meeting, and shall then be eligible for re-election.

In determining the eligibility of the Directors to stand for re-election at the 25th AGM, the Nominating and Remuneration Committee ("NRC") has considered the following:

(i) Evaluation on the effectiveness of the Individual Directors, the Board as a whole and all Board Committees; and
(ii) For Independent Non-Executive Directors ("INEDs") only, the level of independence demonstrated by the INEDs and their ability to act in the best interest of the Company.

Based on the foregoing, the Board accepted the NRC's recommendation for the re-election of the retiring Directors pursuant to Regulation 86 and 88 of the Company's Constitution at this 25th AGM of the Company. All the retiring Directors had consented to their re-election and abstained from deliberation as well as decision on their own eligibility to stand for re-election at the relevant NRC and Board Meetings.

VI) Directors' remuneration

The Board wishes to seek for shareholders' approval at the 25th AGM on the payment of Directors' fees for the financial year ended 31 May 2018 and benefits payable to the Directors for the period from 31 October 2018 until the next AGM of the Company ("Relevant Period").

In determining the estimated total amount of benefits payable for the Directors, the Board considered various factors including the number of scheduled meetings for the Board and Board Committees as well as the number of Directors involved in these meetings. The estimated amount of RM200,000 for the Relevant Period will be tabled for the shareholders' approval at this 25th AGM.

In the event, where the payment of Directors' benefits payable during the above period exceeded the estimated amount sought at this AGM, a shareholders' approval will be sought at the next AGM.

Notice of Annual General Meeting (contd.)

VII) Re-appointment of Auditors

Pursuant to Section 271 (3) (b) of the Act, shareholders shall appoint auditors who shall hold office until the conclusion of the next AGM in year 2019. The current auditors have expressed their willingness to continue in office and the Board of Directors has recommended their re-appointment. The shareholders shall consider this Resolution 8 and to authorise the Board of Directors to determine their remuneration thereof.

The Board and Audit and Risk Management Committee have considered the re-appointment of Messrs. Ernst & Young as auditors of the Company and collectively agreed that Messrs. Ernst & Young has met the relevant criteria prescribed by Paragraph 15.21 of Listing Requirements.

VIII) Authority to issue and allot shares

The Ordinary Resolution proposed herein is primarily to seek for the renewal of the Previous Mandate (as defined herein) to give flexibility to the Board of Directors to issue and allot shares up to 10% of the total number of issued share (excluding treasury shares) of the Company for the time being, at any time in their absolute discretion for such purposes as the Board of Directors considers to be in the best interests of the Company (hereinafter referred to as the "General Mandate"). This General Mandate is sought to avoid any delays and costs involved with the convening of a general meeting. This General Mandate, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company.

The Company had been granted a general mandate by its shareholders at the last AGM held on 15 November 2017 of which will lapse at the conclusion of the 25th AGM (hereinafter referred to as the "Previous Mandate").

As at the date of this Notice, the Previous Mandate granted by the shareholders had not been utilised and hence, no proceed was raised therefrom.

The General Mandate, upon renewal, will provide flexibility to the Company for any possible fund-raising activities, including but not limited to placing of shares for the purpose of funding future investment project(s), acquisitions, working capital and/or settlement of banking facilities.

IX) Proposed New and Renewal of Shareholders' Mandate for Recurrent Related Party Transactions

The proposed adoption of Resolution Nos. 10 and 11, if passed, will enable the Company and/or its subsidiaries to enter into the recurrent transactions involving the interest of the Related Parties which are of a revenue or trading nature and necessary for the Group's day to day operations subject to the transactions being carried out in the ordinary course of business on terms not more favorable than those generally available to the public and are not detriment to the minority shareholders of the Company.

For further information, please refer to Part A of the Document to Shareholders dated 29 September 2018, which is dispatched together with the Company's Annual Report 2018.

X) Proposed Renewal of Share Buy-Back Mandate

The proposed adoption of the Resolution No. 12 is to renew the authority granted by the shareholders of the Company at the 24th AGM of the Company held on 15 November 2017. The Proposed Renewal of Share Buy-Back Mandate, if passed, will empower the Directors to buy-back and/or hold up to a maximum of 10% of the total number of issued shares of the Company at the time of purchase by utilizing the funds allocated which shall not exceed the aggregate retained profits of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company, or the expiration of period within which the next AGM is required by law to be held, whichever is earlier.

For further information, please refer to Part B of the Document to Shareholders dated 29 September 2018, which is dispatched together with the Company's Annual Report 2018.

Notice of Annual General Meeting (contd.)

XI) Mandate for Directors who have served as Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to act as Independent Non-Executive Directors (INEDs) of the Company

The proposed resolutions 13 to 16 are to seek the shareholders' approval to retain YBhg. Dato' Haji Mohd Suhaimi bin Abdullah, YBhg. Dato' Ahmad Hassan bin Osman, Mr. Wong Thai Sun and Mr. Jen Shek Voon to continue to act as as INEDs of the Company.

The NRC has at the annual assessment assessed the independence of YBhg. Dato' Haji Mohd Suhaimi bin Abdullah, YBhg. Dato' Ahmad Hassan bin Osman, Mr. Wong Thai Sun and Mr. Jen Shek Voon, who had served more than 12 years. The NRC was on the view that they have remained objective and independent in expressing their views and in participating in deliberation and decision making of the Board and Board Committees. Their length of services on the Board does not in any way interfere with their exercise of independent judgement and ability to act in the best interests of the Company. In addition, they had individually confirmed and declared in writing that they are Independent Directors and they have satisfied all the criteria of an Independent Director set out in Paragraph 1.01 of the Listing Requirements.

The full details of the Board's justifications to retain YBhg. Dato' Haji Mohd Suhaimi bin Abdullah, YBhg. Dato' Ahmad Hassan bin Osman, Mr. Wong Thai Sun and Mr. Jen Shek Voon as INEDs are set out in the Statement on Corporate Governance in this Annual Report.

In line with Practice 4.2 of Malaysian Code on Corporate Governance ("MCCG"), the approval will be sought through two-tier voting process as described in the guidance to Practice 4.2 of the said MCCG.

XII) Proposed Amendments to the Constitution of the Company

The Proposed Amendments are to align the Company's Constitution with the amendments made to the Listing Requirements and administrative procedure within the Company.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(PURSUANT TO PARAGRAPH 8.27(2) OF THE LISTING REQUIREMENTS)

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election or re-appointment) at this 25th AGM.

Corporate Information

BOARD OF DIRECTORS

YBHG. DATO' HWANG THEAN LONG - *Managing Director*
YBHG. DATIN CHEAH GAIK HUANG - *Executive Director*
MS. HWANG SIEW PENG - *Executive Director*
MR. HWANG SHIN HUNG - *Executive Director*
MS. BEH HOOI SIM – *Executive Director*
YBHG. DATUK HAJI RADZALI BIN HASSAN - *Non-Independent Non-Executive Director*
YBHG. DATO' HAJI MOHD SUHAIMI BIN ABDULLAH - *Independent Non-Executive Director*
YBHG. DATO' AHMAD HASSAN BIN OSMAN - *Independent Non-Executive Director*
MR. WONG THAI SUN - *Independent Non-Executive Director*
MR. JEN SHEK VOON - *Independent Non-Executive Director*

AUDIT COMMITTEE

YBHG. DATO' HAJI MOHD SUHAIMI BIN ABDULLAH - *Chairman*
YBHG. DATO' AHMAD HASSAN BIN OSMAN - *Member*
MR. WONG THAI SUN - *Member*
MR. JEN SHEK VOON - *Member*

NOMINATION AND REMUNERATION COMMITTEE

MR. JEN SHEK VOON - *Chairman*
YBHG. DATO' AHMAD HASSAN BIN OSMAN - *Member*
YBHG. DATO' HAJI MOHD SUHAIMI BIN ABDULLAH - *Member*
MR. WONG THAI SUN - *Member*

COMPANY SECRETARY

THUM SOOK FUN (MIA 24701)

REGISTERED OFFICE

No. 1-20-1 SUNTECH @ Penang Cybercity,
Lintang Mayang Pasir 3, 11950 Bayan Baru, Penang, Malaysia.
Tel. No. : +604-6437387
Fax No. : +604-6437389
Web Page : http://www.suiwah.com.my

SHARE REGISTRAR

SECURITIES SERVICES (HOLDINGS) SDN BHD
Suite 18.05, MWE Plaza, No. 8, Lebuh Farquhar,
10200 Georgetown, Penang, Malaysia.
Tel. No. : +604-2631966
Fax No. : +604-2628544

AUDITORS

ERNST & YOUNG (AF0039)
Chartered Accountants
21st Floor, MWE Plaza, No. 8, Lebuh Farquhar,
10200 Georgetown, Penang, Malaysia.

ADVOCATES & SOLICITORS

GHAZI & LIM
ZAID IBRAHIM & CO

PRINCIPAL BANKERS

OCBC BANK (MALAYSIA) BERHAD
UNITED OVERSEAS BANK (MALAYSIA) BERHAD

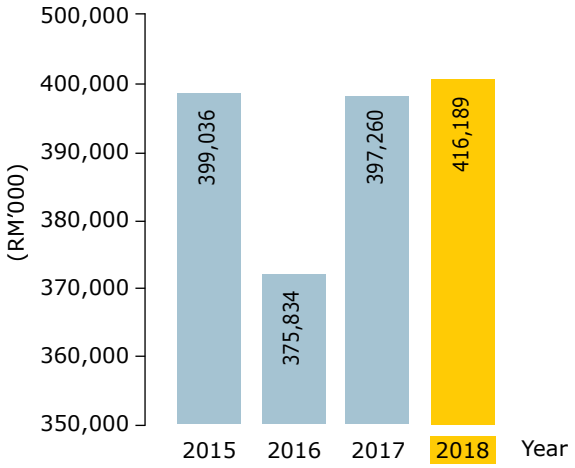
STOCK EXCHANGE LISTING

MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD
Stock Code : 9865
Stock Name : SUIWAH

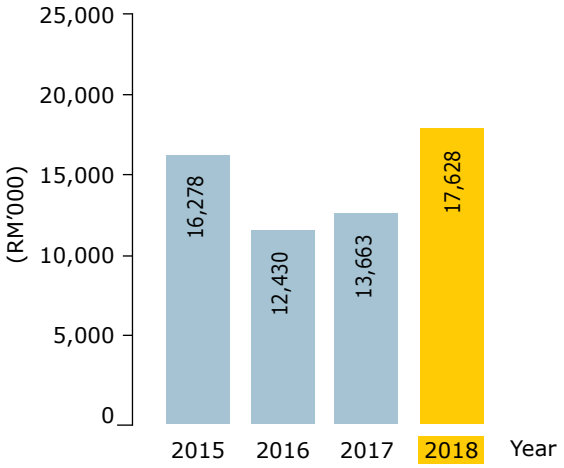
Financial Highlights

	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000
Revenue	399,036	375,834	397,260	416,189
Profit before tax	16,278	12,430	13,663	17,628
Share capital	61,000	61,000	74,935	74,935
Reserves	151,722	157,513	152,435	161,109

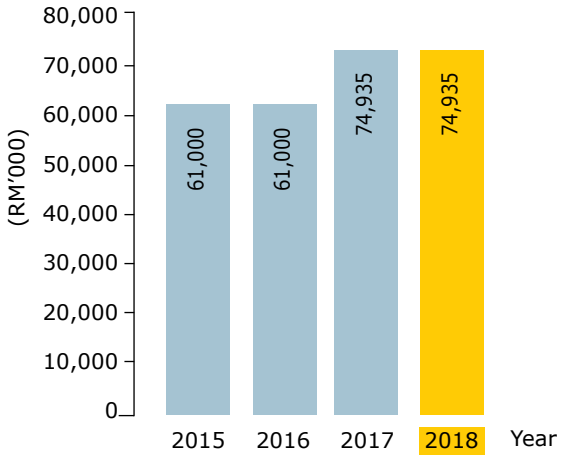
Revenue



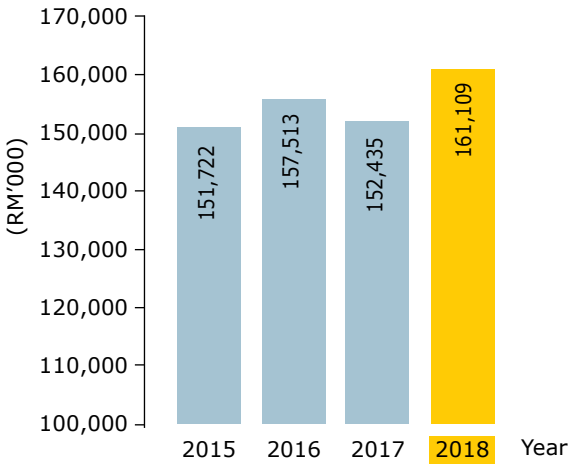
Profit Before Tax



Share Capital



Reserves



Directors' Profile

DATO' HWANG THEAN LONG
Managing Director
(Key Senior Management)

Dato' Hwang Thean Long, Malaysian, male, aged 69 was appointed to the Board on 10 December 1992. He is presently the Managing Director of the Company and also acting as Director of most of its subsidiary companies.

He has more than 46 years of experience in business industry especially supermarket retailing. He started his career with a mini market when he joined his father, the late Mr. Hwang Siong Wah, the founder of the well-known Swee Wah general merchant at Ayer Itam, Penang in 1970. After taking over the Swee Wah general merchant, he has expanded the business by opening additional outlets, which comprise of Sunshine Square, Sunshine Farlim Shopping Mall, Suiwah Ayer Itam, Sunshine Lip Sin, Sunshine Jelutong and Sunshine Bertam. His current directorship in other public company includes Penang Commercial and Industrial Development Berhad.

He is also a major shareholder of the Company by virtue of his interests held through Suiwah Holdings Sdn Bhd and Suiwah Supermarket Sendirian Berhad in the Company. He is the spouse of Datin Cheah Gaik Huang, an Executive Director of the Company and the father of Ms. Hwang Siew Peng and Mr. Hwang Shin Hung, both are Executive Directors in the Company.

Save for the family relationship as disclosed above, he has no family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for any offences within the past five (5) years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Dato' Hwang Thean Long attended all the five (5) Board Meetings held during the financial year ended 31 May 2018.

DATO' HAJI MOHD SUHAIMI BIN ABDULLAH
Independent Non-Executive Director

Dato' Haji Mohd Suhaimi Bin Abdullah, Malaysian, male, aged 60 was appointed to the Board on 10 December 1992. He is presently the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee of the Company.

He graduated from Havering Technical College, London in 1981 with Diploma in Business Studies. Subsequently, he obtained a professional qualification in the Chartered Institute of Transport from School of Transport, University of London in 1985 and is a member of the Chartered Institute of Transport since 1989. From 1982 to 1984, while he was completing his studies, he was engaged as a secretary with the Majlis Pelajar-Pelajar Malaysia in London, UK. There, he managed the administrative and communicative matters between Ministries of Malaysia, which have contact with the Malaysian Students Societies Council in the UK and Ireland.

From 1984 to 1985, he was employed as a Marketing Executive in Mafeta Travel Agency Limited, London, UK where he managed the sales and marketing of air tickets for Malaysia and Far East countries. From 1985 to 1987, the Foundation of Mara Education engaged him as an Assistant Secretary II, where he handled the administrative matters of the foundation.

Also in 1986, he joined Angkatan Seniman Abad XX Sdn Bhd as an Executive Director. He was in charged of all administrative and financial matters for the company, which produced feature films and sitcoms for local media. Then in 1987, he joined YPM Realities Sdn Bhd as a General Manager and subsequently joined Yayasan Bumiputera Pulau Pinang Berhad also as a General Manager in 1991. He was in charge of the overall management and day-to-day operations of the companies. He currently is the Managing Director and Chief Executive Officer of Silver Ridge Holdings Bhd.

He has no family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for any offences within the past five (5) years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Dato' Haji Mohd Suhaimi Bin Abdullah attended all the five (5) Board Meetings held during the financial year ended 31 May 2018.

Directors' Profile (contd.)

DATIN CHEAH GAIK HUANG
Executive Director
(Key Senior Management)

Datin Cheah Gaik Huang, Malaysian, female, aged 65 was appointed to the Board on 14 March 1997. She has more than 35 years of working experience in the supermarket retailing business and also acting as Director of most of its subsidiary companies.

She is the spouse of Dato' Hwang Thean Long, the Managing Director and a major shareholder of the Company. Therefore, she is deemed to have an interest in shares of the Company by virtue of her husband's shareholdings held through Suiwah Holdings Sdn Bhd and Suiwah Supermarket Sendirian Berhad in the Company. She is also the mother of Ms. Hwang Siew Peng, who is an Executive Director of the Company.

Save for the family relationship as disclosed above, she has no family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. She has no conviction for any offences within the past five (5) years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Datin Cheah Gaik Huang attended all the five (5) Board Meetings held during the financial year ended 31 May 2018.

MS. HWANG SIEW PENG
Executive Director
(Key Senior Management)

Ms. Hwang Siew Peng, Malaysian, female, aged 44. She was appointed to the Board on 26 December 2001 and sits on the Board of Directors of several subsidiary companies of the Company and other private companies.

Currently, she is the Chief Executive Officer of Sunshine Wholesale Mart Sdn Bhd, the retail arm and core segment of the Company. With over 20 years of experience in retail, she spearheads the retail segment focusing on both offline and online retailing. She does not hold any directorship in other public companies.

Ms. Hwang is very actively involved in the retail industry with her role as Honorary Secretary and the Chairman of Northern Region and Council Member of Malaysia Retailers Association (MRA). Her commitment as the Social Events Chairman has contributed great success in the Asia Pacific Retailers Convention & Exhibition 2017 organized by FAPRA (Federation of Asia-Pacific Retailers Association) brings altitude to Ms. Hwang's networking in the retail industry.

Apart from her involvement in MRA, she is also a Corporate Member of Malaysia Shopping Malls Association (PPK) where she keeps abreast with the shopping malls development and growth not only in Malaysia but also the Asian region.

Ms. Hwang is recently appointed as the Chair of Technical Committee for the "Women in Economy: Harness the Full Potential" forum organize by the State of Penang via the office of Penang Women's Development Corporation; enabling her to contribute her experiences and support in giving back to the society.

She is the daughter to Dato' Hwang Thean Long and Datin Cheah Gaik Huang, who are the Executive Directors and major shareholders of the Company. Therefore, she is deemed to have interest in shares of the Company by virtue of the shareholdings of her parents. She does not hold any directorship in other public companies.

Save for the family relationship as disclosed above, she has no family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. She has no conviction for any offences within the past five (5) years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Ms. Hwang Siew Peng attended four (4) of the five (5) Board Meetings held during the financial year ended 31 May 2018.

Directors' Profile (contd.)

DATO' AHMAD HASSAN BIN OSMAN
Independent Non-Executive Director

Dato' Ahmad Hassan Bin Osman, Malaysian, male, aged 80 was appointed to the Board on 18 December 1995 and on 16 September 2004, his position has been redesignated from Non-Independent Non-Executive Director to Independent Non-Executive Director. He is presently the member of the Audit Committee and the Nomination and Remuneration Committee in the Company.

He graduated from the University of Malaya, Kuala Lumpur in 1962 and subsequently obtained a Masters Degree in Economics from the University of Wisconsin, Madison in 1978.

He has vast experience in the public service, spanning a period of over 32 years. His last post with the Government was as the Secretary-General of the Ministry of Housing and Local Government, Malaysia. Upon retirement, he was appointed as an Executive Director of the Islamic Development Bank based in Jeddah, Saudi Arabia from 1994 to 1997. His current directorship in other public company includes Kimble Corporation Bhd (in liquidation).

He has no family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for any offences within the past five (5) years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Dato' Ahmad Hassan Bin Osman attended four (4) of the five (5) Board Meetings held during the financial year ended 31 May 2018.

MR. WONG THAI SUN
Independent Non-Executive Director

Mr. Wong Thai Sun, Malaysian, male, aged 63 was appointed to the Board on 26 December 2001. He is a member of the Audit Committee, Nomination and Remuneration Committee of the Company.

He holds a Bachelor of Economics and Accountancy from Australian National University. He is a member of the Malaysian Institute of Accountants and the Certified Public Accountants, Australia.

He has public practice experience in accountancy for over 32 years in Malaysia and in overseas and currently has his own public practice firm, which is Wong Thai Sun & Associates. He is the Independent Non-Executive Director of D'nonce Technology Bhd and Emico Holdings Bhd.

He has no family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for any offences within the past five (5) years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Mr. Wong Thai Sun attended all the five (5) Board Meetings held during the financial year ended 31 May 2018.

Directors' Profile (contd.)

MR. JEN SHEK VOON
Independent Non-Executive Director

Mr. Jen Shek Voon, Singaporean, male, aged 71 was appointed to the Board on 1 July 2004. He is a chairman of the Nomination and Remuneration Committee and also a member of the Audit Committee of the Company.

He has been appointed to the Board of Directors, including past directorships of a number of publicly listed companies on the stock exchanges of Malaysia and Hong Kong SAR. He does not hold any directorship in other public companies in Malaysia. He is a fellow member of the Singapore Institute of Directors.

He holds Master of Bachelor of Accounting (Hons) from University of Singapore and obtained a post-graduate Commerce Hons degree from the University of New South Wales. He is a fellow of the Institute of Chartered Accountants in Australia and New Zealand, Association of Chartered Certified Accountants in United Kingdom and the Taxation Institute of Australia. He also is a Chartered Accountant of the Institute of Singapore Chartered Accountants ("ISCA") and a member of Information System Audit and Control Association, British Computer Society, Institute of Internal Auditors and the Malaysian Institute of Accountants.

He currently manages his own public accounting practice, Jen Shek Voon PAS, as a sole proprietor. Mr. Jen is a Public Accountant Singapore, licensed by the Singapore Accounting and Corporate Regulatory Authority ("ACRA") and have undertaken the necessary continuing professional education courses.

He has no family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for any offences within the past five (5) years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Mr. Jen Shek Voon attended all the five (5) Board Meetings held during the financial year ended 31 May 2018.

DATUK HAJI RADZALI BIN HASSAN
Non-Independent Non-Executive Director

Datuk Haji Radzali Bin Hassan, Malaysian, male, aged 61 is a Pioneering Environmental Entrepreneur, was appointed to the Board on 16 September 2004. He is a member of the Audit Committee, Nomination and Remuneration Committee of the Company.

Born in 1957 in Perak, Datuk Radzali completed his Masters in Business Administration and holds an Advance Diploma in International Business Studies.

Datuk Radzali was conferred the Kestaria Setia DiRaja Award by DYMM Paduka Baginda Yang DiPertuan Agong in 1997 and Darjah Mulia Seri Melaka by TYT Yang Di Pertua Negeri Melaka and Darjah Setia Pangkuan Negeri by TYT Yang Di Pertua Negeri Pulau Pinang.

Datuk Radzali is currently the Chairman/Group Managing Director of Harta Maintenance Sdn Bhd and Harta Group of Companies since April 1980, is also acting as Director of several subsidiary companies. Datuk Radzali does not hold any directorship in other public companies.

Datuk Radzali is a major shareholder of the Company by virtue of his interests held through Hozone Sdn Bhd in the Company. Datuk is also a Director and shareholder of Hozone Sdn Bhd.

Datuk Radzali is also a director of Green & Smart Holding Limited since 2016 as an AIM company listed in London Stock Exchange.

Datuk Radzali is currently the Chairman of Malaysian Franchise Association for the period of 2017-2019.

Datuk Radzali has no family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for any offences within the past five (5) years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Datuk Haji Radzali Bin Hassan attended three (3) of the five (5) Board Meetings held during the financial year ended 31 May 2018.

Directors' Profile (contd.)

MR. HWANG SHIN HUNG
Executive Director
(Key Senior Management)

Mr. Hwang Shin Hung, Malaysian, male, aged 32 was appointed to the Board on 24 April 2015. He also sits on the Board of Directors of several subsidiary companies of the Company and other private companies.

He graduated from the University of Cambridge with a Master's Degree in Industrial System, Manufacture and Management. He also holds a Bachelor Engineering in Electrical & Electronic Engineering from Imperial College London.

He started his career in Suiwa Hi-Tech Industrial Park in China and also worked at Intel (Product Engineer) and PricewaterhouseCoopers (Corporate Finance). He was a project consultant in numerous British companies such as Biochrom Ltd, Harvard Bioscience Inc., Shearline Ltd., Apollo Ltd., Halma Plc. and Herga Electric Ltd. He joined Federations of Malaysian Manufacturers Penang Branch and holds the position of Office Chairman for the period of 2014-2015. He was also elected as the FREPENCA Committee Member in the Free Industrial Zone, Penang, Companies' Association for the period of 2015-2016.

He is the son to Dato' Hwang Thean Long, who is the Managing Director and major shareholder of Suiwah Corporation Bhd.

Save for the family relationship as disclosed above, he has no family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for any offences within the past five (5) years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Mr. Hwang Shin Hung attended four (4) of the five (5) Board Meetings held during the financial year ended 31 May 2018.

MS. BEH HOOI SIM
Executive Director
(Key Senior Management)

Ms. Beh Hooi Sim, Malaysian, female, aged 47 was appointed to the Board on 5 December 2017.

She has more than 20 years of retail working experience in supermarket retailing. She is a strategic and hands on executive, who is experienced in financial, human resource and information technology management. She currently heads three departments, namely finance, human resource and information technology. Her relevant technical expertise and multi-disciplinary management skills has eased her in overseeing all aspects of accounting and financial system, human resource management system and retail intelligent business system.

She piloted the setting up of SURE® (Sunshine Upscale Retail Excellence) Centre. This is a centre for retail excellence focusing to improve retail service quality and productivity, cost down strategy and succession planning for new staff.

She is currently working on an initiative that is targeting on young management trainees by way of work and study programme. This collaboration programme will prepare them to gain internationally recognise certificate in Supply Chain Management, awarded by International Trade Centre, Geneva. This MLS-SCM® Programme is an ISO 9001 2008 certified programme.

She has no family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. She has no conviction for any offences within the past five (5) years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Ms. Beh Hooi Sim attended all the Two (2) Board Meetings held during her tenure in office for the financial year ended 31 May 2018.

Group Managing Director's Management Discussion and Analysis

Moving with speed to win the future of retail is our primary goal now. The retail segment will continue to undergo many drastic changes in financial year 2019. The future holds much more promising and advanced new technologies which will continually change the landscape for the retail segment. Customers are time crunched. Hence, we want their shopping experience with us to be fast and easy, either in stores or through their mobile devices. We will continue to build our e-commerce and digital capabilities, and put them together in a way that saves customers' time and money.

Qdos is the manufacturing arm pioneering the manufacturing of Flexible Printed Circuits (FPC) and Molded Interconnect Substrate (MIS) in Malaysia. Moulded Interconnect Substrate (MIS) is our latest product venture in advanced semiconductor IC packaging. The birth of MIS will nudge the semiconductor industry into taking a leap forward with its sophisticated structure, robustness and technologically superior solution to traditionally used lead frame and ball grid array substrates. MIS is ideal for high-performance applications, particularly those with 5G, high thermal conductivity, low-noise and high-frequency requirements.

The newly completed factory at Batu Kawan Industrial Park is dedicated to producing advanced semiconductor solutions which will enable us to grow and diversify through innovation, automation and an expanded international footprint. This marks a major milestone for Qdos, which has made significant investments in hi-tech equipment, human capital and technology transfer to develop this novel substrate solution. With more than two decades of engineering expertise, our commitment towards excellence has earned the manufacturing division a reputable track record and long term partnerships with numerous blue-chip OEMs.

Sunshine Central, the pioneer mixed development project for the Group, is being developed as the centre for thriving businesses and commercial growth. Every aspect of the development has been thoughtfully designed to cater for the influx of traffic and ever evolving lifestyle needs. The Group is working in unison with its numerous industry partners to ensure Sunshine Central will become a flagship "neighbourhood mall" that will bring a modern style of business venture within the Air Itam township.

Trading in construction materials has become an increasing important revenue contributor to the Group. We ensure our customer's satisfaction with the support from our efficient and dedicated sales team. Moving forward, the demand for construction materials is expected to grow further.

The Group's property investment business continued to see consolidation of businesses by tenant business owners through seeking shorter tenancy periods and lower rental options or mechanics. The Group has continued to employ strategies to maintain its business competitiveness by searching for new categories of tenants, rezoning the layout of its existing stores to bring in a fresh tenant mix, working jointly together with its tenants on upgrading and promotion activities and offering competitive package rates to its tenants.

Risk and Uncertainties

The Group's business activities, operations, financial results and growth prospects are subject to the risks and uncertainties in the market places that it operates in. There are inherent risks arising from unfavourable changes in general economic and business conditions and rising costs that could result in outcomes differing from the planned results.

Competition

In today's dynamic and borderless business environment, competition is no more between companies within the country. Competition emerges in many ways, product quality, price comparison, product variety, speed of delivery to market, product life cycles and distribution channels. Emphasis is given on the importance of speed and the critical lead times, time to market, time to serve and time to respond. Effective internal and external communication in all areas of the business is important, so that immediate remedial action can be considered for the issue identified.

Group Managing Director's Management Discussion and Analysis (contd.)

Supply Chain Capabilities and Performance

It is very important to have a robust supply chain for the Group to ensure a good number of product varieties, good quality of products and speedy supply. Poor management in this area is a big risk to the survival of the Group. Keeping good relationships with its existing good suppliers alone is not enough. Sourcing new suppliers that are capable of meeting our requirements is one of the important key performance indexes for our Sourcing department. Factors to consider include production capacity and costs. This is a continuous effort and the performance of our sourcing department is reviewed on a regular basis. We believe in cultivating win-win relationships with our business partners in order to sustain the growth and support in the supply chain, which the Group will certainly benefit from in the long run.

Analysis of Financial Results

The Group's revenue for the year ended 31 May 2018, amounted to RM416.189 million, an increase of 4.76% from RM397.260 million recorded in the preceding corresponding year ended 31 May 2017. The Group's profit before tax for the year under review was RM17.628 million, as compared with the Group's profit before tax of RM13.663 million previously, an increase of 29.02%.

The significant weakening of RM against USD has caused the manufacturing segment to record a 12.97% decrease in revenue. Profit before tax has however decreased of marginally by 1.80%, as compared previously, mainly due to physical and consequential loss claims received and receivable during the year ended 31 May 2018.

Total revenue registered by the retail business segment for the financial year ended 31 May 2018 increased by 6.17% to RM318.991 million compared to RM300.453 million recorded in the preceding corresponding year. Profit before tax recorded an improved growth rate, i.e. 73.36%, due to improved sales from the existing stores and better controls over operating expenses during the current year.

The property investment and development segment registered an increase in revenue of 10.20%, from RM3.775 million to RM4.160 million. Loss for the year ended 31 May 2018 was RM2.454 million as compared to loss before tax of RM3.395 million, recorded in the preceding corresponding year ended 31 May 2017, mainly due to fair value adjustment on trade payables and retention sum recorded in the current year.

Trading in construction materials continues to register a positive growth in revenue from RM1.583 million to RM13.447 million. Profit before tax for the year under review was RM0.272 million as compared to RM0.083 million previously, as a result of higher turnover recorded during the reporting period.

As at 31 May 2018, the Group's shareholders' fund remains strong at RM230.001 million which provides a net asset value per share of RM4.03 (2017: RM3.87). Earnings per share has increased to 21.32 sen per share (2017: 16.75 sen) for the year under review due to the higher profit earned during the current year.

The Company has consistently recorded positive operating cash flows in line with its revenue growth from its core activities. The earnings before interest, tax, depreciation and amortisation (EBITDA) remains resilient with an amount of RM27.761 million recorded during the current year, an increase of RM4.037 million over the previous year's amount of RM23.724 million.

After taking into consideration the on-going projects undertaken by the Group and the sustainability of the future business growth of the Group, the Board has recommended a first and final single tier dividend of 1 sen per ordinary share for FY2018. Our Company's dividend payment may vary and is subject to the Company's level of cash, indebtedness, retained earnings, business operations and such other matters as the Board may deem relevant from time to time.

Group Managing Director's Management Discussion and Analysis (contd.)

Prospects

The Malaysian economy is driven by domestic demand. The private sectors, both consumers and producers, are anticipated to continually provide impetus for domestic demand. Manufacturing is committed to striving for continual improvement to stay as an industry leader in flex circuits, substrate and interconnect technologies. Overall, the Group is undergoing transformative changes that will see changes in the financial year 2019.

Appreciation

Our Board and executive management team would like to take this opportunity to express our sincere gratitude to the Group's employees, customers, shareholders, suppliers and business partners for all their continued support and contributions over the past years.

I would also like to extend my personal thanks to my fellow Directors for their constant dedication as the Group attributes its success to the leadership of its Board of Directors, where it also owes much to the dedication of its employees and the support of its loyal customers and the trust given by all our shareholders.

The Group will continue to embark on a series of adjustments to its business strategies with the aim of delivering a satisfactory performance for the upcoming financial year.

Thank you.

Dato' Hwang Thean Long
Group Managing Director

Date: 7 September 2018

Corporate Governance Overview Statement

The Board of Directors ("the Board") of Suiwah Corporation Bhd ("SCB" or "Company") is pleased to present the Corporate Governance Overview for 2018. The Board recognises the importance of adopting good corporate governance throughout the Group as a fundamental part of the Board's responsibility to protect and enhance long-term shareholders' value and the financial performance of the Company, whilst taking into account the interests of other stakeholders.

This corporate governance overview has been structured to outline how the Group has applied the principles and recommendations of the Malaysian Code on Corporate Governance 2017 ("MCCG" or the "Code"), together with the provisions contained in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements" or "MMLR") during the financial year ended 31 May 2018. This Corporate Governance Overview Statement should be read in conjunction with the Corporate Governance Report, which is accessible on the Company's website at www.suiwah.com.my.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

PART 1 - BOARD RESPONSIBILITIES

Intended Outcome

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

1.1 Strategic aims, values and standards

The Board is responsible for the leadership, oversight and overall management of the Company. An effective Board is one that is made up of a combination of Executive Directors with intimate knowledge of the business and Non-Executive Directors from diversified industry/business background to bring broad business and commercial experience to the Group.

The Board retains full and effective control of the Group and assumes responsibility for determining the Group's strategies and direction, shareholders and investors' relationships, approval of annual and quarterly financial results, acquisition and disposal, major capital expenditure as well as reviewing the adequacy and integrity of the Group's system of internal controls.

The responsibilities of the Board are inclusive of but not limited to:

- Review, adopt and monitor the implementation of a strategic plan for the Company to enhance the future growth of the Company;
- Oversee the conduct of the Company's business and evaluates whether the business is properly managed;
- Identify principal risks and ensure the implementation of appropriate controls and systems to monitor and manage these risks in order to achieve a proper balance between risks incurred and potential returns to shareholders;
- Review the adequacy and the integrity of the Company's internal control system and management information systems, including systems for ensuring compliance with applicable laws, regulations, rules, directives and guidelines;
- Oversee the development and implementation of shareholders' communication policy for the Company to ensure effective communication with its shareholders and other stakeholders;
- Ensure that the Company's financial statements are true and fair, and comply with all applicable laws and governmental regulations applicable to the Company's business and its conduct;
- Review and evaluate key policies adopted by the Company;
- Establish Board committees and be responsible for all decisions made by the committees; and
- Ensure all candidates appointed to senior management positions are of sufficient caliber and there are programmes in place to provide for the orderly succession of senior management.

The Board is assisted by Management of the Company namely, the "Key Senior Management" to run the Group's business in accordance with the corporate objectives and goals and targets set by the Board. The Key Senior Management consists of the Directors holding the following positions:

a) Dato' Hwang Thean Long – Managing Director;
b) Datin Cheah Gaik Huang – Executive Director;
c) Ms. Hwang Siew Peng – Executive Director;
d) Mr. Hwang Shin Hung – Executive Director; and
e) Ms. Beh Hooi Sim – Executive Director.

The profiles of the Key Senior Management are disclosed in this Annual Report.

Corporate Governance Overview Statement (contd.)

The principal responsibilities of the Key Senior Management team are as follows:

a) Developing, coordinating and implementing business and corporate strategies for the approval of the Board;
b) Implementing the policies and decisions of the Board;
c) Overseeing the day-to-day operations of the Group;
d) Participating in various management committees or working committees for the effective discharge of duties and functions; and
e) Relevant member(s) of the Key Management Team will be invited to attend Board and/or Board Committees' meetings to advise and furnish the Board and/or Board Committees with information, reports, clarifications as and when required on the agenda items to be tabled to the Board and/or Board Committees, to enable the Board and/or Board Committees to arrive at a decision.

The Key Senior Management is supported by the Management team who are responsible for reporting all matters they assume will have a substantial impact to the business of the Company at first instance to the Managing Director/Executive Director or, if the matter concerns the Managing Director, then directly to the Chairman of other Committees or Independent Non-Executives as appropriate.

The Board plays an active role in the development of the Company's strategy. It has in place an annual strategy planning process whereby the Management presents to the Board its recommended strategy and proposed business plans for the following year at the Board's meeting. The Board reviews and deliberates based on both the Management's and its own perspectives, as well as challenges Management's views and assumptions to deliver the best outcomes.

As part of its efforts to ensure the effective discharge of its duties, the Board has delegated certain functions and responsibilities to the following respective Board Committees, which each operating within it having clearly defined terms of reference:

- Nomination and Remuneration Committee; and
- Audit Committee.

The Board has decided to merge the functions of the existing Nomination Committee ("NC") and Remuneration Committee ("RC") into a single committee to be known as Nomination and Remuneration Committee ("NRC") on 20 April 2018. The Board is satisfied that with the newly established committee, the NRC would discharge its functions efficiently and effectively with respect to the nomination and remuneration matters.

The Chairman of each Board Committee will report to the Board on the outcome of the Committee's meetings which also include the key issues deliberated at the Committee's meetings. Hence, the Board also relies on its committees to administer the Board's oversight function.

1.2 The Chairman of the Board

Currently, the position of the Chairman of the Company is still vacant subsequent to the demise of the late Tun Dato' Seri Utama Dr. Lim Chong Eu. In this respect, the Board normally elects among themselves a chairman to chair its meetings. The Chairman of the Board is primarily responsible for the orderly conduct of a Board Meeting rather than on day to day activities. He is expected to make sure that the Board sets and implements the Company's direction and strategy effectively.

1.3 Separation of the positions of Chairman and Chief Executive Officer ("CEO")

As mentioned in the Paragraph 1.2 above, the position of the Chairman is still vacant and the position of CEO or Managing Director is assumed by another Director, Dato' Hwang Thean Long.

The Managing Director is responsible for ensuring that the Company's strategic plans and operating budgets are aligned with the corporate objectives set by the Board. He provides leadership to the Company, and is accountable to the Board. He is also responsible for, inter alia, exercising control over quality, quantity and timeliness of the flow of information between Management and the Board, and assisting in ensuring compliance with our Company's guidelines on corporate governance. In addition, the Managing Director is accountable for the operations, strategic planning, business development and general charting of the growth of our Company as well as the day to day management of the business and operations of the Company and Group.

Corporate Governance Overview Statement (contd.)

The Board is of the view that the Managing Director is a substantial shareholder and thus there is the advantage of shareholder leadership and a natural alignment of interest resulting in the safeguarding of the interests of shareholders as a whole. The Managing Director has extensive knowledge and experience and he is competent to lead SCB Group towards achieving the highest level of interest of the Company and all its stakeholders. In respect of potential conflicts of interest, the Board is comfortable that there is no undue risk involved as all related party transactions are disclosed and strictly dealt with in accordance with the MMLR. The Board is always mindful of the potential conflict of interest that may arise in each transaction, in which case, the interested Directors abstained themselves from decision-making.

1.4 The Company Secretary

In compliance with Practice 1.4 of the Code, the Board is supported by a suitably qualified and competent Company Secretary. The Company Secretary plays an advisory role to the Board in relation to the Company's Constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in the discharge of its functions.

A brief profile of the existing Company Secretary is as follows:

Ms. Thum Sook Fun, FCIS, C.A. (M), FCCA

Ms. Thum is a Chartered Secretary by profession. Ms. Thum has been elected as a Fellow member of the MAICSA and also a Fellow member of the Association of Chartered Certified Accountants ("ACCA"). She is also a member of the Malaysian Institute of Accountants ("MIA").

She has more than 20 years of professional experience in the field of corporate secretarial practice with working knowledge of many industries. Ms. Thum is also the named Company Secretary for a number of public listed companies and private limited companies. Ms. Thum has been appointed as the Company Secretary of the Company with effect from 28 September 2000.

In performing her duties, the Company Secretary carries out, amongst others, the following tasks:

- Carrying out statutory duties as required under the Companies Act 2016 ("Act"), Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), Capital Market and Services Act, 2007;
- Facilitating and attending Board Meetings and Board Committee Meetings, respectively;
- Facilitating and attending the General Meeting(s);
- Ensuring that Board Meetings and Board Committee Meetings, respectively are properly convened and the proceedings are properly recorded;
- Ensuring timely communication of the Board level decisions to the Management for further action;
- Ensuring that all appointments to the Board and/or Board Committees are properly made in accordance with the relevant regulations and/or legislations;
- Maintaining records for the purpose of meeting statutory obligations of applicable jurisdictions;
- Facilitating the provision of information as may be requested by the Directors from time to time in a timely manner and ensuring adherence to Board policies and procedures;
- Facilitating the conduct of the assessments to be undertaken by the Board and/or Board Committees as well as to compile the results of the assessments for the Board and/or Board Committee's notation;
- Assisting the Company on the lodgements of documents with relevant statutory and regulatory bodies;
- Assisting the Board with the preparation of announcements for release to Bursa Malaysia Securities Berhad ("Bursa Securities") and Securities Commission Malaysia; and
- Rendering advice and support to the Board and Management.

The Board is updated and kept informed by the Company Secretary of requirements such as restriction in dealing with the securities of the Company during closed periods and updates on the latest developments in legislations and regulatory framework affecting the Group. All members of the Board, whether as a whole or in their individual capacity, have access to the advice and services of the Company Secretary on all matters relating to the Group to assist them in the furtherance of their duties.

Corporate Governance Overview Statement (contd.)

1.5 Meeting materials

The Board requires its members to devote sufficient time to the workings of the Board, to effectively discharge their duties as Directors of the Company, and to use their best endeavors to attend meetings. In facilitating the schedule of the Directors, the Management will prepare and circulate in advance an annual meeting timetable, which includes all the proposed meeting dates for Board and Board Committee Meetings as well as the Annual General Meeting ("AGM"). Upon the concurrence by all the Board members, the annual meeting timetable will be adopted for the applicable financial year. The annual meeting schedule for year 2019 has been approved and adopted by the Board at its Meeting held on 30 July 2018.

The Board meets quarterly to review and deliberate all matters relating to the overall control, business performance and strategy of the Company. Additional meetings will be called when and if necessary. The relevant reports and Board Papers are distributed to all Directors in advance of the Board Meeting to allow the Directors sufficient time to peruse them for their effective discussion and decision making during the meetings.

Senior management staff may be invited to attend Board meetings to provide the Board detailed explanations and clarifications on certain matters that are tabled to the Board. All Directors have unrestricted access to information with the Group. The Directors may interact directly with the Management, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from them.

All deliberations and decisions made at the Board meetings are recorded by the Company Secretary including whether any Directors have abstained from voting or deliberating on a particular matter. Minutes of the meeting are circulated to the Board and the Management for review and comments in a timely manner before the minutes of the last Board meeting are confirmed at the next Board meeting.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company.

A total of five (5) Board meetings were held in the financial year ended 31 May 2018. The following is the record of attendance by the Board members during their tenure in office and all Directors have complied with the minimum of 50% attendance as stipulated by Paragraph 15.05(3)(c) of the Listing Requirements:

Name of Directors	Total Meetings Attended	% of Attendance
Executive Directors		
Dato' Hwang Thean Long	5	100
Datin Cheah Gaik Huang	5	100
Hwang Siew Peng	4	80
Hwang Shin Hung	4	80
Beh Hooi Sim*	2	100
Independent and Non-Executive Directors		
Dato' Haji Mohd Suhaimi Bin Abdullah	5	100
Dato' Ahmad Hassan Bin Osman	4	80
Wong Thai Sun	5	100
Jen Shek Voon	5	100
Non-Independent and Non-Executive Director		
Datuk Haji Radzali Bin Hassan	3	60

** Ms. Beh Hooi Sim was appointed on 5 December 2017*

In the interval between Board Meetings, for any matters requiring Board's decisions, the Board's approvals are obtained through Directors' resolutions in writing. The resolutions passed by way of Directors' resolution in writing are then noted at the next Board Meeting.

Corporate Governance Overview Statement (contd.)

Intended Outcome

- **There is demarcation of responsibilities between the board, board committees and management.**
- **There is clarity in the authority of the board, its committees and individual directors.**

2.1 Board Charter

The Board had on 22 September 2014 formalised a Board Charter ("Charter") to document these roles and responsibilities to ensure accountability of the Board. The revised Board Charter was recently reviewed and approved by the Board on 30 July 2018 to re-align the existing governance policies in the Company with the good standard of corporate governance practices prescribed by the Code and Listing Requirements, where possible or relevant.

The Board is guided by the Charter, which provides a reference for Directors in relation to the Board's role, powers, duties and functions. The Charter also serves as a reference point for the Board's activities where the Board has established clear functions reserved for the Board and those delegated to the Management. The Charter provides guidance for Directors and Management on the responsibilities of the Board, its Committees and requirements of Directors.

The Charter is subject to periodical reviews by the Board as and when required to ensure consistency with the Board's strategic intent as well as in line with the latest statutory and regulatory requirements.

Salient terms of the Charter are made available at the Company's website at www.suiwah.com.my.

Intended Outcome

- **The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.**
- **The Board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.**

3.1 Code of Conduct

The Board has in place a code of ethics and conduct for the Directors since 2014 and the revised Code of Conduct has been reviewed and approved by the Board recently on 30 July 2018 to re-align the existing governance policies in the Company with the good standard of corporate governance practices prescribed by the Code and Listing Requirements, where possible or relevant. The Code of Conduct is available for reference at the Company's website at www.suiwah.com.my.

The Code of Conduct sets out basic principles and guidelines to all Directors, management and employees of Suiwah Corporation Berhad and its subsidiary companies ("the Group").

The Board conducted themselves in an ethical manner while executing their duties and functions, and complied with the Company's Code of Ethics recommended by the Companies Commission of Malaysia.

In addition to the Company Directors' Code of Ethics established by the Companies Commission of Malaysia, both Directors and employees are required to uphold the highest integrity in discharging their duties and in their dealings with various stakeholders such as shareholders, customers, fellow employees and regulators. The Directors have a duty to create and maintain a safe working and business operations environment and safeguarding of the Company's assets and resources.

The Directors have a duty to declare immediately to the Board should they be interested in any transaction to be entered into directly or indirectly by the Company and further obtain the Board's permission. An interested Director is required to abstain from deliberations and decisions of the Board on the transaction and he does not exercise any influence over the Board in respect of the transaction. In the event a corporate proposal is required to be approved by shareholders, interested Directors are required to abstain from voting in respect of their shareholdings in the Company on the resolutions pertaining to the corporate proposal, and will further undertake to ensure that persons connected to them similarly abstain from voting on the resolutions.

3.2 Whistleblowing Policy

The Board has formalised and adopted the Whistleblowing Policy since 17 September 2015 and had updated the said policy recently on 30 July 2018.

The Whistle-blowing Policy serves as an essential part of the Group's internal control system setting out a framework for all employees and stakeholders of the Group to report any concern about any malpractice within the Group. It also helps to nurture a good organizational culture within the Group and develop a culture of openness, transparency, accountability and integrity, which ultimately formulates standards of corporate behavior creating an ethical corporate climate.

The Whistle-blowing Policy is available at the Company's website at www.suiwah.com.my.

Corporate Governance Overview Statement (contd.)

PRINCIPLE A: PART 2 - BOARD COMPOSITION

Intended Outcome

- **Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.**

4.1 Board composition

The Board currently comprises of the Managing Director, four (4) Executive Directors, one (1) Non-Independent Non-Executive Director and four (4) Independent Non-Executive Directors ("INEDs"), all of whom bring to the Group a broad and valuable range of experience. The Board has more than 1/3 Independent Directors as its members in which four (4) out of Ten (10) Directors are INEDs, which fulfils the prescribed requirement of Paragraph 15.02 of the Listing Requirements that at least two (2) or one third (1/3) of the board of directors, whichever is the higher are Independent Directors.

The INEDs of the Company are independent of management and free from any business relationship which could materially interfere with the exercise of their judgment. They provide guidance, unbiased, fully balanced and independent views, advice and judgment to many aspects of the Group's strategy so as to safeguard the interests of minority shareholders and to ensure that the highest standards of conduct and integrity were maintained by the Group.

The presence of INEDs in the Board provides objectivity and they are of the caliber necessary to carry sufficient weight in Board decisions. The role of the INEDs are particularly important in ensuring that the strategies proposed by the Management are fully discussed and examined, and takes into account the long-term interests, not only of the shareholders, but also of employees, customers, suppliers, and the many communities in which the Group conducts business.

Any material and important proposals that will significantly affect the policies, strategies, directions and assets of the Group will be subject to approval by the Board. None of the members of the Board has unfettered powers of decision.

The Board is satisfied that the Independent Directors represent the interest of public shareholders in the Company.

4.2 Tenure of Independent Director

The Board is mindful of the recommendation of the Code where the tenure of an Independent Director should not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the board as a Non-Independent Director. If the Board intends to retain an Independent Director beyond nine years, it should justify and seek annual shareholders' approval.

The Board is also mindful of Practice 4.2 of the Code which requires the Board to seek annual shareholders' approval through a two-tier voting process, if the Board continues to retain the Independent Director after the twelfth (12th) year.

The Board through the NRC assesses the Independent Directors on an annual basis, with a view to ensuring the Independent Directors bring independent and objective judgment to the Board to mitigate any conflict of interest or undue influence from interested parties. Where there is a likely conflict of interest position, the Board would take appropriate action to rectify the situation. Should any Director have an interest in any matter under deliberation, he is required to disclose his interest and abstain from participating in discussions on the matter.

In ascertaining the independence status of the Directors, the Board continues to believe that tenure should not form part of the assessment criteria. It is of the view that the fiduciary duties of Directors are the primary concern of all Directors, regardless of their status. The Board firmly believes that the ability of a Director to serve effectively is dependent on his/her calibre, qualification, experience and personal qualities, particularly his/her integrity and objectivity. It also believes there are significant advantages to be gained from long-serving Directors who possess insight and knowledge of the Company's business and affairs in view of the continuous challenges faced by the Company.

Corporate Governance Overview Statement (contd.)

Currently, the Independent Directors, who have served the Company as INEDs for a cumulative term of more than twelfth (12) years are:

(i) Dato' Haji Mohd Suhaimi Bin Abdullah
(ii) Dato' Ahmad Hassan Bin Osman
(iii) Mr. Wong Thai Sun
(iv) Mr. Jen Shek Voon

Both the NRC and the Board have on 30 July 2018 assessed the independence of the above Independent Directors and are satisfied with their skills, contribution and independent judgment. Besides, the Board was of the view that the four of them have remained objective and independent in expressing their views and participating in deliberations and decision making of the Board and Board Committees. The length of their service on the Board does not in any way interfere with their exercise of independent judgment and ability to act in the best interests of the Company.

In line with Practice 4.2 of the Code, the Company will be seeking its shareholders' approval at this forthcoming 25th AGM to retain all four of them through the two-tier voting process.

4.3 Diversity of Board and Senior Management

The Board extends its recognition of diversity in its workplace as an essential measure for the sustainable growth and development of the Company. The Board had on 17 September 2015 formalised a Board Diversity Policy to ensure the Company's strategic intent for boardroom diversity is the attraction, retention and development of a diverse team of skilled people towards the delivering of the Company's strategy. On 30 July 2018, the Board has revised its Board Diversity Policy in compliance with the new MCCG.

The Board is satisfied with the current optimum Board size and is of the view that the current composition continues to have a strong, committed and dynamic Board with the right mix of skills to contribute to the achievement of the Company's goals.

Notwithstanding the above, the Board affirms its commitment to boardroom diversity as a truly diversified board can enhance the board's effectiveness, perspective, creativity and capacity to thrive in good times and to weather the tough times.

4.4 Gender diversity

The Group is committed to and recognizes the benefit of gender diversity. While the Board recognises the initiatives by the government to enlarge the women's representation at boardroom, the Board composition comprises of three (3) female Directors out of the ten (10) Directors.

4.5 Board appointment

The Board is responsible for the appointment of new Directors, the NRC of the Company is delegated with the role of screening and conducting an initial selection, which includes an external search and consideration of the required mix of skills, knowledge, expertise, experience and other qualities, including core competencies which they should bring to the Board, before making a recommendation to the Board. NRC has the authority to obtain the services of professional recruitment firms to source for candidates for directorship or seek independent professional advice whenever necessary.

The NRC is also responsible for making recommendations to the Board on the suitability of candidates nominated for appointment to the Board and Board Committees. The procedures for appointment of Directors are transparent, rigorous and appointments are made based on merit and objective criteria established for the purpose.

The criteria used for the evaluation of candidates for new Directors as stated in the terms of reference of NRC includes the required skill, knowledge, education, qualities, expertise and experience sets required of a Director in a public listed company, personal qualities (including competencies, commitment, contribution and performance), integrity and professionalism, independence for independent directors and required ethnic and gender diversity at the Board room. In the case of candidates for the position of INEDs, the Committee shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from INEDs.

During the financial year 2018, Ms. Beh Hooi Sim has been appointed as the Finance Director based upon the recommendation from the existing Directors and the NRC has also reviewed her profile, academic qualifications and also considered her background, academic qualifications, skills, experiences and competencies for appointment as an Executive Director of the Company.

The Board after taking into consideration of the NRC's recommendation, has approved the appointment of Ms. Beh Hooi Sim to the Board.

Corporate Governance Overview Statement (contd.)

4.6 NRC

The NRC comprises four (4) members, all of whom are INEDs. Below is the existing composition of the NRC:-

Chairman:
Mr. Jen Shek Voon

Members:
Dato' Haji Mohd Suhaimi Bin Abdullah
Dato' Ahmad Hassan Bin Osman
Mr. Wong Thai Sun

The NRC also ensures that the Board has an appropriate balance of expertise and ability. For this purpose, the Committee regularly reviews the profile of the required skills and attributes. In addition, the Committee also regularly assesses the effectiveness of the Board as a whole and the contributions of each individual director including INED in accordance with the Terms of Reference.

Before the merger of the existing NC and RC on 20 April 2018, the NC has convened three (3) meetings in the financial year 2018 and the key activities carried out by NC are set out below:

i) conducted an annual assessment of the effectiveness of the Board as a whole, the various Board Committees as well as contribution of each individual Director.

   Based on the assessment of Board effectiveness as a whole, it was concluded that the Board and Board Committees have discharged their duties and responsibilities adequately;

ii) conducted its annual assessment on the INEDs and made its recommendations to the Board. The Board was satisfied with the level of independence demonstrated by each of the INED of the Company;

iii) considered and recommended the re-election and/or re-appointment of the Directors who are subject to retirement at the AGM of the Company. Apart from the qualifications and competencies of the retiring Directors, the NC's review on the proposed re-election of Directors took into account the mix of skills, experience and contribution brought to the Board;

iv) reviewed and recommended the retention of INED who have served a cumulative term of more than twelve (12) years to the Board for consideration and to seek shareholders' approval at the AGM;

v) reviewed and assessed the term of office and performance of the Audit Committee members; and

vi) reviewed and recommended the appointment of the new Executive Director of the Company.

The Directors are fully aware of the importance of keeping abreast with the latest changes and developments in the industries in which the Group operates as well as the economic, financial and governance issues in order to enhance the effectiveness in discharging their responsibilities as Directors. In addition, the Directors are also kept informed of the relevant updates on statutory and regulatory requirements from time to time by the Company Secretary during the Board meetings.

Some of the training programmes attended by the Directors during the financial year under review included the following:

Title of Seminar/Workshops/Courses	Mode of Training	No. of Hours/Days Spent
Dato' Haji Mohd Suhaimi Bin Abdullah		
• National Innovation and Creative Economy Expo 2017	Seminar	4 days
• Program Gelombang Nelayan Nasional 2017	Program	4 days
• The Asia Pacific Parlimentary Forum	Forum	4 days
• The World Urban Forum	Forum	5 days
• Defence Services Asia 2018 & National Security Asia 2018 Exhibition	Seminar	4 days

Corporate Governance Overview Statement (contd.)

Title of Seminar/Workshops/Courses	Mode of Training	No. of Hours/Days Spent
Mr. Wong Thai Sun		
• Malaysian Institute of Accounts: Practical Auditing Methodology for SMPs	Seminar	16 hours
• Malaysian Institute of Accounts: Know the Process, Know Your Rights – Tax Does Not Have To Be Taxing	Seminar	8 hours
• Malaysian Institute of Accounts: Tax Incentives – Latest Updates & Developments	Seminar	8 hours
• Malaysian Institute of Accounts: Tax Deductible Expenses – Principles and Latest Developments	Seminar	8 hours
• Malaysian Institute of Accounts: Corporate Tax Issues for 2017 & 2018	Seminar	8 hours
• Malaysian Institute of Accounts: How to Manage Impairment of Various Assets (Beyond MFRS136/ IAS36)	Seminar	8 hours
• Malaysian Institute of Accounts: Latest Tax Implications and Audit Issues on Cross Border Transactions in 2018	Seminar	8 hours
Datuk Haji Radzali Bin Hassan		
• Cyber Security Programme (Institut Keusahawanan Negara Bhd – INSKEN)	Seminar	1 day
• Implementing the SDGs Agenda: Action and Impact at the Country Level	Seminar	1 day
• Asian Strategy & Leadership Institute (ASLI)	Seminar	1 day
Ms. Hwang Siew Peng		
• MRCA Retail Conference (12 July 2017) Innovation: The Future is Now	Conference	1 day
• 18th Asia-Pacific Retail Conference: Global Retail Submit	Conference	3 days
• MIT Sloan School of Management: Executive Program in General Management	Program	On-going (6 months)
• 8th Annual Shopping Malls Conference	Conference	2 days
Mr. Hwang Shin Hung		
• QDOS Management Workshop	Workshop	1 day
• Leadership Development Series: Excel Tips and Business Intelligence Skills	Workshop	1 day
• Leadership Forum: Strategy Alignment Action Workshop	Forum	1 day
• PCB Fabrication/EMS Management Forum	Forum	1 day
• Matchmakers: The New Economics of Multisided Platforms	Workshop	1 day
• Leadership Forum: QDOS Leadership Development	Forum	1 day
• Northern Region MNCs/SMEs Innovation Networking Forum	Forum	1 day
• Southeast Asia Investment Forum	Forum	1 day
• Advanced Packaging Forum	Forum	1 day
• Market Trends Briefing	Workshop	1 day
• Innovation Leadership for Advanced Packaging by Applied Materials	Seminar	1 day

Corporate Governance Overview Statement (contd.)

Title of Seminar/Workshops/Courses	Mode of Training	No. of Hours/Days Spent
Mr. Jen Shek Voon		
• Institute of Singapore Chartered Accountants: Ethical Dilemmas in Government Procurement	Seminar	7 hours
• Institute of Singapore Chartered Accountants: Auditing Ethics: Examining Clues, Solving Cases and Creating Action -- the Sherlock Holmes Way!	Seminar	3 hours
• Institute of Singapore Chartered Accountants: Audit of Statutory Boards and Government-Linked Companies	Seminar	7 hours
• Institute of Singapore Chartered Accountants & PwC: Putting Theory to Practice: Mergers and Acquisitions	Seminar	7 hours
• Institute of Singapore Chartered Accountants: Restructuring Master Class & Practical Applications (Symptoms - Reasons - Strategies & Value Creation - Process - Measuring Results - Accounting Considerations)	Seminar	7 hours
• Liquidation: Principles & Practice	Seminar	7 hours
• Institute of Singapore Chartered Accountants: ISCA Practitioner's Tech Lab 02/2018 – Audit of Inventories and Trade Receivables: Common Pitfalls and How to Overcome Them	Seminar	3 hours
• Institute of Singapore Chartered Accountants: Resolving Ethical Conflicts in Teams Using TetraMap	Seminar	7 hours
• Institute of Singapore Chartered Accountants: ISCA Ethics Seminar: Ethics Developments – Knowing Where to Draw the Line	Seminar	3 hours
• Institute of Singapore Chartered Accountants: IFRS 16/FRS 116: Leases	Seminar	7 hours
Ms. Beh Hooi Sim		
• Direct Product Profitability To Improve Merchandising Techniques	Workshop	2 days
• Succession Planning For Total Quality Service	Workshop	2 days
• BURSA Mandatory Accreditation Program	Program	1.5 days
• Supply Chain Management: Negotiation	Workshop	3 days

Intended Outcome

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

5.1 Annual assessment of the Directors, Board as a whole and Board Committees

The NRC regularly assesses the effectiveness of the Board as a whole and the contribution of each individual director including INED. All assessments and evaluations carried out by the NRC in discharging its functions have been well documented.

The performance of the Board as a whole as well as Board Committees are assessed annually via an evaluation survey questionnaire known as Board Evaluation Questionnaire ("Questionnaire"), to evaluate the overall performance against the criteria as set out in the Questionnaire. The aim of the Questionnaire is to enhance its effectiveness, strength and to identify areas that need to be improved.

The Questionnaires are divided the following sections:
(i) Board Activity
(ii) Mission and purpose
(iii) Governance Alignment
(iv) Board Organisation
(v) Board Meetings
(vi) Board Membership

Corporate Governance Overview Statement (contd.)

The main criteria set out in the abovementioned sections are as follows:

- Satisfaction with the quality of materials and presentations in the meetings and timely circulation of meeting papers before commencement of the meetings
- Presentations and discussions consistently reference the organisation's mission statement and actual operational achievement
- Exercises its governance role
- Endorsement of framework for the Board's meeting
- Frequency and participation in discussion
- Ideal mix of core skill and competency to discharge its responsibility and strong independent element of the Board

The Company Secretary circulates to each Director the Questionnaires in relation to the aforementioned assessments/reviews with sufficient time for all the Directors to complete in advance prior to the meeting of the NRC in order for the Company Secretary to collate the assessment/review results for the NRC to review.

During the financial year under review, the NRC conducted the evaluation of the performance of the Board based on the evaluation criteria as described above. The Company Secretary tabled the summary of the annual assessment of the Board and went through all the points in the Questionnaire with the members of the NRC for discussion in the NRC meeting. Thereafter, the NRC reported the results of all evaluation to the Board for review and deliberation. The Board's review of the findings of the Questionnaire which was carried out in July 2018 confirmed that the Director have discharged their duties and responsibilities effectively for financial year 2018.

Intended Outcome

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

6.1 Remuneration Policy

The Board does not have any formal remuneration policy. The remuneration package of each Executive Director is structured so as to link rewards to corporate and individual performance.

During the financial year 2018, before the merger of the NC and RC, the RC had performed its duty of assessing annually the remuneration package of its Executive Directors and proposed the remuneration of the Executive Directors to the Board for consideration. In the case of Executive Directors, the remuneration comprises salary, allowances and bonus. All Directors are also paid allowance for each meeting they attend. Under Section 230(1)(b) of the Act, these allowances constitute a form of benefits payable to the Directors and require prior approval of the shareholders at the AGM.

6.2 Remuneration Committee

The NRC is primarily responsible for recommending the policy and framework of directors' remuneration, including the terms and remuneration of the executive directors, to the Board in order to align with the business strategy and long term objectives of the Company. The remuneration of directors is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise to govern the Group effectively.

Intended Outcome

- **Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.**

7.1 Details of the remuneration of Directors

Pursuant to Section 230 of the Act, the fees of the Directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved by a general meeting.

The relevant resolutions in relation to the Directors' fees and benefits payable to the Directors are to be presented to the shareholders for approval at the forthcoming 25th AGM.

Corporate Governance Overview Statement (contd.)

A summary on a named basis of each individual director of the remuneration of the Directors (including benefit-in-kind) in the Company for services rendered to the Group for the financial year ended 31 May 2018 is analysed as follows:

Directors	Company					Group				
	Fees RM	Salary & other emolument RM	Bonus RM	Allowance RM	Benefits-in-kind RM	Fees RM	Salary & other emolument RM	Bonus RM	Allowance RM	Benefits-in-kind RM
Executive										
Dato' Hwang Thean Long	170,000	6,000	-	-	-	-	324,286	25,000	-	11,100
Datin Cheah Gaik Huang	10,000	6,000	-	-	-	-	106,313	16,000	-	5,300
Hwang Siew Peng	10,000	5,000	-	-	-	-	209,569	30,000	-	150
Hwang Shin Hung	10,000	5,000	-	-	-	-	428,949	22,982	800	-
Beh Hooi Sim	10,000	2,000	-	-	-	-	102,581	29,600	-	-
Non-Executive										
Dato' Haji Mohd Suhaimi bin Abdullah	18,000	13,000	-	-	-	-	-	-	-	-
Dato' Ahmad Hassan bin Abdullah	18,000	11,000	-	-	-	-	-	-	-	-
Wong Thai Sun	18,000	13,000	-	-	-	-	-	-	-	-
Jen Shek Voon	18,000	11,500	-	-	-	-	-	-	-	-
Dato' Haji Radzali bin Hassan	10,000	4,000	-	-	-	-	-	-	-	-
Total:	292,000	76,500	-	-	-	-	1,171,198	123,582	800	16,550

7.2 Remuneration of Senior Management

In determining the remuneration packages of the Senior Management personnel, factors that were taken into consideration included their individual responsibilities, skills, expertise and contributions to the Group's performance and whether the remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain executive talents.

The Company believes it may not be in its best interest to disclose the information on the remuneration on a named basis of each member of the Senior Management Personnel, having considered the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Group's business activities.

The remuneration of the Senior Management personnel which is a combination of annual salary, bonus and benefits-in-kind are determined in a similar manner as other management employee of the Company. The basis of determination has been consistently applied and is based on individual performance, the overall performance of the Company and benchmarked against other companies operating in similar industry.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

PART 1 - AUDIT COMMITTEE ("AC")

Intended Outcome

- **There is an effective and independent AC.**
- **The board is able to objectively review the AC's findings and recommendations. The company's financial statements are a reliable source of information.**

Corporate Governance Overview Statement (contd.)

8.1 The Chairman of the AC is not the Chairman of the Board

The Company complied with Practice 8.1 of the Code which stipulates that the Chairman of the AC is not the Chairman of the Board.

The AC is chaired by an INED, Dato' Haji Mohd Suhaimi Bin Abdullah, who is not the Chairman of the Board.

8.2 Former audit key partner

Practice 8.2 of the Code requires the AC to have a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the AC.

In the current Board composition, there is no former key audit partner serving as a member of the AC of the Company. The AC has amended the Terms of Reference of the AC to include the requirements to ensure that such former key audit partner is required to observe a cooling off period of at least two (2) years from his/her last engagement as external audit partner before being appointed as a member of the AC to uphold independence.

8.3 Suitability, objectivity and independence of the external auditor

A transparent and appropriate relationship with the external auditors to enable them to independently report to shareholders, in accordance with statutory and professional requirement is established through the AC . The role of the AC members and their relationships with the external auditors may be found in the AC Report in the Annual Report.

On an annual basis, the AC would review and monitor the suitability, objectivity and independence of the external auditors. As part of this review, the AC will obtain feedback from the members of Management regarding the quality of the audit services. There were no major gaps identified and the AC is satisfied with the result of the assessment and subsequently made the necessary recommendation to the Board.

The AC has obtained a written assurance from the external auditors confirming that they were, and has been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The AC also met with the external auditors twice during the financial year 2018 without the presence of Management and Executive Directors in compliance with the recommendations of the Code. The AC would meet with the external auditors additionally whenever it deems necessary. In addition, the external auditors are invited to attend the AGM of the Company and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and contents of their audit report.

The AC is satisfied with the competence and independence of the external auditors and has recommended the re-appointment of the external auditors to the Directors at the AGM. During the Board meeting held on 6 September 2018, the Board, upon concurrence with the assessment conducted by the AC, has approved the re-appointment of the external auditors, Messrs Ernst & Young for shareholders' approval at this 25th AGM.

8.4 Qualification of the AC

The AC members are financially literate and the AC's composition and performance are reviewed by the NRC annually and recommended to the Board for its approval.

Two (2) of the members of the Audit Committee are the members of the Malaysian Institute of Accountants ("MIA") thus fulfilling the requirement under Paragraph 15.09(1)(c)(i) of the Listing Requirements which requires at least one (1) of the Audit Committee to be a member of the MIA.

8.5 Composition of the AC

Currently, the AC comprises four (4) members, all of whom are INEDs. Below is the existing composition of the AC:

Chairman:
Dato' Haji Mohd Suhaimi Bin Abdullah

Members:
Dato' Ahmad Hassan Bin Osman
Mr. Wong Thai Sun
Mr. Jen Shek Voon

Corporate Governance Overview Statement (contd.)

This is in compliance with Paragraph 15.09 (1)(c) of the Listing Requirements, which stipulates that "all the audit committee members must be non-executive directors, with a majority of them being independent directors" and the Step-Up Practice 8.4 of the Code which recommends that the audit committee should comprise solely of Independent Directors.

The AC members are aware of the need to continuously develop and increase their knowledge in the area of accounting and auditing standards, given the changes and development in this area from time to time. The AC members will keep themselves abreast of relevant developments by attending relevant trainings going forward.

PRINCIPLE B: PART 2 - RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Intended Outcome

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

9.1 Establishment of risk management and internal control framework

The Board is aware that a risk management framework and sound internal control system should be embedded in the operations of the Group and form part of its culture.

Currently, the AC oversees the risk oversight and risk management of the Company through the adoption of a risk management policy. The Management is responsible for creating a risk awareness culture necessary for an effective risk management structure. Important issues related to risk management and internal controls are highlighted to the Board. The Board may seek the assistance and consultation of external parties to form an opinion, if necessary.

9.2 Features of its risk management and internal control framework

The Statement on Risk Management and Internal Control as set out in this Annual Report provides an overview of the state of risk management and internal control within the Group.

9.3 Risk Management Committee

This practice is not adopted by the Company. The function of Risk Management Committee is currently assumed by the AC.

Intended Outcome

- **Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.**

10.1 Internal audit function

It is the responsibility of the Board to maintain a sound system of internal controls to safeguard shareholders' investment. The Board recognizes the importance of risk management and internal controls in the overall management process.

In order for the Company to maintain a sound system of internal controls, the Internal Audit function of the Group has been outsourced to a professional firm, KOHL & Wilman Plt ("KOHL") which was appointed by the AC on 24 January 2017. KOHL is assisting the AC in discharging its duties and responsibilities. The role of the Internal Audit is to provide the AC with its independent assessment for an adequate, efficient and effective internal control system to ensure compliance with policies and procedures. The Internal Audit function is also involved in risk management, risk evaluation and recommendation of control activities to manage such identified risk. The attainment of such objectives involves the following activities being carried out by the Internal Auditors:

(i) Reviewing and appraising the soundness, adequacy and application of accounting, financial and other controls and promoting effective control of the Company and the Group at a reasonable cost.

Corporate Governance Overview Statement (contd.)

(ii) Ascertaining the extent to which the Group's and the Company's assets are accounted for and safeguarded from losses of all kinds.
(iii) Attending stock counts of merchandise.
(iv) Appraising the reliability and usefulness of information developed within the Group and the Company for management reporting purposes.
(v) Carrying out audit work and liaising with the external auditors to maximise the use of resources and for effective coverage of audit risks.
(vi) Recommending improvements to the existing systems of controls.
(vii) Carrying out investigations and special reviews requested by Management and/or the AC of the Company.
(viii) Continuously identifying opportunity for improvement in the operations of business processes of the Company and the Group.
(ix) Discussing with Management actions taken to improve the system of internal control.

During the FY2018, the internal auditors have attended the AC meetings and tabled their audit findings on branding, marketing & customer service management to the AC for their notation.

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

PART 1 - COMMUNICATION WITH STAKEHOLDER

Intended Outcome

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

11.1 Effective, transparent and regular communication with its stakeholders

In maintaining the commitment to effective communication with shareholders, the Board always ensures that the shareholders are informed of the financial performance and major corporate activities of the Company. Such information is communicated to shareholders and investors through various disclosures and announcements to Bursa Securities, including the quarterly financial results, annual reports and where appropriate, circulars and press releases. Where possible and applicable, the Group also provides additional disclosure of information on a voluntary basis. The Group believes that consistently maintaining a high level of disclosure and extensive communication with its shareholders is vital to shareholders and investors for them to make informed investment decisions.

Apart from the mandatory announcements through the Bursa Securities, the Company also maintains its website at www.suiwah.com.my to let the shareholders and investors have access to the corporate information, financial information, corporate governance matters and business activities of the Group. The company's website also serves as a forum for the shareholder and stakeholders to communicate with the Company.

Investor relations activities such as meetings with fund managers and analysts and interviews by the press are held at appropriate times to explain the Group's strategy, performance and major developments. The Group's investor relations activities are aimed at developing and maintaining a positive relationship with all the stakeholders through active two-way communication.

As part of its ongoing efforts to strengthen its relationships with its shareholders, the Company continuously discloses and disseminates relevant information in a timely manner to its shareholders.

The Annual Report is the main channel of communication between the Company and its stakeholders. The Annual Report communicates comprehensive information about the financial results and activities undertaken by the Group. As a listed issuer, the contents and disclosure requirements of the annual report are also governed by the MMLR.

Another key avenue of communication with its shareholders is the Company's AGM, which provides a useful forum for shareholders to engage directly with the Company's Directors. At each AGM, the Directors of the Company would be present at the meetings to answer any questions that the shareholders may ask. The Chairman of the meeting provided time for the shareholders to ask questions for each agenda in the notice of the AGM. The external auditors were also present at the AGM to answer any questions that the shareholders may ask. The shareholders were also able to meet with the Directors after the meeting while they mingled with the shareholders, proxies and corporate representatives.

Corporate Governance Overview Statement (contd.)

PRINCIPLE C: PART 2 - CONDUCT OF GENERAL MEETINGS

Intended Outcome 12.0

- **Shareholders are able to participates, engage the board and senior management effectively and make informed voting decisions at General Meetings.**

12.1 Notice for an AGM

General meeting serves as the principal platform for the Board and Senior Management to engage with shareholders and encourage effective shareholders' communication on the Company's performance, corporate and business developments and any other matters affecting shareholder interests.

In line with the MCCG practice, the Company Secretary, by order of the Board, served a notice of AGM to all shareholders of the Company more than 21 days prior to the AGM to allow sufficient time for shareholders to consider the proposed resolutions that will be discussed and decided at the 25th AGM. The Notice of the 25th AGM also provides information to the shareholders with regard to, amongst others, details of the AGM, their entitlement to attend the AGM, the right to appoint a proxy and also the qualifications of a proxy. Shareholders who are unable to attend the AGM are allowed to appoint a proxy, who need not be the shareholders, to attend and vote on their behalf.

12.2 Attendance in General Meetings

The Company is of the view that General Meetings are important platforms to communicate with shareholders where the shareholders are given the opportunity to ask questions during the questions and answers session prior to each resolution being proposed for consideration by its shareholders.

At each AGM, the Managing Director, Executive Directors, Senior Management personnel and the Head of Board Committees of the Company would be present at the meetings to answer any questions that the shareholders may ask. They will participate in a discussion with shareholders when necessary to ensure they are given an accurate and fair representation of the Group's performance and position. The Chairman of the meeting provided time for the shareholders ask questions for each agenda in the notice of the AGM. The external auditors were also present at the AGM to answer any questions that the shareholders may ask on the audit conducted, the preparation and content of the auditors' report, the accounting policies adopted by the Company and the independent audit review of the Company's financial position. The shareholders were also able to meet with the Directors after the meeting while they mingled with the shareholders, proxies and corporate representatives.

12.3 Voting

All resolutions set out in the notice of general meetings, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, will be voted by poll as required by the MMLR since 1 July 2016.

Poll voting will reflect shareholders' views more accurately and fairly by ensuring that every vote is recognized, in accordance with the principle of "one share one vote". The practice, thus enforces greater shareholder rights, and allows shareholders who appoint the Chairman of the meeting as their proxy to have their votes properly counted in the fulfillment of their voting rights.

The Company had conducted poll voting for all the resolutions set out in the Notice of AGM since 2017 for the purpose of more efficiently determining the outcome of the resolutions. All shareholders were briefed on the voting procedures by the independent scrutineer prior to the poll voting at the general meetings and the polling process for the resolutions will normally be conducted upon completion of deliberation of all items to be transacted at the AGM.

COMPLIANCE STATEMENT

The Board is satisfied that to the best of its knowledge, the Company is substantially in compliance with the principles and practices set out in the Code as well as the relevant Listing Requirements for the financial year 2018. Any practices in the Code which have not been implemented during the financial year will be reviewed by the Board and implemented where possible and relevant to the Group's business.

This Statement is made in accordance with the resolution of the Board dated 7 September 2018.

Statement on Risk Management and Internal Control

The Board is committed to nurture and preserve throughout the Group a sound internal controls and risk management system for good business and regulatory governance as set out in the Board's Statement on Risk Management and Internal Control made in compliance with Para 15.26(b) of the Listing Requirements of Bursa Securities and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

Board Responsibility

The Board acknowledges its responsibility for maintaining a sound risk management framework and internal control system to safeguard the shareholders' investments and the Group's assets, as well as to discharge its stewardship responsibility in identifying principal risks and ensuring the implementation of an appropriate risk management and internal control system to manage those risks in accordance with Principle 6 of the Malaysian Code on Corporate Governance. The Board continues to implement and review the adequacy and effectiveness of the Group's risk management and internal control system which has been embedded in all aspects of the Group's activities. The Board reviews the processes, responsibilities and assesses for reasonable assurance that risks have been managed within the Group's risk appetite and tolerable ranges and to ensure that the system is viable and robust. Notwithstanding, the Group's system by its nature can only reduce rather than eliminate the risk of failure to achieve the business objectives. Accordingly, such systems can only provide a reasonable but not absolute assurance against material misstatement, loss or fraud. The Board has received assurance from the Group Managing Director and Chief Executive Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control framework of the Group.

Risk Management Reviews

Risk management is regarded by the Board as part of the business operation activities of the Group. It is the Board's priority to ensure that uncertainties and investment risks in new business ventures are managed in order to safeguard the interest of the shareholders. Collectively, the Board oversees and reviews the conduct of the Group's businesses while the Executive Directors and Management execute measures and controls to ensure that the risks are effectively managed.

The other key elements of the systems of internal control and the Board's review mechanisms are as follows:

a. Establishment of the Audit, Nomination and Remuneration Committees
b. Periodic review of Group's management accounts and performance analysis by the Executive Directors and Management
c. Documentation of written policies and procedures for certain key operational areas
d. Organization structure with well-defined delegation of responsibilities and accountabilities for the Group's operating units. This will assist in ensuring effective communication of risk control objectives

Besides reviewing the system of internal control, the Audit Committee also reviews the financial information and reports produced by the Management. The Board and the Audit Committee deliberate the integrity of the financial results, annual report and audited financial statements before presenting these financial information to the shareholders, investors and public.

Risk Management

During the financial year, the Management identified 8 significant risks for continuous assessment, monitoring and risk mitigation strategies and controls at the divisional and corporate levels.

Risk 1	Competition Risk
Risk 2	Cyber Security Risk
Risk 3	Talent Management
Risk 4	Economic Risk
Risk 5	Inadequate Skilled Workforce Risk
Risk 6	Fluctuation in Foreign Exchange Risk
Risk 7	Construction Risk
Risk 8	Financial Reporting and Compliance Risk

Statement on Risk Management and Internal Control (contd.)

Competition Risk

The Group is exposed to competition from rival companies such as product performance, customer service, pricing and quality. To maintain and improve competitiveness, the Group takes various measures including development of leading edge technologies, cost reduction, and consideration of strategic alliances with third parties to remain relevant in the market.

Cyber Security Risk

Cyber security is one of the most urgent issues of today. Cyber-attacks can cause major damage to the bottom line, as well as to business reputation and consumer trust. The Group has set in place adequate IT security tools and mechanisms to detect and protect against and respond to cyber-attacks. These tools and mechanisms include:

a) Firewall and intrusion prevention system
b) Anti-virus and anti-malware
c) Cyber threats monitoring

The Group will continue to review and enhance these tools and mechanisms to address new and increasingly sophisticated cyber threats.

Talent Management Risk

In 2017/2018, we undertook several initiatives to ensure accelerated growth in behavioural, technical and functional competencies with an emphasis on increasing our employee value proposition, motivating our employees and instil behavioural values and develop a strong commitment towards making the Group a High Performance Organization. These initiatives included:

Embarking on a Talent Development Programme to harness leadership capability and groom future leaders for mission critical positions

Introducing the Training Needs Analysis to equip our employees with the necessary competencies to increase the capacity and productivity of the talent within the organisation, and thus attain the desired level of performance and behaviour.

Economic Risk

In the current economic climate, the slowdown in the local and global economy and shift in demand of end consumers may affect the Group's profitability. To mitigate such economic risks, the Group has various measures in place including the following:

a) Exploring various business opportunities
b) Regularly reviewing the business plans against performances to address any shortfalls
c) Maintaining good relationships with vendors and negotiating for more favourable terms
d) Maintaining existing customers and winning new customers
e) Enhancing efficiency and productivity in its operations
f) Cost reduction initiatives to contain rising production costs such as sourcing cheaper alternative raw materials
g) Adopting innovative marketing strategies with appropriate product differentiation and flexibility in product offerings to suit the market demand

Statement on Risk Management and Internal Control (contd.)

Inadequate Skilled Work Risk

Similar to many other companies in the same line of business, the Group faces a common challenge in the form of inadequate skilled workforce. To mitigate the risk of inadequate skilled workforce within the Group, various remuneration and welfare schemes implemented to attract and retain employees to meeting existing and future needs. These include:

a) Attractive cashier incentive scheme, sales and collection commission, security incentive, on the spot reward programs, performance bonus and loyalty bonus, festivals voucher and cost of living vouchers
b) Enhancing work-life practices such as additional off day for retail managers, shorter working hours for head office employees, birthday leave, additional annual leave for head office employees should the public holidays fall on Saturday and subsidized car park space for qualified employees
c) Enhancing the Group hospitalisation and surgical plans

Fluctuations in Foreign Exchange

The Group engages in business activities in foreign currencies. The Group continues to engage in hedging transactions and other arrangements to minimize exchange rate risk.

Construction Risk

Construction risk is inherently risky. The risk associated with the project can be broadly categorised into:

Technical risk	-	inadequate site investigation, incomplete design & appropriateness of specification
Quality risks	-	defect in interim results, lacking application of project methods & too few controls/ test
Other common risk	-	changes in project scope and requirements, design errors and omission and inadequately defined roles and responsibilities.

The Group recognized the importance of achieving project objectives in terms of time, cost and quality and will continue to communicate and highlight all immediate problems with the project consultants and contractor for immediate rectification and solutions.

Financial Reporting and Compliance Risk

The biggest internal challenge is time used to produce reports. The finance function will need to build new connections to bring together the increasingly diverse information required for reporting. The Group need to improve reporting efficiency, especially by integrating or upgrading IT systems, strengthening the consistency and availability of data, and optimizing processes.

Other Risk Mitigation Processes

The board has also adopted various processes to complement the system of internal control which include:

The establishment of Board Charter and Code of Conduct which assist the Directors and employees of the Group in defining the minimal ethical standards and conducts in discharging their responsibilities

The implementation of a Whistle Blowing Policy and procedures to provide a channel for legitimate concerns to be raised by employees or other stakeholders to the Senior Independent Non-Executive Director and the Audit Committee

The Board Charter, Code of Conduct and Whistle Blowing Policy of the Company area available for reference on the Company website at www.suiwah.com.my.

Statement on Risk Management and Internal Control (contd.)

Internal Audits

An effective check and balance control environment is fundamental for ensuring a sound internal control system in the Group. The Board and Management are committed to maintain an effective internal control environment by continuously enhancing the design of internal control systems to ensure that they are relevant and effective to promote operational agility while ensuring corporate governance and compliance to regulatory guidelines.

The Group's Internal Audit, reports independently to the Audit Committee ("AC") to provide the Board with adequate assurance it requires regarding the adequacy and effectiveness of risk management, internal control and governance processes. Internal Audit carries adopts a risk-based approach in executing the audit plan that focuses on major business units and/or operations within the Group. The Internal Audit reports directly to the AC on the outcome of its appraisal of the operational activities. Significant audit findings are presented and deliberated by the AC on a quarterly basis or as appropriate. The Internal Audit also monitors the implementation of audit recommendations in order to obtain assurance that all major risks and controls measures identified have been reasonably addressed by the management in the most effective and timely manner.

Key Internal Control Process

The internal audit function has been outsourced to external service providers to provide independent assurance and serves to assist the Company in achieving its risk management objectives.

The Group's internal control system comprises the following key processes:

a) Certain responsibilities are delegated to the Board Committees through clearly defined Terms of Reference (ToR) which are reviewed annually.

b) Annual sales planning and budgetary exercise are undertaken, reviewed and deliberated by the Management on monthly basis. Financial performance variances are presented to the Board on a quarterly basis.

c) There is a regular and comprehensive flow of information to the Board and Management on all aspects of the Group's operations to facilitate the monitoring of performance against the Group's corporate strategy, business and regulatory plans.

d) Clear, formalised and documented internal policies are updated timely. Regular reviews are performed to ensure that documentation remains current and relevant. This provides a sound framework within organization and facilities proper corporate decision making.

e) Hiring and termination guidelines are in place while training and development programmes are conducted to ensure that staff are kept up to date with the necessary competencies to carry out their respective duties towards achieving the Group's objectives. Key performance indicators are used to track and measure staff performance.

f) Sufficient insurance coverage and physical safeguards on major assets are in place to ensure the Group's assets are adequately covered against any mishap that could result in material loss.

g) Management reports are generated on a regular and consistent basis to facilitate the Group's Management to perform financial and operating review on the various operating units. The review encompasses areas such as financial and non-financial key performance indicators, variances between budget and operating results.

h) The Group Chief Executive Officer is involved in the running of the day-to-day business operations by meeting up with both management and operation on a regular basis to monitor the performance and profitability of the Group's businesses.

i) Senior management team conducts regular visits to the Group's operations for better understanding to facilitate cognizance in decision-making capability.

j) Intranet Portal, memos and emails are used as an effective dissemination tool to share up-to-date information on development and happenings.

Statement on Risk Management and Internal Control (contd.)

Board Review

The board is of the view that the risk management and internal control system in place throughout the year under review and up to the date of approval of this Statement is sound and sufficient to safeguard the interest of the Group's stakeholders, their investments and the Group's assets. Additionally, the Board regards the risks faced by the Group are within acceptable levels in relation to its business objectives. There were no material losses or fraud during the year under review as a result of weaknesses in internal control. The management is continuously taking necessary measures to improve and strengthen the risk management and internal control system of the Group.

Review of the Statement by External Auditors

The external auditors have reviewed the Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 May 2018 and reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the annual report of the Group, in all material respects: has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

The statement was approved by the Board on 7 September 2018.

Sustainability Statement

Road to Success

Our leadership position in our core businesses supported by financial strength puts us in good stead to achieve greater heights in the future.

As a diversified conglomerate, Suiwah Corporation Bhd ("SCB") aspires to achieve excellence in sustainability by integrating sustainable practices into every one of its business activities in line with the Group's vision and core values.

The SCB Board ("the Board") has oversight responsibility to deliver sustainable value to stakeholders through the principles, policies, objectives and strategies of SCB and all its subsidiaries in Malaysia ("the Group").

Our Approach

The statement focuses on the Group's management of its the four major operations as set out below:

- Retail
- Manufacturing
- Trading
- Property development

We build our resilient business through focusing on employees, customers and services. While revenue, growth and profitability remain our top priorities, we aim to continue developing employees, we are committed to responsible business practices and partner with communities, which make a positive impact to all our stakeholders. Manufacturing division is committed to addressing sustainability challenges and opportunities in order to contribute towards the betterment of the business, environment and society. The Group will strive for continual improvement and comply with all applicable legal requirements to ensure that we stay as an industry leader in flexcircuits, substrate and interconnect technologies.

Economic

We are committed to achieving economic sustainability growth for our shareholders. We conduct our business in compliance with applicable laws and regulations and in accordance with high ethical business practices and good corporate governance.

Technology is the key enabler and potential source of disruption to our business strategies in the long term. During the financial year ended 31 May 2018, the Group invested in new machinery and upgrading of its retail enterprise software. The automation improves efficiency, cost competitiveness and a potential reduction in headcount.

Trade fairs and international market are important to us. During the financial year, we have participated in various trade exhibitions, such as Asia Pacific Retailers Convention and Exhibitions, with the main objective of increasing our market share and maintaining close collaboration with our global business partners.

Sustainability Statement (contd.)

Environment

Each year, between 500 billion and 1 trillion plastic bags are used globally, according to industry estimates. Many end up in the oceans or dumped in landfills. Less than 10% are recycled. In an attempt to cut down on waste and single use plastic, the Group encourages its shoppers to use recyclable bags. Alternatively, the Group also provides empty carton boxes for shoppers for free resulting in many shoppers being seen lugging their groceries in used cardboard boxes to their cars.

Corporate Social Responsibility Activities

Contribution to the community is important. It is a symbiosis between the Company and the community in which without the community, a company cannot sustain its businesses.

Our efforts in giving back to the society in 2018 include:-

1. Projek Kasih Sunshine

A fund raising initiative established to help the underprivileged communities in Penang

In conjunction with Sunshine's 58th Anniversary and as part of our CSR program, Projek Kasih Sunshine is ongoing with a targeted period of 21 January 2018-25 November 2018. Proceeds from this fundraising activity will go towards improving the comfort of The Penang Welfare Association for Mentally Retarded Children, Fo Yi Haemodialysis Center and The Penang Home.

2. Penang Flood Relief Aid

- 6 & 10 November 2017
  Our retail team worked together with YB Wong Hon Wai and YB Ram Karpal Singh in providing immediate aid to affected flood victims at Taman Thean Teik and Kampung Shaik Madar. Food and essential items were personally delivered and distributed to over 258 affected families.

- 9 November 2017
  Sunshine co-partnered with EasyParcel Malaysia in setting up a flood relief aid channel to collect donated necessities for flood victims. The collections had helped the flood-hit families in Kampung Dodol, Jalan P. Ramlee, Ayer Itam and Kampung Makam in Penang.

- 1 December 2017
  Sunshine donated 50 packets of rice and 50 goody bags consisting of food items to flood victims in Kampung Baru, Ayer Itam.

- 5 & 10 January 2018
  In collaboration with our supplier Mondelez (M) Sales Sdn Bhd, YB Sim Tze Tzin and YB Dato' Hj. Mohd Rashid Bin Hasnon – hundreds of tinned Jacob's Cracker biscuits were distributed to the flood victims in Bayan Baru area.

3. International Women's Day

Sunshine recognizes the important role of women in the society and supported the celebration of International Women's Day by selling the "Save The Earth" recycled bags on its online store Sunshine Online. All proceeds from this sale were donated thru the Women's Centre for Change (WCC), Penang.

4. Gong Xi with Sunshine

In conjunction with the Chinese New Year celebrations, Sunshine showed its appreciation to the local community through the "Gong Xi with Sunshine" drive – where 100 needy families received free gifts of food and necessity items.

Sustainability Statement (contd.)

5. Penang Bridge International Marathon 2017

Sunshine continued to be the main drinking water sponsor in the Penang Bridge International Marathon 2017. We believe that with our involvement and support, Sports Tourism would be better recognized and promoted worldwide.

6. Penang International Science Fair

The Manufacturing Group continues its sponsorship of 5,000 bottles of drinking water to the Penang International Science Fair held on 11 & 12 November 2017. QDOS vows to support the Penang Science Cluster in its efforts to develop young minds in science and engineering.

7. Promoting Engineering Leadership Conference

The Group provides monetary assistance of RM8,000 as the Gold Sponsor in the Engineering Leadership Conference (ELC) held on 21 April 2018 at University Science of Malaysia. ELC provides a platform for young engineering professionals to expand their industry networks and inspire each other to enhance their knowledge.

8. Heritage Walk

In collaboration with Federation of Malaysian Manufacturers (FMM), Penang in its yearly charitable event "Heritage Walk"; the Group has donated RM3,000 in a fundraising activity to promote healthier and wholesome lifestyle of the less fortunate.

Our Employees, Our Assets

The Group has a workforce of more than 800 employees, of whom about two thirds are Malaysians. Most businesses are stronger when their workforce reflects the communities in which they operate, and we want to be recognised as a diverse and attractive employer by all sections of the community, regardless of race or gender. We recognise that employees are the driving force of a strong business. We believe a motivated workforce delivers value to our stakeholders. We seek to provide a supportive culture that empowers individuals to reach their full potential.

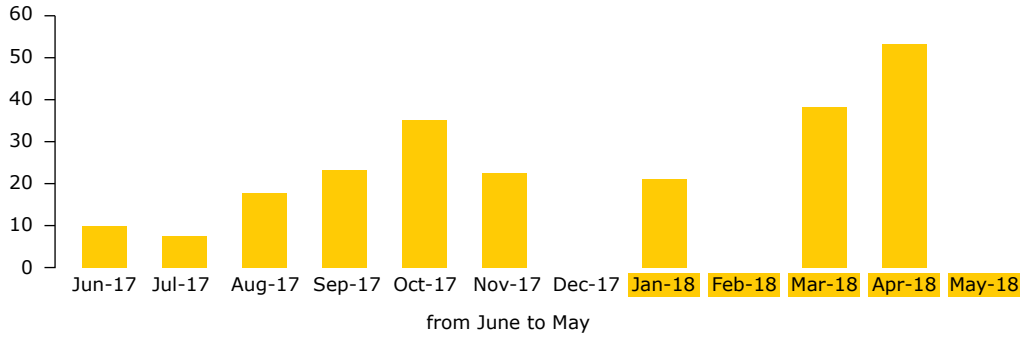
Employees in all divisions receive training in areas relevant to their functions. For the food-related and manufacturing segments, extensive trainings were provided on hygiene, food safety and handling, occupational health standard enhancement and workplace safety. Relevant employees receive on-going training on the latest legal and regulatory requirements, such as updates to the Employment Act, the Malaysian Code on Corporate Governance and the tax laws. Some divisions have also developed specific leadership and coaching programmes to strengthen their management skills.

Sustainability Statement (contd.)

Talent Acquisition

We assess applicants for employment in our Group based on criteria regardless of their ethnic, gender, age and religion. **SURE®** work and study programme builds a healthy pipeline of talent for our businesses. Training cost spent against total direct salary during the financial year was 1.73%.

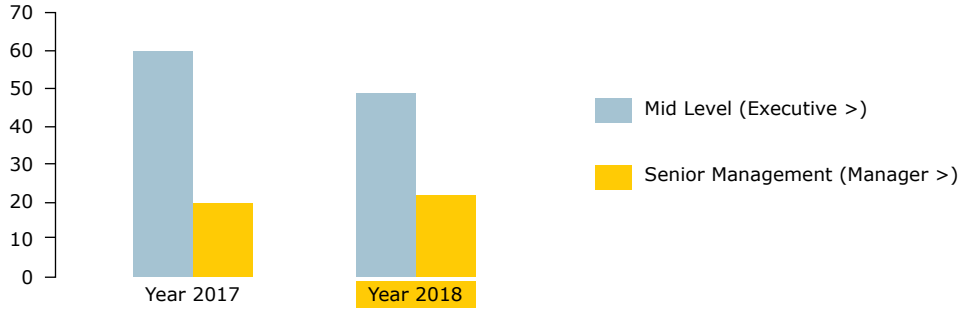
Summary on Employees Attending Internal & External Training during the Year



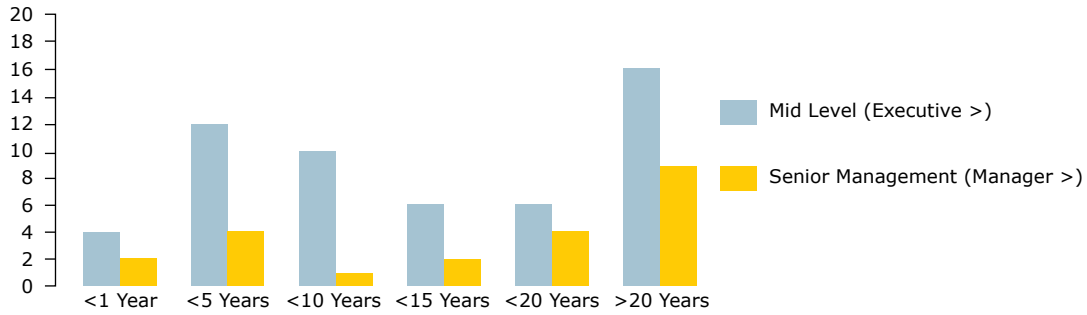
Talent Management

We put high emphasis on talent requirements for our businesses to allow high potential employees the opportunities to be developed and progressed to senior and challenging roles at the Company and Group level.

Middle and Senior Management Staff



Average Years of Service



Capability Building

We provide learning and development opportunities in respect of technical, functional and behaviour competencies for our employees in line with their job requirements and career aspirations. Learning interventions are delivered on-the-job, via formal class training and continuing education.

Sustainability Statement (contd.)

Reward Performance and Employees Appreciation

We have a performance based reward system in place where reward is given based on the employees' performance. Besides the basic salary, cost of living allowances, performance bonuses, on the spot reward, loyalty service bonus programme is one of the avenues to acknowledge and encourage employee loyalty. Achieving sales and profitability targets were the two major KPIs identified by the management. Employees were pushed towards achieving these KPIs. The reward system has significantly improved absenteeism rate and tardiness. Employees are more helpful in contributing ideas and work beyond their limits to reach the next level.

Code of Conduct and Ethics

The Group is committed to conducting its businesses in compliance with local laws and regulations and with integrity, transparency and accountability and is against corruption in all its forms, which all our directors and employees are required to abide. We also have in place a Group-wide whistle-blowing policy with mechanisms to enable employees and external parties to confidentially report any breach, or suspected breach, of any law or of our policies and practices. Senior management of the Company ensures all complaints are investigated seriously, consistently and fairly. Timely actions are taken against those responsible for it. During the financial reporting period, there were no signs of material misstatement due to fraud which required the senior management to communicate to the Board.

Privacy and Personal Data Protection

We continuously strive to ensure the confidentiality and protection of customer and stakeholders' information and documents based on requirements under the Personal Data Protection Act 2010. Information on our vendors, suppliers and customers is strictly private and confidential, and is treated as such at all times. Confidential data are stored in a dedicated server via a secure network. Anti-virus, malware and spyware prevention software are installed and updated frequently. Backup and disaster recovery system are in place to ensure all sensitive information are safeguarded.

Customer Satisfaction and Engagement

Customer focus is vital to the continuing growth and success of the Group's businesses. The Group understands that customer satisfaction and engagement are important material issues that have an impact on its reputation and brands. We enhance our customers' experience in their dealings with our divisions through various digital and non-digital media. We also incorporate customer feedback in our businesses to enable us to better identify and serve our customers' needs and concerns. During the financial year, the Group received 104 customers feedback. The management successfully closed the customer feedback tickets by achieving a high response rate of 97%.

Reporting

Accuracy, timeliness and transparency in financial reporting is of paramount importance for the Group and its stakeholders. SCB reports its Group's financial performance on a consolidated basis and engages stakeholders regularly through quarterly results announcements and e-Investor Relations Updates.

Stakeholders Engagement

We recognise that stakeholder engagement, assessment and feedback are an integral part of our sustainability strategy and initiatives, and we are continuously improving our stakeholder engagement approach via various communication channels.

Sustainability Statement (contd.)

Stakeholders	Communication Channel
Employees	Meeting Training programmes Internal memos, emails
Customers	Face-to-face interaction through service channels Communication through Customer Service Department Feedback through website, e-mail, social media events
Suppliers	Liaison with suppliers before sourcing Meetings, business alliance events Vendor service/support channel
Shareholders and investors	Annual General Meeting Quarterly reports Annual Report Media releases
Government and regulators	Meetings and events
Local communities	Activities organised by the Group
Media	Media releases and interviews
Industry Associations	Meetings and events

Audit Committee Report

The Board of Directors ("the Board") presents the Audit Committee ("AC") report which provides insights into the manner in which the AC discharged its functions for the Group in the financial year ended 31 May 2018 ("FY2018").

INTRODUCTION

The AC was established by the Board of the Company on 21 June 1995 to assist the Board in discharging its statutory duties and responsibilities relating to accounting and financial reporting practices of the Company and its subsidiaries, monitoring the management of risk and system of internal control, external and internal audit process, compliance with legal and regulatory matters and such other matters that may be specifically delegated to the AC by the Board.

MEMBERS AND MEETINGS

The present composition of the AC comprises of four (4) members of the Board, all of whom are Independent Non-Executive Directors ("INEDs"), as follows:

YBhg. Dato' Haji Mohd Suhaimi Bin Abdullah	-	Chairman
YBhg. Dato' Ahmad Hassan Bin Osman	-	Member
Mr. Wong Thai Sun	-	Member
Mr. Jen Shek Voon	-	Member

The above composition of AC meets the requirements of paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR").

The Chairman of the AC shall be appointed among the members of the AC who shall be an Independent Director. In the absence of the AC Chairman and/or an appointed deputy, the remaining AC members present shall elect one of themselves to chair the AC meeting.

Mr. Wong Thai Sun is a member of the Malaysian Institute of Accountancy ("MIA") and the Certified Public Accountants, Australia. Mr. Jen Shek Voon is a Chartered Accountant and a member of the Institute of Singapore Chartered Accountants ("ISCA") and Information System Audit and Control Association, British Computer Society, Institute of Internal Auditors and MIA. As such, the composition of AC meets the requirements of paragraph 15.09(1)(c) of the MMLR, which stipulates that at least one member of the AC must be a qualified accountant.

All members of the AC are financially literate and are able to analyse and interpret financial statements to effectively discharge their duties and responsibilities as members of the AC. The Nomination and Remuneration Committee ("NRC") had on 30 July 2018 reviewed the terms of office and performance of the AC members and based on the results of its review, the NRC was satisfied that the AC and its members have discharged their functions, duties and responsibilities in accordance with the AC's Terms of Reference and supported the Board in ensuring the Group upholds appropriate corporate governance standards.

The terms of reference of the AC can be viewed on the Company's website at www.suiwah.com.my.

During FY2018, five (5) AC meetings were held and the details of attendance of each member at the AC meetings are as follows:

Name of AC	No. of the AC Meetings held	No. of the AC Meetings attended	% of Attendance
YBhg. Dato' Haji Mohd Suhaimi Bin Abdullah	5	5	100
YBhg. Dato' Ahmad Hassan Bin Osman	5	4	80
Mr. Wong Thai Sun	5	5	100
Mr. Jen Shek Voon	5	5	100

The agenda and relevant meeting papers are prepared and distributed to the members at least one week before the meetings. The meetings were of adequate length to allow the AC to accomplish its agenda with sufficient time to discuss emerging issues.

Audit Committee Report (contd.)

The AC conducted its meeting in an open and constructive manner and encouraged focused discussion, questioning and expressions of differing opinions. The Directors of the Company, internal auditors, external auditors and the relevant key personnel were invited to attend the meeting as and when necessary. The external auditors will report their findings of the significant accounting and auditing issues to the AC for review, deliberation and decision making. While, the finance team will present the unaudited quarterly financial statements, as well as other financial reporting related matters for the AC's deliberation and recommendation to the Board for approval, where appropriate.

In FY2018, the AC met twice with the external auditors without the presence of the Executive Directors and management team in September 2017 and April 2018. During these meetings, the external auditors highlighted to the AC the outstanding issues which have arisen during the course of their audit. Based on the auditors' feedback, the Management had provided full cooperation to the external auditors in the course of their audits.

SUMMARY OF ACTIVITIES

The works of the AC were primarily in accordance with its terms of reference. The main works undertaken by the AC during the FY2018 were as follows:

(i) Financial Performance and Reporting

- reviewed of the quarterly unaudited consolidated financial statements and annual consolidated financial statements of the Company and the Group together with the finance team as well as the external auditors, focusing particularly on significant changes to accounting policies and practices, going concern assumptions, adjustments arising from the audits, compliance with the relevant accounting standards and other legal requirements to ensure that the financial statements presented a true and fair view of the Company's financial performance before recommending them to the Board for approval.

- reviewed and deliberated on audit issues raised by the external auditors and the action plans required to address those issues.

(ii) Oversight of External Auditors

- deliberated on the external auditors' report at its meeting with regard to the relevant disclosures in the annual audited financial statements for FY2018.

- the AC reviewed the external auditors' 2018 audit plan outlining their scope of work and the significant accounting and auditing issues they have identified in April 2018 meeting.

- reviewed the external auditors' findings arising from audits, particularly comments and responses in management letters as well as the assistance given by the employees of the Group in order to be satisfied that appropriate actions are being taken.

- discussed and reviewed with external auditors the applicability and the impact of the new accounting standards and new financial reporting regime issued by the Malaysian Accounting Standards Board.

- the AC had met twice with the external auditors without the presence of the Executive Directors and management team in order to reinforce the independence of the External Audit Function of the Company, to discuss issues of concern to the external auditors arising from their annual statutory audit.

- reviewed the re-appointment and audit fees of the external auditors for the ensuing year prior to the recommendation to the Board of Directors for approval.

- reviewed and evaluated the performance and effectiveness of the external auditors in September 2018. The areas assessed were (i) caliber; (ii) Quality Processes/Performance; (iii) Audit Team; (iv) Independence and objectivity; (v) Audit scope and planning; (vi) Audit fees; and (vii) Audit communication. Based on the results of the evaluation, the AC was satisfied with the external auditors' performance and therefore, the AC had recommended to the Board, the re-appointment of the external auditors at the forthcoming Annual General Meeting.

Audit Committee Report (contd.)

(iii) Oversight of Internal Audit ("IA")

- reviewed the Audit Planning Memorandum as tabled by the outsourced internal auditors.
- reviewed the IA Reports during FY2018 and assessed the Internal Auditors' findings and the management's responses and made the necessary recommendations to the Board of Directors for approval.
- reviewed the implementation status of the corrective actions arising from the audit recommendations to ensure that the key risks and control lapses identified were addressed in a timely manner.
- evaluated and reviewed the adequacy of the scope, functions, competency and performance of the IA function and its comprehensiveness of the coverage of activities within the Group, as well as the adequacy of resources in the IA Department.

(iv) Related Party Transaction

- reviewed and considered any related party transaction and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions about management's integrity.
- reviewed and discussed the recurrent related party transactions to ensure that they were undertaken on an arm's length basis and on normal commercial terms not more favourable to the related party than those generally available to the public.

(v) Oversight of Internal Control and Corporate Governance Matters

- reviewed and confirmed the minutes of the Audit Committee Meetings.
- reviewed the AC Report and Statement on Risk Management and Internal Control to ensure the contents therein are in compliance with the MMLR before recommanding them to the Board for approval.
- reviewed the impact of the relevant regulatory changes and ensured compliance by the Company and the Group.
- On 30 July 2018, the AC reviewed the revised the Terms of Reference of AC to re-align with the good standard of corporate governance practices prescribed by the Malaysian Code on Corporate Governance.

(vi) Risk Management and Internal Control

- Reviewed the adequacy and effectiveness of risk management and internal control systems instituted within the Group.

During FY2018, the AC members have sufficient resources available to discharge their responsibilities. The AC not only has access to any information that it needs, but also have the right to seek independent advice and the power to investigate any matter within the ambit of its authority.

IA Function

The IA function of the Group is assumed by the internal auditors to assist the AC in discharging its duties and responsibilities. The role of internal auditors is to provide the AC with independent assessment for adequate, efficient and effective Internal Control System to ensure compliance with policies and procedures. The IA function is also involved in risk management, risk evaluation and recommendation of control activities to manage any identified risk.

The Group has appointed an outsourced IA service provider to carry out the IA function, namely Messrs. KOHL & Wilman Plt. ("KOHL") in January 2017. The outsourced internal auditors report directly to the AC, providing the Board with a reasonable assurance of adequacy of the scope, functions and resources of the IA function.

Audit Committee Report (contd.)

Ms. Shayna Teh, Managing Partner of KOHL, is a Chartered Accountant and a member of Malaysian Institute of Accountant ("MIA"). She also holds the certificate of Certified Public Accountant ("CPA") Australia and Certified Financial Planner ("CFP"). The outsourced internal auditors are free from any relationships or conflict of interest with the Company.

During FY2018, the work of audits and findings conducted by the Group's IA were as follows:

- reviewed the internal control system on branding, marketing, customer service management for the period ended 31 May 2018 and presented the said IA Report for AC's review in April 2018.
- prepared the Audit Planning Memorandum of the Group.
- reviewed and monitored the related party transactions to ascertain that the current procedures practiced by Management are in line with the MMLR.

The internal auditors have carried out their works in accordance with the annual planning memorandum and reports are issued to the AC for tabling at each AC meeting. The AC have deliberated on the findings and recommendations as reported by the internal auditors and ensured that appropriate follow-up actions are taken on their recommendations.

The total cost incurred for the IA function of the Group for the FY2018 was RM32,400.

This statement is made in accordance with the resolution of the Board dated 7 September 2018.

Statement of Directors' Responsibility
in Relation to the Financial Statements

The Board is required by the Companies Act, 2016 to prepare audited financial statements which give a true and fair view of the state of affairs of the Group and the Company at the end of each financial year and of their results and their cash flows for that year then ended.

In preparing the financial statements for the year ended 31 May 2018, the Board considers that:

(i) all applicable approved accounting standards in Malaysia have been followed;

(ii) the Group and the Company have used appropriate accounting policies and have consistently applied them;

(iii) reasonable and prudent judgments and estimates were made; and

(iv) the financial statements were prepared on the going concern basis as the Board has a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Board is responsible for ensuring that the Group and the Company maintain proper accounting records which disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Companies Act, 2016.

The Board has general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

This statement is made in accordance with the resolution of the Board dated 7 September 2018.

Other Information
required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

Utilisation of Proceeds

No proceeds were raised by the Company from any corporate exercise during the financial year and no new shares being issued by the Company during the financial year based on the general mandate granted by the shareholders pursuant to Section 340(2) of the Companies Act, 2016 at the last Annual General Meeting of the Company.

Audit Fees

The amount of audit fees paid to the external auditors by the Company and its Group for the financial year 2018 were as follows:

	Company (RM)	Group (RM)
Statutory fees paid/payable to:- - Ernst & Young ("EY") Malaysia - BDO - Other	 47,000 - -	 211,104 12,394 -
Total	**47,000**	**223,498**

Non-Audit Fees

The amount of non-audit fees paid/payable to the external auditors by the Company and its subsidiaries ("Group") for the financial year 2018 were as follows:

	Company (RM)	Group (RM)
Non-audit fees paid/payable to:- - Ernst & Young ("EY") Malaysia - Affiliates of BDO (BDO Tax Services Sdn Bhd)	 6,000 3,300	 6,000 42,778
Total	**9,300**	**48,778**

Material Contracts Involving the Interest of the Directors and Major Shareholders

Other than those related party transactions disclosed in Note 40 to the audited financial statements, there were no material contracts outside the ordinary course of business, including contract relating to loan entered into by the Company and its subsidiaries involving the interest of the Directors and major shareholders that are still subsisting at the end of financial year or which were entered into since the end of the previous financial year.

Recurrent Related Party Transactions of a Revenue or a Trading Nature

The summary of the Recurrent Related Party Transactions which have been entered by the Group during the FY2018 pursuant to the shareholders' mandate obtained in the Twenty-fourth Annual General Meeting held on 15 November 2017 are as follows:

No.	Nature of Transaction	Interested Related Parties	Transaction Value (RM)
1	Rental of premises which is located at Sunshine Square (Level 2, 3 & 4), 1, Jalan Mahsuri measuring approximately 9,635 square metres by Suiwah Holdings Sdn Bhd ("SHSB") to Sunshine Wholesale Mart Sdn Bhd ("SWMSB") for a monthly rental and service charges of RM161,943	• SHSB • Suiwah Supermarket Sendirian Berhad (SSSB) • Dato' Hwang Thean Long • Datin Cheah Gaik Huang • Hwang Siew Peng • Hwang Shin Hun	1,943,316

Other Information
required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (contd.)

No.	Nature of Transaction	Interested Related Parties	Transaction Value (RM)
2	Rental of premises which is located at 608 M&N, Jalan Paya Terubong, Ayer Itam, Penang measuring approximately 4,500 square feet by Dato' Hwang Thean Long to SWMSB for a monthly rental of RM4,000	• SHSB • SSSB • Dato' Hwang Thean Long • Datin Cheah Gaik Huang • Hwang Siew Peng • Hwang Shin Hung	48,000
3	Rental of premises which is located at 88 Lintang Mayang Pasir 1, Mk 12, 11950 Bayan Baru, Penang measuring approximately 139.79 square metres by Meridian Chance Sdn Bhd to SWMSB for a monthly rental of RM2,000	• SHSB • SSSB • Dato' Hwang Thean Long • Datin Cheah Gaik Huang • Hwang Siew Peng • Hwang Shin Hung • Hwang Yen Ming	24,000
4	Purchase of Dycem Cleanzone for floor coverings and mat solutions by Qdos Flexcircuits Sdn Bhd ("QFSB") from Sinar Bekal (M) Sdn Bhd	• Hozone Sdn Bhd ("HSB") • Datuk Haji Radzali Bin Hassan	NIL
5	Provide Surface Mounted Technology (SMT) and other subcontract services related to flexible printed circuits boards to QFSB by Nanometric Electronics Sdn Bhd ("NESB")	• SHSB • SSSB • Dato' Hwang Thean Long • Datin Cheah Gaik Huang • Hwang Siew Peng • Hwang Shin Hung • Leong Kong Meng	505,242
6	Sales of food and non-food merchandise from SWMSB to NESB	• SHSB • SSSB • Dato' Hwang Thean Long • Datin Cheah Gaik Huang • Hwang Siew Peng • Hwang Shin Hung • Leong Kong Meng	NIL
7	Rental of 80 car park bays located at Level 3 Sunshine Square Complex, Lintang Mayang Pasir 1, Mk 12, 11950 Bayan Baru, Penang by SHSB to SWMSB for a monthly rental of RM4,000	• SHSB • SSSB • Dato' Hwang Thean Long • Datin Cheah Gaik Huang • Hwang Siew Peng • Hwang Shin Hung	93,820
8	Rental of office space which is located at 1-20-1, SUNTECH @ Penang Cybercity, Lintang Mayang Pasir 3, 11950 Bayan Baru, Penang, measuring approximately 20,473 square feet by SHSB to SWMSB for a monthly rental and service charges of RM36,647.00	• SHSB • SSSB • Dato' Hwang Thean Long • Datin Cheah Gaik Huang • Hwang Siew Peng • Hwang Shin Hung	439,760

Other Information
required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (contd.)

No.	Nature of Transaction	Interested Related Parties	Transaction Value (RM)
9	Rental of office which is located at 32B, Level 3, Jalan Mahsuri, 11950 Bayan Baru, Penang, measuring approximately 6,833 square feet by Hwang & Hwang Enterprise to SWMSB for a monthly rental of RM6,000.00	• SHSB • SSSB • Dato' Hwang Thean Long • Datin Cheah Gaik Huang • Hwang Siew Peng • Hwang Shin Hung • Hwang Poh Choo	72,000
10	Rental of office which is located at 1-12-1 & 1-12A-1, SUNTECH @ Penang Cybercity, Lintang Mayang Pasir 3, 11950 Bayan Baru, Penang, measuring approximately 2,260 square feet by SHSB to SWMSB for a monthly rental and service charges of RM4,068.00	• SHSB • SSSB • Dato' Hwang Thean Long • Datin Cheah Gaik Huang • Hwang Siew Peng • Hwang Shin Hung	48,816
11	Rental of hostel which is two storey detached house with 5 rooms located at No 718-F, MK 16, 11500 Air Itam, Penang paid by SWMSB to Dato Hwang Thean Long for a monthly rental of RM1,500.00	• SHSB • SSSB • Dato' Hwang Thean Long • Datin Cheah Gaik Huang • Hwang Siew Peng • Hwang Shin Hung	18,000
12	Rental of 10 car park bays located at Level 3 Sunshine Square Complex, Lintang Mayang Pasir 1, Mk 12, 11950 Bayan Baru, Penang by SHSB to Crimson Omega Sdn Bhd ("COSB") for a monthly rental of RM1,604.00	• SHSB • SSSB • Dato' Hwang Thean Long • Datin Cheah Gaik Huang • Hwang Siew Peng • Hwang Shin Hung	1,283
13	Rental of office which is located at Ground Floor of 105-1, Farlim Square, Jalan Pisang Embun, 11500 Ayer Itam, Penang, measuring approximately 1,465 square feet by Hwang Siew Peng & Hwang Shin Hung to COSB for a monthly rental of RM4,835.00	• SHSB • SSSB • Dato' Hwang Thean Long • Datin Cheah Gaik Huang • Hwang Siew Peng • Hwang Shin Hung	24,173

Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 May 2018.

Principal activities

The principal activities of the Company are investment holding, provision of management services and letting of property.

The principal activities of the subsidiaries, joint venture and associate are described in Note 17, 18 and 19 to the financial statements respectively.

Results

	Group RM	Company RM
Profit for the year	11,640,779	4,488,725
Attributable to:		
Equity holders of the Company	11,689,620	4,488,725
Non-controlling interests	(48,841)	-
	11,640,779	4,488,725

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

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

Dividend

The amount of dividend paid by the Company since 31 May 2017 was as follows:

	RM
In respect of the financial year ended 31 May 2017 as reported in the directors' report of that year:	
First and final single tier dividend of 1 sen per share, approved on 20 November 2017 and paid on 30 November 2017	572,501

At the forthcoming Annual General Meeting, a first and final single tier dividend of 1.0% in respect of the current financial year ended 31 May 2018, on 57,250,148 ordinary shares (the number of outstanding ordinary shares in issue of the Company as at 31 May 2018 after the set off with 3,750,100 ordinary shares bought back by the Company and held as treasury shares subsequent to the financial year end) amounting to RM572,501 (1.0 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend when approved by the shareholders will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 May 2019.

Directors' Report (contd.)

Directors

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Dato' Hwang Thean Long
Dato' Haji Mohd Suhaimi bin Abdullah *
Dato' Ahmad Hassan bin Osman *
Datin Cheah Gaik Huang
Hwang Siew Peng
Wong Thai Sun *
Jen Shek Voon *
Datuk Haji Radzali bin Hassan
Hwang Shin Hung
Beh Hooi Sim *(Appointed on 5 December 2017)*

* Being member of Audit, Remuneration and Nomination Committee

The names of the directors of the Company's subsidiaries since the beginning of the financial year to the date of this report, not including those directors listed above, are:

Yee Kam Ming
Gan Peng Teong
Khaw Siew Hong
Dato' Hj. Abdul Rafique Bin Abdul Karim
Looi Tik Miow
Whong Poh Choon
Leong Kong Meng
Ch'ng Kar Seong
Suresh Sivaram
Tew Hai San

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salaries of directors who are full-time employees of the Company or its subsidiaries as shown in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with any 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, except as disclosed in Note 40 to the financial statements.

Directors' Report (contd.)

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	Number of ordinary shares			
	1 June 2017	Acquired	Sold	31 May 2018
The Company				
Direct interest				
Dato' Hwang Thean Long	4,445,381	-	-	4,445,381
Dato' Haji Mohd Suhaimi bin Abdullah	417,125	-	-	417,125
Datin Cheah Gaik Huang	26,400	-	-	26,400
Hwang Siew Peng	300,000	192,700	-	492,700
Hwang Shin Hung	656,500	-	-	656,500
Indirect interest				
Dato' Hwang Thean Long *	12,076,545	-	-	12,076,545
Hwang Siew Peng **	16,548,326	-	-	16,548,326
Datuk Haji Radzali bin Hassan ***	12,117,948	-	-	12,117,948
Indirect interest				
Interest of Spouse/Children of the Directors ^				
Dato' Hwang Thean Long	982,900	192,700	-	1,175,600
Datin Cheah Gaik Huang	16,821,926	192,700	-	17,014,626

* By virtue of his interests in shares of Suiwah Holdings Sdn. Bhd. and Suiwah Supermarket Sendirian Berhad, both companies incorporated in Malaysia, Dato' Hwang Thean Long is deemed to have an interest in the shares of the Company and all its subsidiaries to the extent both these companies have interests.

** By virtue of the interests of her parents, Dato' Hwang Thean Long and Datin Cheah Gaik Huang, Hwang Siew Peng is deemed to have an interest in the shares of the Company and all its subsidiaries to the extent her parents have interests.

*** By virtue of his interest in shares of Hozone Sdn. Bhd. ("Hozone"), a company incorporated in Malaysia, Datuk Haji Radzali bin Hassan is deemed to have an interest in the shares of the Company, and all its subsidiaries to the extent Hozone has an interest.

^ Disclosure pursuant to Section 59 (11) (c) of the Companies Act 2016

Directors of the subsidiaries of the Company

	Number of ordinary shares			
	1 June 2017	Acquired	Sold	31 May 2018
The Company				
Direct interest				
Yee Kam Ming	6,280	-	-	6,280
Khaw Siew Hong	5,000	-	-	5,000

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

Directors' Report (contd.)

Indemnities to directors or officers

No indemnities have been given or insurance paid, during or since the end of the financial year, for any person who is or has been the director or officers of the Company.

Treasury shares

As at 31 May 2018, the Company held a total of 3,750,100 shares as treasury shares out of its total issued and paid up share capital of 61,000,248 issued ordinary shares. Such treasury shares are held at a carrying amount of RM5,558,288 including transaction costs and further relevant details are disclosed in Note 28 to the financial statements.

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance for doubtful debts has been made in the financial statements of the Group. The directors were also satisfied that there were no known bad debts and that no allowance for doubtful debts was necessary in the financial statements of the Company; and

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

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group inadequate to any substantial extent nor are they aware of any circumstances which would render it necessary to write off any bad debts or to make any allowance for doubtful debts in the financial statements of the Company; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

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

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

Directors' Report (contd.)

Other statutory information (cont'd)

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

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

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

(f) In the opinion of the directors:

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

Subsequent events

Details of the subsequent events are disclosed in Note 46 to the financial statements.

Auditors and auditors' remuneration

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Auditors' remuneration are disclosed in Note 8 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young for the financial year ended 31 May 2018.

Signed on behalf of the Board in accordance with a resolution of the directors dated 14 September 2018.

Dato' Hwang Thean Long

Wong Thai Sun

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

We, Dato' Hwang Thean Long and Wong Thai Sun, being two of the directors of Suiwah Corporation Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 66 to 157 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 May 2018 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 14 September 2018.

Dato' Hwang Thean Long

Wong Thai Sun

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

I, Dato' Hwang Thean Long, being the director primarily responsible for the financial management of Suiwah Corporation Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 66 to 157 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the
abovenamed Dato' Hwang Thean Long
at Georgetown in the state of Penang
on 14 September 2018.

Dato' Hwang Thean Long

Before me,

MOK CHENG YOON
No. P140
Commissioner for Oaths

Independent Auditors' Report
to the members of Suiwah Corporation Bhd. (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Suiwah Corporation Bhd. which comprise the statements of financial position as at 31 May 2018 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 66 to 157.

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 May 2018, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there is no key audit matter to communicate in our report on the financial statements of the Company. The key audit matter for the audit of the financial statements of the Group is described below. This matter was addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Revenue recognition
(Refer to Note 2.28 and Note 4 to the financial statements)

The Group relies on information technology system in accounting for its retail division's revenue (in which product prices, Point of Sales and other relevant support system reside). Such information system processes large volumes of data which consists of individually low value transactions. In addition, significant judgements and estimates are involved in accounting for the Group's customer loyalty program. The aforementioned factors gave rise to higher risk of material misstatement in the timing and amount of retail division's revenue. Accordingly, we identified revenue recognition to be an area of audit focus as the magnitude and the high volume of transactions may give rise to a higher risk of material misstatements relating to the timing and amount of revenue recognised.

Independent Auditors' Report
to the members of Suiwah Corporation Bhd. (Incorporated in Malaysia) (contd.**)**

Key audit matters *(contd.)*

Revenue recognition (contd.)

Our audit sought to place a high level of reliance on the Group's information technology systems and key controls which the management relies on in recording revenue from its retail business. We involved our information technology specialists to test the operating effectiveness of the automated controls of the information technology systems. We also tested the non-automated controls in place to ensure completeness and accuracy of revenue recognised, including timely updating of approved product price changes in the system.

In addition, we also performed, amongst others, the following procedures:

(a) Performed data analytics to reconcile the revenue recognised by the retail division to the payments received from customers;

(b) Performed procedures to corroborate the occurrence of revenue by tracing samples of cash receipts to settlement reports from financial institutions;

(c) Tested the reconciliation of data between the Point of Sales system and the general ledger to corroborate the completeness of revenue; and

(d) Performed cut-off procedures to determine if revenue from the retail division is recorded in the correct accounting period.

In respect of the customer loyalty program, we performed the following:

(a) Obtained an understanding and tested the internal controls in respect of accumulation and redemption of customer loyalty points;

(b) Obtained an understanding of the management's basis of determining the fair value customer loyalty points;

(c) Tested the management's estimate of fair value of the customer loyalty points with reference to historical rates of redemption of loyalty points;

(d) Tested the computation of deferred revenue to be recognised in respect of customer loyalty points; and

(e) Tested the calculation of loyalty points accumulated and redeemed in relation to the quantum of the customers' purchases.

Information other than the financial statements and auditors' report thereon

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

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

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

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

Independent Auditors' Report
to the members of Suiwah Corporation Bhd. (Incorporated in Malaysia) (contd.)

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, 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, including the disclosures, and whether the financial statements 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. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report
to the members of Suiwah Corporation Bhd. (Incorporated in Malaysia) (contd.**)**

Auditors' responsibilities for the audit of the financial statements *(contd.)*

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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 17 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 content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Lim Eng Huat
No. 02403/04/2019 J
Chartered Accountant

Penang, Malaysia
Date: 14 September 2018

Statements of Comprehensive Income
For the financial year ended 31 May 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Revenue	4	416,188,667	397,260,292	3,656,684	5,056,684
Other operating income	5	31,934,606	5,796,550	3,848,110	3,682,150
Changes in inventories of merchandise, finished goods and work-in-progress		24,566,387	27,722,244	-	-
Raw materials and consumable goods used		(64,722,148)	(67,464,963)	-	-
Inventories purchased		(284,544,437)	(258,287,967)	-	-
Employee benefits expense	6	(37,343,443)	(34,637,634)	(408,120)	(222,000)
Amortisation of intangible asset	16	(386,759)	(401,691)	-	-
Commission		(1,284,035)	(1,390,701)	-	-
Depreciation of:					
- property, plant and equipment	13	(8,427,212)	(8,427,536)	(298)	(418)
- investment property	14	-	-	(473,171)	(473,171)
Net gain on financial assets at fair value through profit or loss		63,668	83,061	-	-
Net fair value (loss)/gain on derivatives		(258,599)	127,192	-	-
Promotional expenses		(5,095,008)	(6,014,605)	-	-
Property, plant and equipment written off		(5,815,268)	(35,512)	-	-
Operating leases - minimum lease payment for:					
- land and buildings		(3,879,771)	(3,755,328)	-	-
- equipment and machinery		(42,000)	(102,000)	-	-
Subcontract charges		(2,414,229)	(3,329,753)	-	-
Upkeep and maintenance		(9,600,932)	(7,569,674)	-	-
Utilities		(11,600,951)	(12,097,123)	(1,261)	(1,285)
Other operating expenses	8	(18,278,882)	(14,368,524)	(691,423)	(768,599)
Operating profit, balance carried forward		19,059,654	13,106,328	5,930,521	7,273,361

Statements of Comprehensive Income
For the financial year ended 31 May 2018 (contd.)

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Operating profit, balance brought forward		19,059,654	13,106,328	5,930,521	7,273,361
Finance costs	9	(1,319,222)	(1,232,161)	(396,229)	(289,510)
Share of (loss)/profit in a joint venture		(112,279)	1,788,518	-	-
Profit before tax		17,628,153	13,662,685	5,534,292	6,983,851
Income tax expense	10	(5,987,374)	(3,880,597)	(1,045,567)	(1,013,088)
Profit net of tax		11,640,779	9,782,088	4,488,725	5,970,763
Other comprehensive income					
Other comprehensive (loss)/ income to be reclassified to profit or loss in subsequent periods					
Foreign currency translation		(2,443,363)	1,272,788	-	-
Total comprehensive income for the year		9,197,416	11,054,876	4,488,725	5,970,763
Profit for the year attributable to:					
Equity holders of the Company		11,689,620	9,588,504	4,488,725	5,970,763
Non-controlling interests		(48,841)	193,584	-	-
		11,640,779	9,782,088	4,488,725	5,970,763
Total comprehensive income attributable to:					
Equity holders of the Company		9,246,257	10,861,292	4,488,725	5,970,763
Non-controlling interests		(48,841)	193,584	-	-
		9,197,416	11,054,876	4,488,725	5,970,763
Earnings per share attributable to equity holders of the Company (sen)					
Basic/Diluted, for profit for the year	11	20.42	16.75		

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Statements of Financial Position
As at 31 May 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Assets					
Non-current assets					
Property, plant and equipment	13	202,987,088	191,917,743	561	859
Investment properties	14	84,878,967	-	21,607,607	22,080,778
Inventory properties	15	6,887,567	6,887,567	-	-
Intangible asset	16	5,604,336	6,411,187	-	-
Investments in subsidiaries	17	-	-	68,619,491	68,624,409
Interest in a joint venture	18	14,677,067	16,623,627	-	-
Interest in an associate	19	-	-	-	-
Investment securities	20	3,114	3,114	-	-
Goodwill on consolidation	21	4,665,045	4,665,045	-	-
Prepayment	22	500,000	500,000	-	-
Other receivables	24	-	-	56,457,540	-
Deferred tax assets	34	393,695	208,006	-	-
		320,596,879	227,216,289	146,685,199	90,706,046
Current assets					
Inventory properties	15	41,297,437	41,860,459	-	-
Investment securities	20	49,659	48,069	-	-
Inventories	23	34,110,824	37,421,463	-	-
Trade and other receivables	24	42,653,406	28,639,246	25,843,000	70,666,757
Other current assets	25	18,587,228	8,967,891	16,071	15,740
Derivatives	37	-	231,696	-	-
Tax recoverable		2,358,670	4,377,174	-	-
Short term investments	26	203,655	4,360,325	-	-
Cash and bank balances	27	18,224,439	19,687,239	136,071	546,010
		157,485,318	145,593,562	25,995,142	71,228,507
Total assets		478,082,197	372,809,851	172,680,341	161,934,553

Statements of Financial Position
As at 31 May 2018 (contd.)

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	28	74,934,959	74,934,959	74,934,959	74,934,959
Treasury shares	28	(5,558,288)	(5,558,288)	(5,558,288)	(5,558,288)
Other reserve	29	(1,658,132)	785,231	-	-
Retained earnings	30	162,767,479	151,650,360	86,458,519	82,542,295
		230,486,018	221,812,262	155,835,190	151,918,966
Non-controlling interests		226,540	319,764	-	-
Total equity		230,712,558	222,132,026	155,835,190	151,918,966
Non-current liabilities					
Government grant	31	2,893,890	3,664,019	-	-
Borrowings	32	37,193,342	8,370,556	-	-
Trade and other payables	33	66,782,495	45,906,978	-	-
Deferred tax liabilities	34	2,369,431	1,630,634	-	-
		109,239,158	59,572,187	-	-
Current liabilities					
Provision for liabilities	35	-	-	-	-
Government grant	31	622,089	664,875	-	-
Borrowings	32	15,619,835	8,330,673	-	-
Derivatives	37	26,903	-	-	-
Trade and other payables	33	118,837,020	79,315,542	16,397,589	9,623,904
Other current liabilities	36	192,897	366,271	23,970	24,385
Deferred revenue	38	2,346,354	2,042,218	-	-
Tax payable		485,383	386,059	423,592	367,298
		138,130,481	91,105,638	16,845,151	10,015,587
Total liabilities		247,369,639	150,677,825	16,845,151	10,015,587
Total equity and liabilities		478,082,197	372,809,851	172,680,341	161,934,553

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

SUIWAH CORPORATION BHD 253327-H

Statements of Changes in Equity
For the financial year ended 31 May 2018

	Attributable to equity holders of the Company							
		Non-distributable			Distributable			
	Share capital RM	Treasury shares RM	Share premium RM	Other reserves RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
Group								
At 1 June 2016	61,000,248	(5,549,796)	13,934,711	(487,557)	144,065,777	212,963,383	254,747	213,218,130
Total comprehensive income for the year	-	-	-	1,272,788	9,588,504	10,861,292	193,584	11,054,876
Dividend (Note 12)	-	-	-	-	(2,003,921)	(2,003,921)	-	(2,003,921)
Purchase of treasury shares	-	(8,492)	-	-	-	(8,492)	-	(8,492)
Distribution to non-controlling interests	-	-	-	-	-	-	(128,567)	(128,567)
Adjustments for effects of Companies Act 2016	13,934,711	-	(13,934,711)	-	-	-	-	-
At 31 May 2017	74,934,959	(5,558,288)	-	785,231	151,650,360	221,812,262	319,764	222,132,026

	Attributable to equity holders of the Company							
		Non-distributable			Distributable			
	Share capital RM	Treasury shares RM	Other reserves RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
Group							
At 1 June 2017	74,934,959	(5,558,288)	785,231	151,650,360	221,812,262	319,764	222,132,026
Total comprehensive income for the year	-	-	(2,443,363)	11,689,620	9,246,257	(48,841)	9,197,416
Dividend (Note 12)	-	-	-	(572,501)	(572,501)	-	(572,501)
Distribution to non-controlling interests	-	-	-	-	-	(44,383)	(44,383)
At 31 May 2018	74,934,959	(5,558,288)	(1,658,132)	162,767,479	230,486,018	226,540	230,712,558

Statements of Changes in Equity
For the financial year ended 31 May 2018 (contd.)

		Non-distributable		Distributable	
	Share capital RM	**Treasury shares RM**	**Share premium RM**	**Retained earnings RM**	**Total equity RM**
Company					
At 1 June 2016	61,000,248	(5,549,796)	13,934,711	78,575,453	147,960,616
Total comprehensive income for the year	-	-	-	5,970,763	5,970,763
Dividend (Note 12)	-	-	-	(2,003,921)	(2,003,921)
Purchase of treasury shares	-	(8,492)	-	-	(8,492)
Adjustments for effects of Companies Act 2016	13,934,711	-	(13,934,711)	-	-
At 31 May 2017	74,934,959	(5,558,288)	-	82,542,295	151,918,966
At 1 June 2017	74,934,959	(5,558,288)	-	82,542,295	151,918,966
Total comprehensive income for the year	-	-	-	4,488,725	4,488,725
Dividend (Note 12)	-	-	-	(572,501)	(572,501)
At 31 May 2018	74,934,959	(5,558,288)	-	86,458,519	155,835,190

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Statements of Cash Flows
For the financial year ended 31 May 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Operating activities					
Profit before tax		17,628,153	13,662,685	5,534,292	6,983,851
Adjustments for:					
Amortisation of:					
- government grant	5	(648,935)	(636,691)	-	-
- intangible assets		386,759	401,691	-	-
Bad debts written off	8	1,663	12,579	-	-
Depreciation of:					
- property, plant and equipment	13	8,427,212	8,427,536	298	418
- investment property	14	-	-	473,171	473,171
Gross dividends from subsidiaries	4	-	-	(2,000,000)	(3,400,000)
Finance costs	9	937,860	782,455	396,229	289,510
Interest income	5	(366,176)	(626,332)	(3,591,911)	(3,019,003)
Net gain on financial assets at fair value through profit or loss		(63,668)	(83,061)	-	-
Net fair value loss/(gain) on derivatives		258,599	(127,192)	-	-
Reversal of inventories written down	8	(133,427)	(180,200)	-	-
Gain on disposal of property, plant and equipment	5	-	(8,000)	-	-
Property, plant and equipment written off		5,815,268	35,512	-	-
Reversal for provision for liquidated damages	5	-	(256,517)	-	-
Allowance for doubtful debts	8	88,004	39,902	-	-
Gain on disposal of subsidiary	5	-	-	(7,293)	-
Reversal of impairment loss from investment in subsidiary	5	-	-	(7,724)	(663,147)
Unrealised foreign exchange (gains)/losses	5 / 8	(772,643)	341,688	(241,182)	122,192
Operating activities balance carried forward		31,558,669	21,786,055	555,880	786,992

Statements of Cash Flows
For the financial year ended 31 May 2018 (contd.)

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Operating activities balance brought forward		31,558,669	21,786,055	555,880	786,992
Unwinding of discount	5/9	(1,660,075)	449,706	-	-
Share of loss/(profit) in a joint venture		112,279	(1,788,518)	-	-
Operating cash flows before changes in working capital		30,010,873	20,447,243	555,880	786,992
Increase in inventory property		(19,404,517)	(23,723,400)	-	-
Increase in receivables		(13,331,184)	(5,159,578)	(578)	-
(Increase)/Decrease in other current assets		-	3,979,418	(331)	2,237
Decrease/(Increase) in inventories		3,444,066	(194,118)	-	-
Increase/(Decrease) in payables		46,857,070	15,055,993	58,435	(4,655)
(Decrease)/Increase in other current liabilities		(173,374)	194,731	(415)	435
Increase in deferred revenue		304,136	270,743	-	-
Cash generated from operations		47,707,070	10,871,032	612,991	785,009
Interest paid		(937,860)	(782,455)	-	(498,558)
Interest received		366,176	626,332	285,543	114,280
Tax paid		(3,316,439)	(5,757,178)	(989,274)	(963,479)
Net cash from/(used in) operating activities		43,818,947	4,957,731	(90,740)	(562,748)
Investing activities					
Increase in deposits pledged to banks		(3,457)	(2,200)	-	-
Decrease/(Increase) in deposits placed with licensed banks (with maturity period of more than 3 months)		20,232	(41,055)	-	-
(Increase)/(Decrease) in investment securities		(1,590)	1,275,363	-	-
Decrease in short term investments		4,220,338	3,392,256	-	-
Proceeds from disposal of property, plant and equipment		-	8,000	-	-
Distribution to non-controlling interests		(44,383)	(128,567)	-	-
Cash flows from investing activities carried forward		4,191,140	4,503,797	-	-

Statements of Cash Flows
For the financial year ended 31 May 2018 (contd.)

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Cash flows from investing activities brought forward		4,191,140	4,503,797	-	-
Addition of intangible assets	16	(19,200)	-	-	-
Distribution from an investment in a subsidiary		-	-	19,936	57,750
Net dividends received		-	-	2,000,000	3,400,000
Purchase of property, plant and equipment	13	(91,837,744)	(53,570,843)	-	-
Government grant received	31	-	1,400,000	-	-
Net cash (used in)/from investing activities		(87,665,804)	(47,667,046)	2,019,936	3,457,750
Financing activities					
Drawdown/(repayment) of term loan, net	A	35,762,338	(840,804)	-	-
Dividend paid to:					
- shareholders of holding company	12	(572,501)	(2,003,921)	(572,501)	(2,003,921)
Purchase of treasury shares	28	-	(8,492)	-	(8,492)
Increase in amounts due from subsidiaries		-	-	(8,326,837)	(11,403,029)
Increase/(Decrease) in amounts due to subsidiaries		-	-	6,560,203	(2,081,226)
Net changes in bankers' acceptances	A	(2,294,558)	(702,533)	-	-
Loan received from a related party	A	15,200,000	37,000,000	-	-
Net cash from/(used in) financing activities		48,095,279	33,444,250	(2,339,135)	(15,496,668)
Net decrease in cash and cash equivalents		4,248,422	(9,265,065)	(409,939)	(12,601,666)
Effects of exchange rate changes		1,280,722	(330,740)	-	-
Cash and cash equivalents as at 1 June 2017/2016		13,628,955	23,224,760	546,010	13,147,676
Cash and cash equivalents as at 31 May 2018/2017	27	19,158,099	13,628,955	136,071	546,010

Statements of Cash Flows
For the financial year ended 31 May 2018 (contd.)

A. Liabilities arising from financing activities

Reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities is as follows:

	At 1 June 2017 RM	Cash flows, net RM	Transfer RM	At 31 May 2018 RM
Short term borrowings	8,330,673	926,218	6,362,944	15,619,835
Less: Bank overdraft	(5,147,412)	(2,644,168)	-	(7,791,580)
	3,183,261	(1,717,950)	6,362,944	7,828,255
Long term borrowings	8,370,556	35,185,730	(6,362,944)	37,193,342
	11,553,817	33,467,780	-	45,021,597
Amount due to related party	37,000,000	15,200,000	-	52,200,000
Liabilities arising from financing activities, excluding bank overdraft	48,553,817	48,667,780	-	97,221,597

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Notes to the Financial Statements
For the financial year ended 31 May 2018

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The registered office of the Company is located at No. 1-20-1 SUNTECH @ Penang Cybercity, Lintang Mayang Pasir 3, 11950 Bayan Baru, Penang.

The principal activities of the Company are investment holding, provision of management services and letting of property. The principal activities of the subsidiaries, joint venture and associate are described in Note 17, 18 and 19 respectively.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

The financial statements have been prepared on a historical cost basis except those disclosed below in the accounting policies.

The financial statements are presented in Ringgit Malaysia ("RM").

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 June 2017, the Group and the Company have adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 June 2017.

Description	Effective for financial periods beginning on or after
MFRS 107 Disclosure Initiative (Amendments to MFRS 107)	1 January 2017
MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to MFRS 112)	1 January 2017
Annual Improvements to MFRS Standards 2014–2016 Cycle - Amendments to MFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in MFRS 12	1 January 2017

MFRS 107 Disclosure Initiative (Amendments to MFRS 107)

The amendments to MFRS 107 Statement of Cash Flows require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of these amendments, entities are not required to provide comparative information for preceding periods. Apart from the additional disclosures in the statements of cash flows, the application of these amendments has had no impact on the Group and Company.

MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to MFRS 112)

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The application of these amendments has had no impact on the Group's and the Company's financial statements.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

Annual Improvements to MFRS Standards 2014–2016 Cycle

Amendments to MFRS 112 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in MFRS 12

The amendments clarify that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The application of these amendments has had no effect on the Group as none of the Group's interest in these entities is classified, or included in a disposal group that is classified, as held for sale.

2.3 Standards and interpretations issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
MFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)	1 January 2018
MFRS 9 Financial Instruments	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 140 Transfers of Investment Property (Amendments to MFRS 140)	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycle	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 9 Prepayment Features with Negative Compensation (Amendments to MFRS 9)	1 January 2019
MFRS 16 Leases	1 January 2019
MFRS 128 Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)	1 January 2019
Annual Improvements to MFRS Standards 2015–2017 Cycle	1 January 2019
MFRS 119 Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2: Share-Based Payment	1 January 2020
Amendment to MFRS 3: Business Combinations	1 January 2020
Amendments to MFRS 6: Exploration for and Evaluation of Mineral Resources	1 January 2020
Amendment to MFRS 14: Regulatory Deferral Accounts	1 January 2020
Amendments to MFRS 101: Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 134: Interim Financial Reporting	1 January 2020
Amendment to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendment to MFRS 138: Intangible Assets	1 January 2020
Amendments to IC Interpretation 12 Service Concession Arrangements	1 January 2020
Amendments to IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 January 2020

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

2. Summary of significant accounting policies (contd.)

2.3 Standards and interpretations issued but not yet effective (contd.)

Description	Effective for annual periods beginning on or after
Amendments to IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
Amendments to IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2020
Amendments to IC Interpretation 132 Intangible Assets - Web Site Costs	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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

The amendments to MFRS 2 address three main areas:

(a) The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction;

(b) The classification of a share-based payment transaction with net settlement features for withholding tax obligations; and

(c) Accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

The amendments are effective for annual reporting periods beginning on or after 1 January 2018 with earlier application permitted. Specific transition provisions apply. The directors of the Company do not anticipate that the application of the amendments will have a significant impact on the Group's and the Company's financial statements as the Group and the Company do not have any cash-settled share-based payment arrangements or any withholding tax arrangements with tax authorities in relation to share-based payments.

MFRS 9 Financial Instruments

MFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

Based on the analysis of the Group's financial assets and liabilities as at 31 March 2018 on the basis of facts and circumstances that exist at that date, the directors of the Company have assessed the impact of MFRS 9 to the Group's financial statements as follows:

(i) Classification and measurement

The Group does not expect a significant impact on its statement of financial position or equity on applying the classification and measurement requirements of MFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value.

Loans and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group has analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

(ii) Impairment

The Group will apply the simplified approach and record lifetime expected losses on all trade receivables.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

2. Summary of significant accounting policies (contd.)

2.3 Standards and interpretations issued but not yet effective (contd.)

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which 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.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group plans to adopt the new standard on the required effective date using the modified retrospective method. The directors are currently in the process of finalising the effects of applying the new standard on the Group's and the Company's financial statements and have identified the following areas that will be affected.

(i) Rights of return

Some contracts provided the customers with rights of return. The Group currently accounts for such rights when the goods are returned. Under MFRS 15, because the contract allows the customer to return the products, the consideration received from the customer is variable. The Group has decided to use expected value method to estimate the goods that will be returned.

(ii) Loyalty points programme

Before the adoption of MFRS 15, the loyalty programme offered by the Group resulted in the allocation of a portion of the transaction price to the loyalty programme using the fair value of points issued and recognition of deferred revenue in relation to points issued but not yet redeemed or expired. The Group has concluded that under MFRS 15, the loyalty points give rise to a separate performance obligation because they provide a material right to the customer and a portion of the transaction price was allocated to the loyalty points awarded to customers.

(iii) Principal versus agent considerations

Certain subsidiaries in the Group are the operator of supermarket and departmental stores. The subsidiaries have entered into consignments arrangements with their suppliers for the purchases of the goods. Before the adoption of MFRS 15, the Group concluded that based on the existence of credit risk and the nature of the consideration in the contract, it has an exposure to the significant risks and rewards associated with the sale of goods to its customers, and accounted for the contracts as if it is a principal. Upon the adoption of MFRS 15, the Group determined that it does not control the goods before they are transferred to customers. Hence, it is an agent in these contracts because it does not have the ability to direct the use of the goods or obtain benefits from the goods. This change will result in decreases in revenue from the sale of goods and cost of sales and an increase in revenue from rendering of services by the difference.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

2. Summary of significant accounting policies (contd.)

2.3 Standards and interpretations issued but not yet effective (contd.)

MFRS 15 Revenue from Contracts with Customers (contd.)

(iv) Presentation and disclosure requirements

The presentation and disclosure requirements in MFRS 15 are more detailed than the current standard. Many of the disclosure requirements in MFRS 15 are new and the Group has assessed that the impact of some of these disclosures will be significant. In particular, the Group expects that the notes to the financial statements will be expanded because of the disclosure of significant judgments made: when determining the transaction price of those contracts that include variable consideration, how the transaction price has been allocated to each performance obligation, and the assumptions made to estimate the stand-alone selling prices of each performance obligation.

The Group will continue to test the appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

MFRS 140 Transfers of Investment Property (Amendments to MFRS 140)

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of change in use.

Entities can apply these amendments either retrospectively (if this is possible without the use of hindsight) or prospectively. Earlier application of the amendments is permitted and must be disclosed. The Group will apply these amendments when they become effective. However, since the Group's current practice is in line with the clarifications issued, the Group does not expect any effect on its financial statements.

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that, in determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability, the date of transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the amendments either retrospectively or prospectively. Specific transition provisions apply to prospective application. Early application is permitted and must be disclosed. The application of these amendments will not have an impact on the Company as the Company is already accounting for transactions involving the payment or receipt of advance consideration in foreign currency in a way that is consistent with the amendments.

MFRS 9 Prepayment Features with Negative Compensation (Amendments to MFRS 9)

Under MFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are solely payments of principal and interest on the principal amount outstanding (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to MFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments must be applied retrospectively. Earlier application is permitted. These amendments are not expected to have a significant impact on the Company's financial statements.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

2. Summary of significant accounting policies (contd.)

2.3 Standards and interpretations issued but not yet effective (contd.)

MFRS 16 Leases

MFRS 16 will replace MFRS 117: Leases, IC Interpretation 4: Determining whether an Arrangement contains a Lease, IC Interpretation 115: Operating Lease-Incentives and IC Interpretation 127: Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.

The standard will affect primarily the accounting for the Group's operating leases. The Group is currently assessing the impact of adopting MFRS 16 and plans to adapt the new standard on the required effective date.

MFRS 128 Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)

The amendments clarify that an entity applies MFRS 9 Financial Instruments to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). In applying MFRS 9, an entity does not account for any losses of the associate, or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying MFRS 128 Investments in Associates and Joint Ventures.

Entities must apply the amendments retrospectively, with certain exceptions. Early application of the amendments is permitted and must be disclosed. As the amendments eliminate ambiguity in the wording of the standard, the directors of the Company do not expect the amendments to have any impact on the Group's and the Company's financial statements.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

2. Summary of significant accounting policies (contd.)

2.3 Standards and interpretations issued but not yet effective (contd.)

Annual Improvements to MFRS Standards 2015–2017 Cycle

The Annual Improvements to MFRS Standards 2015 - 2017 Cycle include a number of amendments to various MFRSs, which are summarised below. These amendments do not have a significant impact on the Company's financial statements.

Standards	Descriptions
MFRS 123 Borrowing Costs – Borrowing costs eligible for capitalisation	The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. An entity applies these amendments to borrowing costs incurred on or after the beginning of the annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted.

IC Interpretation 23 Uncertainty over Income Tax Treatments

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of MFRS 112 and does not apply to taxes or levies outside the scope of MFRS 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- whether an entity considers uncertain tax treatments separately;
- the assumptions an entity makes about the estimation of tax treatments by taxation authorities;
- how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- how an entity considers changes in facts and circumstances.

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The Group will apply the interpretation from its effective date. The Company may need to establish processes and procedures to obtain information that is necessary to apply the interpretation on a timely basis.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

2. Summary of significant accounting policies (contd.)

2.3 Standards and interpretations issued but not yet effective (contd.)

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that:

- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and

- gains and losses resulting from transactions involving the sale or contribution of assets to an associate or a joint venture that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined by the Malaysian Accounting Standards Board. Earlier application is permitted. These amendments are not expected to have any impact on the Group.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries 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.

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Company, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

2. Summary of significant accounting policies (contd.)

2.4 Basis of consolidation (contd.)

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2.6 Subsidiaries

A subsidiary is an entity over which the Company has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

2. Summary of significant accounting policies (contd.)

2.7 Investments in associates and joint ventures

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in associate or joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's or joint venture's profit or loss for the period in which the investment is acquired.

An associate or a joint venture is equity accounted for from the date on which the investee becomes an associate or a joint venture.

Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture after the date of acquisition. When the Group's share of losses in an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associates and joint ventures are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies MFRS 139 Financial Instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

In the Company's separate financial statements, investments in associates and joint ventures are accounted for at cost less any accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

2. Summary of significant accounting policies (contd.)

2.8 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.27.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

2. Summary of significant accounting policies (contd.)

2.9 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation of other property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	60 - 99 years
Long-term leasehold apartment	1.27%
Buildings	2% - 18%
Plant and machinery	10% - 20%
Office equipment, renovation, furniture and fittings	10% - 20%
Computers	20% - 33.3%
Motor vehicles	10% - 20%

Capital work-in-progress are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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 on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.10 Investment properties

Investment properties are measured using the cost model which is to measure investment properties at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Long-term leasehold land	amortised over 87 years
Buildings	1% - 2%

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

2. Summary of significant accounting policies (contd.)

2.10 Investment properties (contd.)

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.9 up to the date of change in use.

2.11 Inventory property

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory property and is measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale.

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

2.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use i.e. the present value of the future cash flows expected to be derived from an asset or cash-generating unit. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down 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 are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. 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. Impairment loss on goodwill is not reversed in a subsequent period.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

2. Summary of significant accounting policies (contd.)

2.13 Financial assets

Financial assets 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.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

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

(b) 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. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

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

(c) Held-to-maturity investments

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

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

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

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

2. Summary of significant accounting policies (contd.)

2.13 Financial assets (contd.)

(d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method 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.

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

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

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, 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.

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

2.14 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised cost

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

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

2. Summary of significant accounting policies (contd.)

2.14 Impairment of financial assets (contd.)

(a) Trade and other receivables and other financial assets carried at amortised cost (contd.)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in 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 in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2.15 Financial liabilities

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

Financial liabilities, within the scope of MFRS 139, 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. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

2. Summary of significant accounting policies (contd.)

2.15 Financial liabilities (contd.)

(b) Other financial liabilities

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

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

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

2.16 Fair value instruments

The Group and the Company measure financial instruments, such as, embedded derivatives, at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 41.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset 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.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

2. Summary of significant accounting policies (contd.)

2.16 Fair value instruments (contd.)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group and the Company determine the policies and procedures for recurring fair value measurement, such as properties and unquoted available-for-sale ("AFS") financial assets.

External valuers may be involved for valuation of significant assets, such as properties and AFS financial assets. Involvement of external valuers is decided upon annually by the Group and by the Company. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the Group and the Company analyse the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's and the Company's accounting policies. For this analysis, the Group and the Company verify the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group and the Company, in conjunction with the Group's and the Company's external valuers, also compare the changes in the fair value of each asset and liability with relevant external sources, where practical, to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.17 Income taxes

i. Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

2. Summary of significant accounting policies (contd.)

2.17 Income taxes (contd.)

ii. Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 all or part of the 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 assets and liabilities are measured at the tax rates that are expected to apply to the year 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 and deferred tax arising from a business combination is adjusted against goodwill on acquisition. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

2. Summary of significant accounting policies (contd.)

2.17 Income taxes (contd.)

iii. Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of 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 other current assets or liabilities in the statements of financial position.

2.18 Share capital and share issuance expenses

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.19 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2.20 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments with maturity of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's and the Company's cash management.

2.21 Inventories

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

Cost of inventories of merchandise held for resale is determined using the weighted average method.

Cost of manufactured goods is determined using the first in, first out method. The cost of raw materials comprises costs of purchase. The cost of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

The cost of properties held for sale comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs. Cost is determined on a specific identification basis.

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

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

2. Summary of significant accounting policies (contd.)

2.22 Leases

i. As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

ii. As lessor

Leases where the Group and the Company retain substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.28 (v).

2.23 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.24 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.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

2. Summary of significant accounting policies (contd.)

2.25 Provisions

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

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. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.26 Employee benefits

i. Short term benefits

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

ii. Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). The Group's foreign subsidiary also make contributions to its country's statutory pension scheme.

2.27 Foreign currencies

i. 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 the entity operates ("the functional currency"). The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

ii. Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

2. Summary of significant accounting policies (contd.)

2.27 Foreign currencies (contd.)

ii. Foreign currency transactions (contd.)

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

iii. Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the reporting date;

- Income and expenses for each statement of comprehensive income are translated at average exchange rates for the year, which approximate the exchange rates at the dates of the transactions; and

- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

2.28 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

i. Sale of goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

ii. Sale of completed property

A property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

iii. Dividend income

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

iv. Management fees

Management fees are recognised when services are rendered.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

2. Summary of significant accounting policies (contd.)

2.28 Revenue recognition (contd.)

v. Rental income

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

vi. Interest income

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

vii. Revenue on award credits

Revenue on award credits is recognised based on the number of award credits that have been redeemed in exchange for free or discounted goods, relative to the total number of award credits expected to be redeemed.

2.29 Government grant

Government grant is recognised at its fair value where there is reasonable assurance that the grant will be received and all conditions attached will be met. Where the grant relates to an asset, the fair value is recognised as deferred capital grant in the statements of financial position and is amortised to the statements of comprehensive income over the expected useful life of the relevant asset by equal annual instalments.

2.30 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 44, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.31 Contingencies

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

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

2.32 Current and non-current classification

The Group and the Company present assets and liabilities in the statements of financial position based on current and non-current classification.

An asset is classified as current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within 12 months after the reporting period; or
- a cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

2. Summary of significant accounting policies (contd.)

2.32 Current and non-current classification (contd.)

A liability is classified as current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

2.33 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement 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.

2.34 Related parties

A related party is defined as follows:

a) a person or a close member of that person's family is related to the Company if that person:

(i) has control or joint control over the Company;
(ii) has significant influence over the Company; or
(iii) is a member of the key management personnel of the Company or of a parent of the Company.

b) an entity is related to the Company if any of the following conditions applies:

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

3. Significant accounting judgements and estimates

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

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

3. Significant accounting judgements and estimates (contd.)

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

i. Classification of property

The Group has developed certain criteria based on MFRS 140: Investment Property in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

The Company has leased out its building to a subsidiary for its use as a supermarket and departmental store and accordingly the building is classified as investment property in the Company's financial statements. The building is classified as property, plant and equipment in the Group's financial statements as it is held for use in the supply of goods and services.

Property that is held for sale in the ordinary course of business is classified as inventory property.

ii. Operating lease commitments – the Company as a lessor

The Company has entered into property leases with a subsidiary on its investment properties. The Company has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out as operating leases.

iii. Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices. Management has assessed that prices are mainly denominated and settled in the respective local currency of the entities of the Group except for one of its subsidiary where USD has significant influence over the subsidiary's primary economic environment in which the subsidiary operates while the other entities' cost base is mainly denominated in their respective local currency. Therefore, management concluded that the functional currency of the entities of the Group is their respective local currency except that subsidiary where its functional currency is USD.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i. Impairment of goodwill

The Group determines whether goodwill are impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill are allocated. Estimating a value-in-use amount requires management 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. The carrying amount of the goodwill as at 31 May 2018 of the Group was RM4,665,045 (2017: RM4,665,045) is disclosed in Note 21.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

3. Significant accounting judgements and estimates (contd.)

3.2 Key sources of estimation uncertainty (contd.)

ii. Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of unrecognised tax losses and capital allowances of the Group is disclosed in Note 34.

iii. Deferred revenue

The Group allocates the consideration received from the sale of goods to the goods sold and the points issued under its loyalty programme. The consideration allocated to the points issued is measured at their fair value.

The carrying amount of deferred revenue allocated to the award credits at the reporting date was RM2,246,354 (2017: RM2,042,218) is disclosed in Note 38.

iv. Impairment loss on investments in subsidiaries, joint venture and associate

The Company has carried out the impairment test based on the estimation of the higher of the value-in-use or the fair value less cost to sell of the cash-generating units (“”CGU””) to which the investments in subsidiaries, joint venture and associate belong to. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the CGU and also to determine a suitable discount rate in order to calculate the present value of those cash flows. The Company has recognised impairment loss in respect of investments in subsidiaries and associate.

The carrying amount at the reporting date for investments in subsidiaries, joint venture and associate is disclosed in Note 17, 18 and 19 respectively.

4. Revenue

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Sales of goods	410,104,166	391,834,923	-	-
Sales of completed properties	780,000	-	-	-
Loan interest income	-	239	-	-
Rental income from:				
- investment property	-	-	1,656,684	1,656,684
- operating leases, other than those relating toCinvestment properties	5,304,501	5,425,130	-	-
Gross dividends fromB subsidiaries	-	-	2,000,000	3,400,000
	416,188,667	397,260,292	3,656,684	5,056,684

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

5. Other operating income

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Advertising and promotional income	289,390	265,718	-	-
Amortisation of government grant (Note 31)	648,935	636,691	-	-
Bad debts recovered	-	767	-	-
Commission income	3,589	3,992	-	-
Insurance claims	24,760,235	10,290	-	-
Interest income	366,176	626,332	3,591,911	3,019,003
Reversal of provision for liquidated damages (Note 35)	-	256,517	-	-
Promotional income	1,017,777	787,444	-	-
Foreign exchange gain				
- realised	1,871	2,420,524	-	-
- unrealised	772,643	-	241,182	-
Miscellaneous	2,032,553	780,275	-	-
Gain on disposal of property, plant and equipment	-	8,000	-	-
Gain on disposal of subsidiary	-	-	7,293	-
Reversal of impairment loss from investment in subsidiary	-	-	7,724	663,147
Unwinding of discounts	2,041,437	-	-	-
	31,934,606	5,796,550	3,848,110	3,682,150

6. Employee benefits expense

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Wages and salaries	30,570,221	27,970,296	-	-
Executive directors' remuneration (Note 7)	1,714,201	1,592,018	234,000	222,000
Social security contributions	288,695	278,071	-	-
Contributions to defined contribution plan	2,102,273	2,102,404	-	-
Other benefits	2,668,053	2,694,845	174,120	-
	37,343,443	34,637,634	408,120	222,000

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

7. Directors' remuneration

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	870,406	809,651	24,000	22,000
Fees	200,000	200,000	210,000	200,000
Bonus	83,982	61,000	-	-
Contributions to defined contribution plan	92,019	81,997	-	-
	1,246,407	1,152,648	234,000	222,000
Non-executive:				
Other emoluments	54,000	47,500	52,500	47,500
Fees	82,000	82,000	82,000	82,000
	136,000	129,500	134,500	129,500
Directors of subsidiaries				
Executive:				
Salaries and other emoluments	377,429	377,791	-	-
Fees	-	-	-	-
Bonus	40,774	15,000	-	-
Contributions to defined contribution plan	49,591	46,579	-	-
	467,794	439,370	-	-
Non-executive:				
Fees	87,000	144,000	-	-
Total directors' remuneration (Note 40(b))	1,937,201	1,865,518	368,500	351,500
Estimated money value of benefits-in-kind	19,550	20,271	-	-
Total directors' remuneration including benefits-in-kind	1,956,751	1,885,789	368,500	351,500
Analysis:				
Total executive directors' remuneration (Note 6)	1,714,201	1,592,018	234,000	222,000
Total non-executive directors' remuneration (Note 8)	223,000	273,500	134,500	129,500
Total directors' remuneration	1,937,201	1,865,518	368,500	351,500
Estimated money value of benefits-in-kind	19,550	20,271	-	-
Total directors' remuneration including benefits-in-kind	1,956,751	1,885,789	368,500	351,500

The executive directors' remuneration of the Group amounting to RM1,632,482 (2017: RM1,592,018) are paid to the present directors of the Group.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

7. Directors' remuneration (contd.)

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of directors	
	2018	**2017**
Executive directors:		
Below RM50,000	-	-
RM100,001 - RM150,000	1	1
RM250,001 - RM300,000	1	1
RM350,001 - RM400,000	2	2
Non-executive directors:		
Below RM50,000	6	5

8. Other operating expenses

Included in other operating expenses are:

		Group		Company	
		2018	**2017**	**2018**	**2017**
	Note	**RM**	**RM**	**RM**	**RM**
Assessment and quit rent		605,018	649,607	185,527	195,908
Auditors' remuneration:					
- statutory audit					
- current year		223,498	198,452	47,000	25,000
- underprovision in prior years		35,924	9,556	28,000	5,000
- other services		6,000	6,000	6,000	6,000
Allowance for doubtful debts	24	88,004	39,902	-	-
Cleaning expenses		471,910	739,867	-	-
Bad debts written off		1,663	12,579	-	-
Rental of premises		3,879,771	3,755,328	-	-
Foreign exchange losses					
- realised		1,543,117	-	3,486	75,924
- unrealised		-	341,688	-	122,192
Non-executive directors' remuneration	7	223,000	273,500	134,500	129,500
Outsourced workers costs		1,869,128	1,034,378	-	-
Printing and stationery		625,205	603,655	42,654	39,018
Product development costs		2,504,033	3,644,397	-	-
Reversal of write down of inventories	23	(133,427)	(180,200)	-	-
Security charges		903,893	1,075,620	-	-
Wrapping materials		731,087	644,422	-	-

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

9. Finance costs

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Interest expense:				
Bankers' acceptances	22,093	42,138	-	-
Bank overdrafts	343,929	242,040	-	-
Term loans	721,596	498,277	-	-
Amounts due to subsidiaries	-	-	396,229	289,510
Amounts due to related party	2,718,122	678,008	-	-
Less: Interest expenses capitalised in:				
- property, plant and equipment (Note 13)	(400,847)	(384,634)	-	-
- Investment properties (Note 14)	(1,587,998)	-	-	-
- Inventory properties (Note 15)	(879,035)	(293,374)	-	-
	937,860	782,455	396,229	289,510
Unwinding of discount on non-current payable	381,362	449,706	-	-
	1,319,222	1,232,161	396,229	289,510

10. Income tax expense

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Current year income tax:				
Malaysian income tax	5,306,768	4,422,450	1,065,254	1,008,961
Under/(over) provision in prior year	127,498	63,833	(19,687)	4,127
	5,434,266	4,486,283	1,045,567	1,013,088
Deferred tax (Note 34):				
Relating to origination and reversal of temporary differences	297,580	(384,929)	-	-
Under/(over) provision in prior year	255,528	(220,757)	-	-
	553,108	(605,686)	-	-
Income tax recognised in profit or loss	5,987,374	3,880,597	1,045,567	1,013,088

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the year.

On 10 April 2017, the Income Tax (Exemption) (No.2) Order 2017 ("Order") was gazetted to provide a special income tax exemption to a qualifying person and the exemption is granted based on the incremental amount of chargeable income from preceding year and is applicable for years of assessment 2017 and 2018. The exemption given is computed based on the percentage of increased chargeable income and according to the formula prescribed in the Order and ranges from 1% to 4%.

Taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

10. Income tax expense (contd.)

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

	2018 RM	2017 RM
Group		
Profit before tax	17,628,153	13,662,685
Taxation at Malaysian statutory tax rate of 24% (2017: 24%)	4,230,757	3,279,044
Different tax rates in other countries	(618)	5,884
Effect of reduction in tax rate on incremental chargeable income	(162,575)	-
Expenses not deductible for tax purposes	2,658,164	797,818
Income not subject to tax	(7,590)	(456,525)
Utilisation of previously unabsorb capital allowances	(231,190)	-
Utilisation of previously unrecognised tax losses	(849,790)	(75,710)
Utilisation of current year's reinvestment allowances	(320,860)	(436,311)
Deferred tax assets not recognised during the year	288,050	923,321
Underprovision of income tax expense in prior year	127,498	63,833
Under/(Over)provision of deferred tax in prior year	255,528	(220,757)
Income tax expense for the year	5,987,374	3,880,597
Company		
Profit before tax	5,534,292	6,983,851
Taxation at Malaysian statutory tax rate of 24% (2017: 24%)	1,328,230	1,676,124
Expenses not deductible for tax purposes	220,628	307,992
Income not subject to tax	(483,604)	(975,155)
(Over)/Underprovision of income tax expense in prior year	(19,687)	4,127
Income tax expense for the year	1,045,567	1,013,088

11. Basic earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

Diluted earnings per share amounts are calculated by dividing profit for the year from continuing operations, net of tax, attributable to owners of the parent 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.

	Group	
	2018 RM	2017 RM
Profit for the year attributable to ordinary equity holders of the Company (RM)	11,689,620	9,588,504
Weighted average number of ordinary shares in issue	57,250,148	57,250,148
Basic earnings per share (sen)	0.42	16.75
Diluted earnings per share (sen)	20.42	16.75

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

12. Dividend

	Amount		Net dividend per share	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**Sen**	**Sen**
Group and Company				
In respect of financial year ended 31 May 2016:				
First and final single tier dividend of 3.5% approved on 28 October 2016 and paid on 17 November 2016	-	2,003,921	-	3.50
In respect of financial year ended 31 May 2017:				
First and final single tier dividend of 1% approved on 20 November 2017 and paid on 30 November 2017	572,501	-	1.00	-
	572,501	2,003,921	1.00	3.50

At the forthcoming Annual General Meeting, a first and final single tier dividend of 1.0% in respect of the current financial year ended 31 May 2018, on 57,250,148 ordinary shares (the number of outstanding ordinary shares in issue of the Company as at 31 May 2018 after the set off with 3,750,100 ordinary shares bought back by the Company and held as treasury shares subsequent to the financial year end) amounting to RM572,501 (1.0 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend when approved by the shareholders will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 May 2019.

13. Property, plant and equipment

Group	Land and Buildings* RM	Plant and machinery RM	Office equipment, renovation, furniture, fittings and computers RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
2018						
Cost						
At 1 June 2017	136,753,909	88,586,165	25,923,896	3,305,749	55,109,447	309,679,166
Additions	-	1,776,851	1,774,729	248,789	65,708,205	69,508,574
Transfer to investment properties (Note 14)	(15,648,949)	-	-	-	(29,088,364)	(44,737,313)
Reclassifications	-	1,872,306	-	-	(1,872,306)	-
Write off	-	(9,968,108)	(3,573,694)	-	(1,518,610)	(15,060,412)
Exchange differences	-	(746,535)	(47,861)	-	(1,033,624)	(1,828,020)
At 31 May 2018	121,104,960	81,520,679	24,077,070	3,554,538	87,304,748	317,561,995
Accumulated depreciation						
At 1 June 2017	32,705,721	59,747,188	22,576,990	2,731,524	-	117,761,423
Depreciation charge for the year	2,067,631	5,002,441	1,049,776	118,086	-	8,237,934
Transfer to investment properties (Note 14)	(1,965,777)	-	-	-	-	(1,965,777)
Write off	-	(6,114,581)	(3,130,563)	-	-	(9,245,144)
Exchange differences	-	(195,942)	(17,587)	-	-	(213,529)
At 31 May 2018	32,807,575	58,439,106	20,478,616	2,849,610	-	114,574,907
Net carrying amount						
At 31 May 2018	88,297,385	23,081,573	3,598,454	704,928	87,304,748	202,987,088

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13. Property, plant and equipment (contd.)

Group	Land and Buildings* RM	Plant and machinery RM	Office equipment, renovation, furniture, fittings and computers RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
2017						
Cost						
At 1 June 2016	128,667,055	81,603,370	24,863,079	3,232,757	17,911,829	256,278,090
Additions	886,854	2,402,830	1,000,041	190,133	49,090,985	53,570,843
Reclassifications	7,200,000	4,627,841	65,765	-	(11,893,606)	-
Disposal	-	-	-	(117,141)	-	(117,141)
Write off	-	(401,730)	(22,230)	-	-	(423,960)
Exchange differences	-	353,854	17,241	-	239	371,334
At 31 May 2017	136,753,909	88,586,165	25,923,896	3,305,749	55,109,447	309,679,166
Accumulated depreciation						
At 1 June 2016	30,471,481	55,048,511	21,543,093	2,726,506	-	109,789,591
Depreciation charge for the year	2,234,240	5,020,772	1,050,365	122,159	-	8,427,536
Disposal	-	-	-	(117,141)	-	(117,141)
Write off	-	(367,364)	(21,084)	-	-	(388,448)
Exchange differences	-	45,269	4,616	-	-	49,885
At 31 May 2017	32,705,721	59,747,188	22,576,990	2,731,524	-	117,761,423
Net carrying amount						
At 31 May 2017	104,048,188	28,838,977	3,346,906	574,225	55,109,447	191,917,743

13. Property, plant and equipment (contd.)

*** Land and buildings**

Group	Freehold land RM	Short-term leasehold land RM	Long-term leasehold land RM	Long-term leasehold apartment RM	Buildings RM	Total RM
2018						
Cost						
At 1 June 2017	4,521,690	3,313,143	24,116,172	1,030,570	103,772,334	136,753,909
Transfer to investment properties (Note 14)	-	-	(15,648,949)	-	-	(15,648,949)
At 31 May 2018	4,521,690	3,313,143	8,467,223	1,030,570	103,772,334	121,104,960
Accumulated depreciation						
At 1 June 2017	-	1,303,815	2,205,537	68,128	29,128,241	32,705,721
Depreciation charge for the year	-	63,848	130,118	13,212	1,860,463	2,067,631
Transfer to investment properties (Note 14)	-	-	(1,965,777)	-	-	(1,965,777)
At 31 May 2018	-	1,367,663	369,868	81,340	30,988,704	32,807,575
Net carrying amount						
At 31 May 2018	4,521,690	1,945,480	8,097,355	949,230	72,783,630	88,297,385

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13. Property, plant and equipment (contd.)

*** Land and buildings** (contd.)

Group	Freehold land RM	Short-term leasehold land RM	Long-term leasehold land RM	Long-term leasehold apartment RM	Buildings RM	Total RM
2017						
Cost						
At 1 June 2016	4,521,690	3,313,143	24,116,172	1,030,570	95,685,480	128,667,055
Additions	-	-	-	-	886,854	886,854
Reclassifications	-	-	-	-	7,200,000	7,200,000
At 31 May 2017	4,521,690	3,313,143	24,116,172	1,030,570	103,772,334	136,753,909
Accumulated depreciation						
At 1 June 2016	-	1,127,531	2,030,082	54,916	27,258,952	30,471,481
Depreciation charge for the year	-	176,284	175,455	13,212	1,869,289	2,234,240
At 31 May 2017	-	1,303,815	2,205,537	68,128	29,128,241	32,705,721
Net carrying amount						
At 31 May 2017	4,521,690	2,009,328	21,910,635	962,442	74,644,093	104,048,188

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

13. Property, plant and equipment (contd.)

Company	Plant and machinery RM	Office equipment, renovation, furniture, fittings and computers RM	Motor vehicles RM	Total RM
2018				
Cost				
At 1 June 2017/At 31 May 2018	1,443,263	44,295	535,017	2,022,575
Accumulated depreciation				
At 1 June 2017	1,442,410	44,290	535,016	2,021,716
Depreciation charge for the year	298	-	-	298
At 31 May 2018	1,442,708	44,290	535,016	2,022,014
Net carrying amount				
At 31 May 2018	555	5	1	561
2017				
Cost				
At 1 June 2016/At 31 May 2017	1,443,263	44,295	535,017	2,022,575
Accumulated depreciation				
At 1 June 2016	1,442,111	44,171	535,016	2,021,298
Depreciation charge for the year	299	119	-	418
At 31 May 2017	1,442,410	44,290	535,016	2,021,716
Net carrying amount				
At 31 May 2017	853	5	1	859

(a) Included in property, plant and equipment are:

(i) a motor vehicle of the Company with net carrying amount of RM 1 (2017: RM1) which is registered under the name of an employee of a subsidiary in trust for the Company;

(ii) motor vehicles of a subsidiary with net carrying amount of RMNil (2017: RM1,784) which are registered under the name of a director of the Company, i.e. Dato' Hwang Thean Long in trust for the said subsidiary;

(iii) freehold land and building of a subsidiary with a net carrying amount of RM4,521,690 (2017: RM4,521,690) and RM30,858,362 (2017: RM31,536,459) respectively, pledged to a bank to secure bank borrowings as disclosed in Note 32;

(iv) leasehold land of the subsidiaries with net carrying amount of RM7,984,919 (2017: RMNil) pledged to a bank to secure bank borrowings which have yet to be drawndown;

(v) a freehold building of a subsidiary with a net carrying amount of RM7,680,000 (2017: RM 7,840,000) where the strata title is in the process of being transferred to the subsidiary; and

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

13. Property, plant and equipment (contd.)

(a) Included in property, plant and equipment are: (contd.)

(vi) fully depreciated property, plant and equipment which are still in use with the following costs:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Buildings	12,751,524	12,128,327	-	-
Plant and machinery	40,105,580	42,953,625	1,440,273	1,440,273
Office equipment, renovation, furniture and fittings	10,405,330	13,407,588	18,290	18,290
Computers	5,016,794	4,977,303	26,005	26,005
Motor vehicles	2,412,155	2,295,450	535,017	535,017
	70,691,383	75,762,293	2,019,585	2,019,585

(b) The short-term leasehold land have unexpired leases of 31 years to 32 years (2017: 32 years to 33 years).

(c) The long-term leasehold land have unexpired leases of 57 years to 86 years (2017: 58 years to 87 years).

(d) The long-term leasehold apartment has an unexpired lease of 72 years (2017: 73 years).

(e) Included in the buildings of the Group are buildings erected on land leased from statutory bodies with net carrying amount of RM1,145,706 (2017: RM1,356,212).

(f) Included in buildings of the Group are borrowing costs capitalised during the financial year amounting to RM149,758 (2017: RMNil) based on interest rates ranging from 2.41% to 3.15% (2017: Nil) per annum.

(g) Included in capital work-in-progress of the Group are borrowing costs capitalised during the financial year amounting to RM251,089 (2017: RM384,634) based on interest rates ranging from 5.61% to 5.97% (2017: 5.48% to 5.61%) per annum.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

14. Investment properties

	Long-term leasehold land RM	Construction-in-progress RM	Total RM
Group			
Cost			
At 1 June 2017	-	-	-
Additions	-	31,373,071	31,373,071
Transfer from property, plant and equipment (Note 13)	15,648,949	29,088,364	44,737,313
Transfer from property development costs (Note 15)	2,784,008	8,139,630	10,923,638
At 31 May 2018	18,432,957	68,601,065	87,034,022
Accumulated depreciation			
At 1 June 2017	-	-	-
Depreciation charge for the year	189,278	-	189,278
Transfer from property, plant and equipment (Note 13)	1,965,777	-	1,965,777
At 31 May 2018	2,155,055	-	2,155,055
Net carrying amount			
At 31 May 2018	16,277,902	68,601,065	84,878,967

	2018 RM	2017 RM
Company		
Leasehold land and building		
Cost		
At 1 June/31 May	29,078,033	29,078,033
Accumulated depreciation		
At 1 June 2017/2016	6,997,255	6,524,084
Depreciation charge for the year	473,171	473,171
At 31 May 2018/2017	7,470,426	6,997,255
Net carrying amount		
At 31 May 2018/2017	21,607,607	22,080,778

Group

Included in construction-in-progress is interest expense incurred during the financial year amounting to RM1,587,998 based on interest rates ranging from 5.61% to 5.97% (2017: 5.48% to 5.61%) per annum.

Leasehold land of a subsidiary with a net carrying amount of RM16,277,902 is pledged to a bank to secure bank borrowings which have yet to be drawndown as at the reporting date.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

14. Investment properties (contd.)

Group (contd.)

Valuation technique and inputs used in the fair value disclosure are shown below:

Description	Fair value RM	Valuation technique	Significant unobservable input	Range
At 31 May 2018				
Leasehold land and building	58,423,000	Market comparable approach	Yield adjustments based on management's assumptions*	-45% to 35%

* The yield adjustments are made for any difference in the location, time factor, size and tenure of the specific property.

Company

The investment property of the Company has an open market value of approximately RM 33,230,000 (2017: RM31,490,000) and is leased to a subsidiary for its use as a supermarket and departmental store.

The title deed of the investment property is registered under the name of a corporate shareholder of the Company, i.e. Suiwah Holdings Sdn. Bhd., a company in which a director of the Company, i.e. Dato' Hwang Thean Long has a substantial interest. The strata title of the investment property is in the process of being transferred to the Company.

Direct operating expenses incurred by the Company on the investment property during the financial year amounted to RM 658,698 (2017: RM669,079).

Valuation technique and inputs used in the fair value disclosure are shown below:

Description	Fair value RM	Valuation technique	Significant unobservable input	Range
At 31 May 2018				
Leasehold land and building	33,230,000	Market comparable approach	Yield adjustments based on management's assumptions*	-35% to 50%
At 31 May 2017				
Leasehold land and building	31,490,000	Market comparable approach	Yield adjustments based on management's assumptions*	-45% to 25%

* The yield adjustments are made for any difference in the location, time factor, size and tenure of the specific property.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

15. Inventory properties

	Note	Group 2018 RM	Group 2017 RM
Non-current			
Land held for property development	(a)	6,887,567	6,887,567
Current			
Property development cost	(b)	41,297,437	41,860,459
		48,185,004	48,748,026

(a) Land held for property development

	Freehold land RM	Development cost RM	Total RM
Group			
2018			
At 1 June 2017/31 May 2018	4,470,910	2,416,657	6,887,567
2017			
At 1 June 2016/At 31 May 2017	4,470,910	2,416,657	6,887,567

(b) Property development costs

	Leasehold land RM	Development costs RM	Total RM
Group			
2018			
At 1 June 2017	12,417,091	29,443,368	41,860,459
Costs incurred during the year	-	10,360,616	10,360,616
Transfer to investment properties (Note 14)	(2,784,008)	(8,139,630)	(10,923,638)
At 31 May 2018	9,633,083	31,664,354	41,297,437
2017			
At 1 June 2016	12,417,091	5,719,968	18,137,059
Costs incurred during the year	-	23,723,400	23,723,400
At 31 May 2017	12,417,091	29,443,368	41,860,459

Included in property development costs is interest expense incurred during the financial year amounting to RM879,035 (2017: RM 293,374) based on interest rate ranging from 5.61% to 5.97% (2017: 5.48% to 5.61%) per annum.

Leasehold land of a subsidiary with the cost of RM9,633,083 is pledged to a bank to secure bank borrowings which have yet to be drawndown as at the reporting date.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

16. Intangible asset

	Group 2018 RM	2018 RM
Patent license and trademark		
Cost:		
At 1 June 2017/2016	8,055,942	7,777,372
Addition	19,200	-
Exchange differences	(567,492)	278,570
At 31 May 2018/2017	7,507,650	8,055,942
Accumulated amortisation:		
At 1 June 2017/2016	1,644,755	1,199,012
Amortisation during the year	386,759	401,691
Exchange differences	(128,200)	44,052
At 31 May 2018/2017	1,903,314	1,644,755
Net carrying amount:		
At 31 May 2018/2017	5,604,336	6,411,187

17. Investments in subsidiaries

	Company 2018 RM	2018 RM
Unquoted shares in Malaysia, at cost:	68,910,774	68,923,416
Accumulated impairment losses	(291,283)	(299,007)
	68,619,491	68,624,409

Impairment assessment

As at 31 May 2018, the Company has carried out a review of the recoverable amount of its investments in subsidiaries. During the financial year, the review has led to the reversal of impairment loss amounting to RMNil (2017: RM663,147) due to the increase in the recoverable amount of the subsidiary. During the current financial year, there is a reversal of impairment loss amounting to RM7,724 (2017: RMNil) following the completion of member's voluntary winding up of a subsidiary.

(a) Details of the Group's subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective percentage of interest held by the Group 2018 %	2017 %	Non-controlling interests 2018 %	2017 %
Sunshine Wholesale Mart Sdn. Bhd.	Malaysia	Operator of a supermarket and departmental store and money lending	100	100	-	-
Sunshine Paramount Sdn. Bhd.	Malaysia	Trading of construction materials and property investment	100	100	-	-

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

17. Investments in subsidiaries (contd.)

(a) Details of the Group's subsidiaries are as follows: (contd.)

Name of subsidiaries	Country of incorporation	Principal activities	Effective percentage of interest held by the Group 2018 %	2017 %	Non-controlling interests 2018 %	2017 %
Sunshine Link Sdn. Bhd.	Malaysia	Investment holding	100	100	-	-
Aljano Sdn. Bhd.	Malaysia	Trading in general merchandise, garments and construction materials	100	100	-	-
Magirex Sdn. Bhd.	Malaysia	Property investment	100	100	-	-
Sunshine Electrical Superstore Sdn. Bhd.	Malaysia	Supply of electricity	100	100	-	-
Great Support Sdn. Bhd. (v)	Malaysia	Property development	-	75	-	25
Crimson Omega Sdn. Bhd.	Malaysia	Property development	100	100	-	-
Silver Resort Sdn. Bhd.	Malaysia	Property development	100	100	-	-
Sunshine Amanjaya Sdn. Bhd. (i)	Malaysia	Sub-letting of properties and trading of merchandise goods	100	100	-	-
Sunshine (Labuan)	Malaysia	Dormant	100	100	-	-
Qdos Holdings Bhd.	Malaysia	Investment holding	100	100	-	-
Sunshine Amanjaya Pte. Ltd. (ii), (iv)	Malaysia	International trading business	51	51	49	49
PT. Sunshine Amanjaya Indonesia (iii)	Indonesia	Intended principal activities are to act as a main distributor, importer, and exporter of merchandise goods	100	100	-	-
Held under Qdos Holdings Bhd.						
Qdos Flexcircuits Sdn. Bhd.	Malaysia	Manufacturing of flexible printed circuit boards	100	100	-	-
Qdos Technology Sdn. Bhd.	Malaysia	Researching, designing developing, and prototyping of flexible printed circuit boards	100	100	-	-
Qdos Marketing Sdn. Bhd.	Malaysia	Designing flexible printed circuit boards and trading in general merchandise	100	100	-	-

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

17. Investments in subsidiaries (contd.)

(a) Details of the Group's subsidiaries are as follows: (contd.)

Name of subsidiaries	Country of incorporation	Principal activities	Effective percentage of interest held by the Group 2018 %	2017 %	Non-controlling interests 2018 %	2017 %
Held under Qdos Holdings Bhd. (contd.)						
Qdos Interconnect Sdn. Bhd.	Malaysia	Manufacturing and trading in semiconductor	100	100	-	-
Qdos Ventures Sdn. Bhd.	Malaysia	Venture, manufacture or investment in high end technology products and services	100	100	-	-
Qdos Dynamics Sdn. Bhd.	Malaysia	Investment holding	100	100	-	-
Qdos Force Sdn. Bhd.	Malaysia	Investment holding	100	100	-	-
Held under Qdos Flexcircuits Sdn. Bhd.						
Qdos Flexcircuits (India) Private Limited (i)	India	Intended principal activity is to design flexible printed circuit boards	100	100	-	-
Held under Qdos Dynamics Sdn. Bhd.						
Qdos Fri Sdn. Bhd.	Malaysia	Design, manufacture, assembly, sell or deal in fine resolution interconnect or electronic products	40	40	-	-
Held under Qdos Force Sdn. Bhd.						
Qdos Fri Sdn. Bhd.	Malaysia	Design, manufacture, assembly, sell or deal in fine resolution interconnect or electronic products	60	60	-	-

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

17. Investments in subsidiaries (contd.)

(a) Details of the Group's subsidiaries are as follows: (contd.)

(i) Audited by firms of auditors other than Ernst & Young;

(ii) The Company has a 50% equity interest in the subsidiary and the remaining 1% equity interest is held by a wholly owned subsidiary, Sunshine Wholesale Mart Sdn. Bhd.;

(iii) The Company has a 99% equity interest in the subsidiary and the remaining 1% equity interest is held by a wholly owned subsidiary, Sunshine Amanjaya Sdn. Bhd.;

(iv) In the process of being struck off.

(v) The member's voluntary winding up has been completed during the year.

(b) Summarised financial information of Great Support Sdn. Bhd. which has non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. The non-controlling interests in respect of Sunshine Amanjaya Pte Ltd is not material to the Group.

(i) Summarised statement of financial position

	2018 RM	2017 RM
Non-current assets	-	-
Current assets	-	200,184
Total assets	-	200,184
Current liabilities, representing total liabilities	-	1,660
Net assets	-	198,524
Equity attributable to:		
- owners of the Company	-	148,893
- non-controlling interests	-	49,631

(ii) Summarised statement of comprehensive income

	2018 RM	2017 RM
Revenue	-	-
Profit for the year, representing total comprehensive income for the year	-	-
Profit for the year, representing total comprehensive income for the year attributable to:		
- owners of the Company	-	-
- non-controlling interests	-	-
Dividend paid to non controlling interests	-	-

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

17. Investments in subsidiaries (contd.)

(iii) Summarised cash flows

	2018 RM	2017 RM
Net cash from operating activities	-	-
Net cash used in investing activities	-	(508,957)
Net decrease in cash and cash equivalents	-	(508,957)
Cash and cash equivalents as at 1 June 2017/2016	-	691,109
Cash and cash equivalents as at 31 May 2018/2017	-	182,152

(c) On 25 May 2015, at Great Support Sdn. Bhd.'s Extraordinary General Meeting, a resolution was passed for it to be voluntarily wound up by way of a Member's Voluntary Winding-up pursuant to Section 254(1)(b) of the Companies Act 1965 with effect from that date. As at 31 May 2018, the member's voluntary winding up of Great Support Sdn. Bhd. has been completed.

18. Interest in a joint venture

	Group 2018 RM	Group 2017 RM
Unquoted shares outside Malaysia, at cost	15,063,373	15,063,373
Share of post acquisition reserve	1,715,946	1,828,225
Exchange differences	(2,102,252)	(267,971)
	14,677,067	16,623,627

During the year ended 31 May 2011, the Group's subsidiaries, Qdos Flexcircuits Sdn. Bhd. and its subsidiary, Qdos Flexcircuits (India) Private Limited had entered into a Shareholders' Agreement with M.J Shantharam, Valdel Real Estate Pvt. Ltd and Exora Technologies Private Limited (''Exora'') to subscribe up to 22,500,000 new shares of Rupees 10 each in Exora, representing 49% of the equity interest in Exora, for a total cash consideration of approximately RM15 million.

As at 31 May 2018, the Group's subsidiaries have in total subscribed for 22,151,893 shares of Rupees 10 each in Exora, representing 49% of the equity interest in Exora for a total cash consideration of RM15,063,373.

The Group has 49% of the voting rights of its joint arrangement. Under the contractual arrangement, unanimous consent is required from all parties to the agreement for all relevant activities.

The joint arrangement is structured via a separate entity and provides the Group with the rights to the net assets of the entity under the arrangement. Therefore, this entity is classified as a joint venture of the Group.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

18. Interest in a joint venture (contd.)

(a) Details of the joint venture are as follows:

Name of joint venture	Effective percentage of interest held by the group 2018	2017	Nature of relationship	Accounting model applied
Held under Qdos Flexcircuits Sdn. Bhd. and its subsidiary				
Incorporated in India				
Exora Technologies Private Limited	49	49	It is strategic for the Group's business development in India to venture into the development of commercial/ residential properties in India through a special purpose vehicle.	Equity method
Held through Exora Technologies Private Limited				
Incorporated in India				
Valdel Sunshine Realty Private Limited	49	49	Property development	Equity method

(b) Summarised financial information of Exora is set out as below. The summarised information represents the amounts in the IFRS financial statements of the joint venture and not the Group's share of those amounts.

(i) Summarised consolidated statement of financial position

	2018 RM	2017 RM
Assets		
Non-current assets	5,181,686	5,831,792
Current		
Trade receivables	1,016,565	947,090
Cash and cash equivalents	14,963	27,963
Other current assets	41,644,579	43,890,491
	42,676,107	44,865,544
Total assets	47,857,793	50,697,336
Current liabilities		
Short term borrowings	-	364,903
Trade payables	385,354	41,145
Other current liabilities	17,715,681	16,561,960
Total liabilities	18,101,035	16,968,008
Net assets	29,756,758	33,729,328

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

18. Interest in a joint venture (contd.)

(b) Summarised financial information of Exora is set out as below. The summarised information represents the amounts in the IFRS financial statements of the joint venture and not the Group's share of those amounts. (contd.)

(ii) Summarised consolidated statement of comprehensive income

	2018 RM	2017 RM
Revenue	-	12,754,856
Cost of sales	-	(6,576,341)
Other income	3,229	306,296
Administration expenses	(32,943)	(36,244)
Finance cost	(93)	(226)
Other expenses	(204,793)	(296,187)
(Loss)/profit before tax	(234,600)	6,152,154
Tax expense	5,460	(2,502,115)
(Loss)/profit after tax, representing total comprehensive income	(229,140)	3,650,039

(c) Reconciliation of the summarised consolidated financial information presented above to the carrying amount of the Group's interest in joint venture:

	2018 RM	2017 RM
Net assets at 1 June	33,729,328	27,738,856
(Loss)/Profit for the year	(229,140)	3,650,039
Exchange differences	(3,743,430)	2,340,433
Net assets at 31 May	29,756,758	33,729,328
Interest in joint ventures	49%	49%
	14,580,811	16,527,371
Goodwill	96,256	96,256
Carrying value of the Group's interest in joint venture	14,677,067	16,623,627

19. Interest in an associate

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Unquoted shares outside Malaysia, at cost	1,631,726	1,631,726	1,631,726	1,631,726
Accumulated impairment losses	-	-	(1,631,726)	(1,631,726)
	1,631,726	1,631,726	-	-
Share of post acquisition reserve	(1,513,625)	(1,513,625)	-	-
Exchange difference	(118,101)	(118,101)	-	-
	-	-	-	-

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

19. Interest in an associate (contd.)

Impairment assessment

The Company has carried out a review of the recoverable amount of its investment in associate due to its loss making position. The review has led to the retention of the impairment loss of RM1,631,726 previously recognised in profit or loss, reducing the net carrying amount of the investment to nil.

(a) Details of the associate are as follows:

Name of associate	Effective percentage of interest held by the Group 2018	2017	Nature of relationship	Accounting model applied
Incorporated in India				
Valdel Oil and Gas Private Limited ("VOG")	25	25	The intended principal activity is to carry on business connected with oil and natural gas.	Equity method

(b) Summarised financial information of VOG is set out below. The summarised financial information represents the amounts in the IFRS financial statements of the associate and not the Group's share of those amounts.

(i) Summarised statement of financial position

	2018 RM	2017 RM
Non-current assets	92,356,951	6,127,514
Current assets	6,623,082	439,415
Total assets	98,980,033	6,566,929
Current liabilities	129,963,261	8,622,543
Total liabilities	129,963,261	8,622,543
Net liabilities	(30,983,228)	(2,055,614)

(ii) Summarised statement of comprehensive income

	2018 RM	2017 RM
Revenue	10,048,380	645,630
Loss before tax	(2,820,770)	(181,241)
Loss after tax, representing total comprehensive income	(2,820,770)	(181,241)

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

20. Investment securities

	Group 2018 RM	2017 RM
Non-current		
Available-for-sale financial assets, at cost		
- Equity instruments (quoted in Malaysia)	2,841	2,841
- Equity instruments (quoted outside Malaysia)	273	273
	3,114	3,114
Current		
Available-for-sale financial assets, at cost		
- Unquoted investments	49,659	48,069
Market value	8,961	8,384

21. Goodwill on consolidation

	Group 2018 RM	2017 RM
At 31 May	4,665,045	4,665,045

Impairment test on goodwill

(a) Allocation of goodwill

Goodwill has been allocated to the Group's cash-generating units ("CGU") identified according to the business segment and relates to the manufacturing and designing of flexible printed circuits boards as follows:

	2018 RM	2017 RM
Manufacturing	4,665,045	4,665,045

(b) Key assumptions used in value-in-use ("VIU") calculations

The recoverable amount of the CGU is determined based on VIU calculations using cash flow projections based on financial forecasts approved by management covering a 5-year period.

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margin is the average gross margin achieved in the year immediately before the budgeted year adjusted for expected efficiency improvement, market and economic conditions and internal resource efficiency, where applicable.

(ii) Growth rate

The weighted average growth rate used is consistent with the long term average growth rate for the relevant industry. The forecasted growth rate used to extrapolate cash flows beyond the five-year period is 4.4% (2017: 4.4%).

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

21. Goodwill on consolidation (contd.)

(b) Key assumptions used in value-in-use ("VIU") calculations (contd.)

The following describes each key assumption on which management has based its cash flow projection for VIU calculations of CGU to undertake impairment testing of goodwill: (contd.)

(iii) Discount rate

The discount rate used is on a basis that reflects specific risks relating to the relevant business segment. The pre-tax discount rate applied to the cash flow projections is 7.5% (2017: 8.29%).

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the CGU, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the CGU to materially exceed its recoverable amount.

22. Prepayment

The Group intends to develop an existing long-term leasehold land into one block of complex with a 39-storey commercial space and a 2-storey basement (""Development""). During the financial year ended 31 May 2015, the Group had obtained the approval from the Housing Development Authority for the said Development.

On 10 March 2015, the Group and the Trustees of Leong San Tong Khoo Kongsi (Penang) Registered (the "Owner") had entered into an agreement to create a fresh lease of 99 years from the date of issuance of strata titles in respect of the Development if the strata title is issued before 1 December 2021 or a lease expiring on 1 December 2120 if the strata title is issued on or after 1 December 2021. The leasehold land has an unexpired lease of 86 years as at the reporting date.

According to the agreement, the Group is liable to pay a consideration amounting to RM7.6 million as set out below:

(i) RM500,000 shall be paid upon the execution of the agreement; and
(ii) RM7.1 million shall be paid within 30 days from the date of issuance of the strata titles in respect of the said Development by the relevant authorities (i.e. on or before 1 December 2021).

The long term prepayment of RM500,000 represents the amount fully paid upon the execution of the agreement.

23. Inventories

	Group	
	2018	**2017**
	RM	**RM**
At cost:		
Merchandise held for resale	20,891,042	19,228,692
Raw materials	6,529,086	6,811,035
Work-in-progress	3,720,490	3,335,175
Semi finished goods	358,899	309,091
Finished goods	1,522,735	6,076,283
Properties held for sale	482,566	965,128
Spare parts	606,006	696,059
	34,110,824	37,421,463

The cost of inventories recognised as an expense during the year amounted to RM324,700,198 (2017: RM298,030,686). A reversal of write-down of inventories amounting to RM133,427 (2017: RM 180,200) was made when the related inventories were sold above their carrying amounts.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

24. Trade and other receivables

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Current				
Trade receivables				
Third parties	30,770,759	25,859,637	-	-
Allowance for doubtful debts	(88,004)	(43,502)	-	-
Trade receivables, net	30,682,755	25,816,135	-	-
Other receivables				
Due from subsidiaries:				
- Magirex Sdn. Bhd.	-	-	-	277,129
- Sunshine Paramount Sdn. Bhd.	-	-	19,543,260	15,425,974
- Sunshine Wholesale Mart Sdn. Bhd.	-	-	-	595,746
- Sunshine (Labuan) Private Limited	-	-	39,662	30,247
- Sunshine Link Sdn. Bhd.	-	-	365,722	53,458
- Silver Resort Sdn. Bhd.	-	-	5,569,760	6,011,224
- Aljano Sdn Bhd	-	-	323,018	-
- Crimson Omega Sdn. Bhd.	-	-	-	48,271,917
- Qdos Technology Sdn. Bhd.	-	-	-	40
- Qdos Marketing Sdn. Bhd.	-	-	-	22
Deposits for:				
- Rental	897,540	894,678	-	-
- Others	1,188,022	818,062	1,000	1,000
Rental income receivable	-	95,808	-	-
Sundry receivables	9,885,089	1,014,563	578	-
Other receivables	11,970,651	2,823,111	25,843,000	70,666,757
	42,653,406	28,639,246	25,843,000	70,666,757
Non-current				
Other receivable				
Due from subsidiary:				
- Crimson Omega Sdn. Bhd.	-	-	56,457,540	-
Total trade and other receivables,	42,653,406	28,639,246	82,300,540	70,666,757
Add: Cash and bank balances (Note 27)	18,224,439	19,687,239	136,071	546,010
Total loans and receivables	60,877,845	48,326,485	82,436,611	71,212,767

(a) Trade receivables

The Group's primary exposure to credit risk arises through the trade receivables of its subsidiaries carrying out manufacturing activities. The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The normal credit periods range from 30 to 90 days (2017: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

At 31 May 2018, the Group has significant exposure to a group of customers, which constitutes approximately 50% (2017: 69%) of the trade receivables as at year end.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

24. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Ageing analysis of trade receivables

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

	2018 RM	2017 RM
Neither past due nor impaired	18,593,881	15,647,505
1 to 30 days past due not impaired	5,800,529	6,102,465
31 to 60 days past due not impaired	1,210,964	2,458,356
61 to 90 days past due not impaired	668,950	639,074
91 to 120 days past due not impaired	288,657	163,959
More than 121 days past due not impaired	4,119,774	804,776
	12,088,874	10,168,630
Impaired	88,004	43,502
	30,770,759	25,859,637

Receivables that are neither past due nor impaired

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

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM12,088,874 (2017: RM10,168,630) that are past due at the reporting date but not impaired. These relate to customers which have no recent history of default and are monitored on an on-going basis. The receivables that are past due but not impaired are unsecured in nature.

Receivables that are impaired

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

	Group	
	2018 RM	2017 RM
Trade receivables:		
- nominal amounts	88,004	43,502
Allowance for doubtful debts	(88,004)	(43,502)
	-	-

Movement in allowance accounts:

	Group	
	2018 RM	2017 RM
At 1 June 2017/2016	43,502	3,600
Charge for the year (Note 8)	88,004	39,902
Written off	(43,502)	-
At 31 May 2018/2017	88,004	43,502

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

24. Trade and other receivables (contd.)

(b) Amounts due from subsidiaries

Amounts due from subsidiaries are unsecured, bear interest rates ranging from 4.61% to 4.97% (2017: 4.46% to 4.61%) per annum and are repayable on demand.

(c) Sundry receivables

The sundry receivables are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Insurance receivable	8,556,941	-	-	-
Other debtors	1,328,148	1,014,563	578	-
	9,885,089	1,014,563	578	-

Further details on related party transactions are disclosed in Note 40.

Other information on financial risks of receivables are disclosed in Note 42.

25. Other current assets

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Prepayments	11,193,234	5,637,794	16,071	15,740
Goods and Services Tax recoverable	7,393,994	3,330,097	-	-
	18,587,228	8,967,891	16,071	15,740

Included in prepayments of the Group are transaction costs incurred amounting to RM3,056,527 (2017: RM2,971,227) to obtain the banking facilities to construct the Development project as disclosed in Note 22. As at the reporting date, the loan has yet to be drawndown by the Group.

26. Short term investments

	Group	
	2018 RM	2017 RM
Financial assets at fair value through profit or loss		
- Unit trust funds (quoted in Malaysia)	203,655	4,360,325
Market value of quoted unit trust funds	203,655	4,360,325

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

27. Cash and bank balances

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Cash on hand and at banks	17,330,342	18,776,367	136,071	546,010
Deposits with licensed banks:				
- fixed deposits	894,097	910,872	-	-
	18,224,439	19,687,239	136,071	546,010

Included in cash on hand and at banks of the Group is an amount of RM202,613 (2017: RMNil) which is held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations.

Deposits with licensed banks of the Group amounting to RM86,558 (2017: RM83,101) have been pledged to banks as collaterals for bank facilities and bankers' guarantees obtained.

Deposits with licensed banks of the Group amounting to RM246,896 (2017: RM238,575) are held in trust by a director.

The range of interest rates earned per annum and the maturity period during the financial year for fixed deposits were as follows:

	2018	**2017**
Interest rates	3.00% - 6.70%	3.00% - 6.70%
Maturity period	365 - 366 days	365 - 366 days

Other information on financial risks of cash and cash equivalents is disclosed in Note 42.

For the purposes of the statements of cash flows, cash and cash equivalents comprise the following as at the reporting date:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Deposits with licensed banks	894,097	910,872	-	-
Less: Fixed deposits pledged to banks	(86,558)	(83,101)	-	-
Fixed deposits (with maturity period of more than 90 days)	(807,539)	(827,771)	-	-
	-	-	-	-
Add: Cash on hand and at banks	17,330,342	18,776,367	136,071	546,010
Less: Bank overdraft	(7,791,580)	(5,147,412)	-	-
Cash and cash equivalents	9,538,762	13,628,955	136,071	546,010

28. Share capital, share premium and treasury shares

	Number of ordinary shares		Amount		
	Share capital (issued and fully paid)	Treasury shares	Share capital (issued and fully paid) RM	Treasury shares RM	Share premium RM
At 1 June 2016	61,000,248	(3,746,600)	61,000,248	(5,549,796)	13,934,711
Purchase of treasury shares	-	(3,500)	-	(8,492)	-
Adjustments for effects of Companies Act 2016	-	-	13,934,711	-	(13,934,711)
At 31 May 2017	61,000,248	(3,750,100)	74,934,959	(5,558,288)	-
At 1 June 2017/31 May 2018	61,000,248	(3,750,100)	74,934,959	(5,558,288)	-

The holders of ordinary 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.

The shareholders of the Company, by an ordinary resolution passed in the last annual general meeting held on 15 November 2017, renewed their mandate for the Company to buy back its own ordinary shares.

During the financial year, the Company bought back Nil (2017: 3,500) ordinary shares of RM1.00 each (""Shares"") from the open market at an average price of RMNil (2017: RM2.43) per Share. The total consideration paid for the share buy back was RMNil (2017:RM 8,492), including transaction costs of RMNil (2017: RM57). The Shares bought back are retained as treasury shares. None of the treasury shares held were resold or cancelled during the financial year.

As at 31 May 2018, the Company held a total of 3,750,100 (2017: 3,750,100) Shares as treasury shares out of its total issued and paid up share capital. Hence, the number of outstanding Shares in issue after deducting the treasury shares as at 31 May 2018 was 57,250,148 (2017: 57,250,148) Shares. The treasury shares have no rights to voting, dividends or participation in other distribution.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

29. Other reserve (non-distributable)

Group	Foreign currency translation reserve 2018 RM	2017 RM
At 1 June 2017/2016	785,231	(487,557)
Foreign currency translation	(2,443,363)	1,272,788
At 31 May 2018/2017	(1,658,132)	785,231

Other reserve of the Group represents foreign currency translation reserve. The foreign currency translation reserve is used to record exchange 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. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

30. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 May 2018 and 31 May 2017 under the single tier system.

As at 31 May 2018, the Company has tax exempt profits available for distribution of approximately RM226,897 (2017: RM226,897), subject to the agreement of the Inland Revenue Board.

31. Government grant

	Group 2018 RM	2017 RM
Cost:		
At 1 June 2017/2016	5,602,315	4,087,571
Received during the year	-	1,400,000
Exchange differences	(225,586)	114,744
At 31 May 2018/2017	5,376,729	5,602,315
Accumulated amortisation:		
At 1 June 2017/2016	1,273,421	621,242
Amortisation during the year (Note 5)	648,935	636,691
Exchange differences	(61,606)	15,488
At 31 May 2018/2017	1,860,750	1,273,421
Net carrying amount:		
Current	622,089	664,875
Non-current	2,893,890	3,664,019
	3,515,979	4,328,894

Government grant relates to grant received for the acquisition of plant and equipment for development activities undertaken by subsidiaries of the Group to promote technology advancement. There are no unfulfilled conditions or contingencies attached to the grant.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

32. Borrowings

	Group 2018 RM	2017 RM
Short term borrowings:		
Secured:		
Bank overdraft	7,791,580	5,147,412
Bankers' acceptances	-	2,294,558
Bank loan	1,459,364	-
Term loan	6,368,891	888,703
	15,619,835	8,330,673
Long term borrowings:		
Secured:		
Term loan	37,193,342	8,370,556
Total borrowings:		
Bank overdraft	7,791,580	5,147,412
Bankers' acceptances	-	2,294,558
Bank loan	1,459,364	-
Term loan	43,562,233	9,259,259
	52,813,177	16,701,229
Maturity of borrowings:		
On demand or within one year	15,619,835	8,330,673
More than 1 year and less than 2 years	7,943,071	935,567
More than 2 years and less than 5 years	22,816,628	3,112,200
More than 5 years	6,433,643	4,322,789
	52,813,177	16,701,229

The bank borrowings of the Group are secured by way of:

(i) a corporate guarantee by the Company;

(ii) a first party first fixed charge over a piece of land and building of a subsidiary with a net carrying amount of RM4,521,690 (2017: RM4,521,690) and RM30,858,362 (2017: RM31,536,459) respectively as disclosed in Note 13.

Bank overdraft is denominated in RM and bears an interest rate of 6% (2017: 6%) per annum.

The bankers' acceptances bore interest rates ranging from 4.00% to 4.10% per annum as at 31 May 2017.

The bank loan is a short term working capital facility, drawn to finance the Group's open account payables or receivables. The bank loan bears interest rates ranging from 3.22% to 3.60% (2017: Nil) per annum.

The term loan of the Group is repayable over one hundred and fourty three (143) equal monthly instalments of RM111,590 commencing 4 January 2014. The last instalment may vary to ensure full settlement of the term loan. The term loan bears profit rates ranging from 5.15% to 5.51% (2017: 5.15% to 5.40%) per annum at the reporting date.

During the financial year, the Group has drawndown additional USD multi-option loan of USD1,949,528 and USD fixed loan of USD6,911,639 which is repayable over one hundred and eight (108) equal monthly instalments of USD109,285 and USD49,675 commencing 1 September 2018 and 1 October 2018 respectively. The last instalment may vary to ensure full settlement of the term loan. The term loan bears profit rates ranging from 2.41% to 3.15% per annum at the reporting date.

Other information on financial risks of borrowings is disclosed in Note 42.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

33. Trade and other payables

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Current				
Trade payables				
Third parties	76,720,431	59,742,452	-	-
Retention sum payable	2,225,000	1,507,173	-	-
	78,945,431	61,249,625	-	-
Other payables				
Due to subsidiaries:				
- Sunshine Electrical Superstore Sdn. Bhd.	-	-	172,350	-
- Magirex Sdn Bhd.	-	-	61,166	-
- PT Sunshine Amanjaya Indonesia	-	-	158,365	158,365
- Sunshine Amanjaya Sdn. Bhd.	-	-	7,519,755	5,620,669
- Sunshine Amanjaya Pte. Ltd.	-	-	3,213,327	3,460,492
- Sunshine Wholesale Mart Sdn. Bhd.	-	-	4,829,815	-
Due to Director	790,546	-	-	-
Due to tooling suppliers	179,470	165,580	-	-
Deposits received	4,302,224	-	-	-
Rental deposits	1,495,432	1,391,751	-	-
Accruals	5,917,649	7,893,017	361,380	319,420
Other payables	24,479,906	8,420,510	81,431	64,958
Related parties:				
- Suiwah Holdings Sdn. Bhd.	2,718,122	165,940	-	-
- Nanometric Electronics Sdn. Bhd.	8,240	29,119	-	-
	39,891,589	18,065,917	16,397,589	9,623,904
	118,837,020	79,315,542	16,397,589	9,623,904
Non-current				
Trade payables				
Third parties	4,630,533	-	-	-
Retention sum payable	3,524,341	1,507,173	-	-
	8,154,874	1,507,173	-	-
Other payables				
Other payable	800,000	7,399,805	-	-
Retention sum payable	5,627,621	-	-	-
Related party:				
- Suiwah Holdings Sdn. Bhd.	52,200,000	37,000,000	-	-
	58,627,621	44,399,805	-	-
	66,782,495	45,906,978	-	-
Total trade and other payables	185,619,515	125,222,520	16,397,589	9,623,904
Add: Borrowings (Note 32)	52,813,177	16,701,229	-	-
Total financial liabilities carried at amortised cost	238,432,692	141,923,749	16,397,589	9,623,904

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

33. Trade and other payables (contd.)

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2017: 30 to 90 days).

(b) Other payables

Included in current and non-current payables of the Group is RM2,842,313 (2017: RM1,322,612) and RM5,627,621 (2017: RM7,340,605) payable respectively for the acquisition of intangible assets. The amount is payable by way of instalments in the aggregate sum of USD3,000,000 either upon the achievement of certain cumulative targeted sales quantity or by instalments ranging between USD200,000 to USD400,000 over a period of 10 years by 31 December 2022, whichever is earlier. The gross payable is recognised based on the net present value discounted at a rate of 4.95% (2017: 4.95% per annum.

(c) Related parties

During the year, the Group has entered into an agreement with a corporate shareholder, Suiwah Holdings Sdn. Bhd., for unsecured advances amounting to RM45 million and RM15 million for the purpose of the Development project as disclosed in Note 22. The advances bear interest rates ranging from 5.61% to 5.97% (2017: 5.48% to 5.61%) per annum and is repayable over five (5) years from Year 8 to Year 12 with monthly instalments of RM750,000 and RM250,000 respectively. As at the reporting date, RM52.2 million has been drawndown.

Included in amount due to related parties of the Group is Nanometric Electronics Sdn. Bhd., a company in which a director of the Company, i.e. Dato' Hwang Thean Long, has an interest.

(d) Amounts due to subsidiaries

Amounts due to subsidiaries are unsecured, bear interest rates ranging from 4.61% to 4.97% (2017: 4.46% to 4.61%) per annum and are repayable on demand.

Further details on related party transactions are disclosed in Note 40.

Other information on financial risks of payables are disclosed in Note 42.

34. Deferred tax

	Group	
	2018	**2017**
	RM	**RM**
At 1 June 2017/2016	1,422,628	2,028,314
Recognised in profit or loss (Note 10)	553,108	(605,686)
At 31 May 2018/2017	1,975,736	1,422,628
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	2,369,431	1,630,634
Deferred tax assets	(393,695)	(208,006)
At 31 May	1,975,736	1,422,628

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

34. Deferred tax (contd.)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group

	Property, plant and equipment RM	Revaluation surplus * RM	Others RM	Total RM
At 1 June 2017	2,626,598	933,439	243,411	3,803,448
Recognised in profit or loss	489,976	(28,421)	323,461	785,016
At 31 May 2018	3,116,574	905,018	566,872	4,588,464
At 1 June 2016	1,738,391	961,860	740,637	3,440,888
Recognised in profit or loss	888,207	(28,421)	(497,226)	362,560
At 31 May 2017	2,626,598	933,439	243,411	3,803,448

Deferred tax assets of the Group

	Unused tax losses and unabsorbed capital allowances RM	Provisions RM	Others RM	Total RM
At 1 June 2017	(1,179,568)	(653,068)	(548,184)	(2,380,820)
Recognised in profit or loss	68,661	(57,396)	(243,173)	(231,908)
At 31 May 2018	(1,110,907)	(710,464)	(791,357)	(2,612,728)
At 1 June 2016	(594,047)	(441,541)	(376,986)	(1,412,574)
Recognised in profit or loss	(585,521)	(211,527)	(171,198)	(968,246)
At 31 May 2017	(1,179,568)	(653,068)	(548,184)	(2,380,820)

* Revaluation surplus relates to revaluation of property, plant and equipment in prior years. Upon transition to MFRS, the Group elected to measure all its property, plant and equipment using the cost model. Accordingly, the revaluation surplus was transferred to retained earnings on the date of transition to MFRS.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

34. Deferred tax (contd.)

Deferred tax assets of the Group (contd.)

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

	Group	
	2018 RM	**2017 RM**
Unused tax losses	4,127,340	7,266,863
Unabsorbed capital allowances	3,102,775	3,254,733
Other deductible temporary differences	6,700	19,092
	7,236,815	10,540,687

The unused tax losses and unabsorbed capital allowances are available for offsetting against future taxable profits of the respective subsidiary under the Income Tax Act 1967 and guidelines issued by the tax authority.

No deferred tax assets are recognised in respect of the above as it is not probable that future taxable profit will be available against which these items can be utilised.

35. Provision for liabilities

	Group	
	2018 RM	**2017 RM**
At 1 June 2017	-	256,517
Reversal of provision for liquidated damages (Note 5)	-	(256,517)
At 31 May 2018	-	-

This represents provision for liquidated damages in respect of the development projects undertaken by a subsidiary. The provision is recognised for expected liquidated damages claims based on the terms of the applicable sale and purchase agreements. A reversal had been made during the prior financial year as the provision was no longer required.

36. Other current liabilities

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Goods and Services Tax payable	192,897	366,271	23,970	24,385

37. Derivatives

	Group			
	2018 RM		**2017 RM**	
	Contract/ Notional amount	**Liabilities**	**Contract/ Notional amount**	**Assets**
Non-hedging derivatives:				
Forward currency contracts:	3,562,307	(26,903)	6,679,050	231,696

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

37. Derivatives (contd.)

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge the Group's receivables and payables denominated in US Dollar ("USD") for which firm commitments existed as at 31 May 2018, extending to October 2018 as disclosed in Note 42(b).

During the financial year, the Group has recognised a loss of RM258,599 (2017: gain of RM127,192) arising from fair value changes of its forward currency contracts. The fair value changes are attributable to changes in foreign exchange spot and forward rates. The method and assumptions applied in determining the fair values of derivatives are disclosed in Note 42.

38. Deferred revenue

Group

	Advance rental RM	Customer loyalty programs RM	Total RM
2018			
At 1 June 2017	-	2,042,218	2,042,218
Addition	100,000	-	100,000
Recognised in profit or loss (net)	-	204,136	204,136
At 31 May 2018	100,000	2,246,354	2,346,354
2017			
At 1 June 2016	-	1,771,475	1,771,475
Recognised in profit or loss (net)	-	270,743	270,743
At 31 May 2017	-	2,042,218	2,042,218

(a) The advance rental represents advance gross rent received from the tenant of a subsidiary which shall be offset against payment of the first month of the rental.

(b) The Group operates a loyalty programme which allows customers to accumulate points when they purchase products in the Group's supermarket and departmental stores. The points can be redeemed for free or for discounted goods from the Group's supermarket and departmental stores.

Deferred revenue represents consideration received from the sale of goods that is allocated to the points issued under the loyalty programme that are expected to be redeemed but are still outstanding as at the reporting date.

At 31 May 2018, the estimated liability for unredeemed points amounted to RM2,246,354 (2017: RM2,042,218).

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

39. Commitments

(a) Capital commitments

	Group 2018 RM	Group 2017 RM
Capital expenditure:		
Approved and contracted for:		
- Land and building	497,069,000	32,516,000
- Machineries	20,801,000	782,000
Contracted but not provided for:		
- Land	7,100,000	7,100,000

(b) Operating lease commitments – as lessee

The Group has entered into non-cancellable operating lease agreements for the use of the leasehold land and buildings. These leases have an average life of between 3 and 12 years with no renewal or purchase option included in the contracts. There were no restrictions placed upon the Group by entering into these leases.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the reporting date but not recognised as liabilities, are as follows:

	Group 2018 RM	Group 2017 RM
Not later than 1 year	2,126,997	4,285,204
Later than 1 year and not later than 5 years	2,105,461	7,633,891
	4,232,458	11,919,095

(c) Operating lease commitments – as lessor

The Group and the Company have entered into commercial property leases on the investment property and property, plant and equipment. These non-cancellable leases have remaining lease terms of between two and four years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Not later than 1 year	3,815,680	3,714,408	1,656,684	1,656,684
Later than 1 year and not later than 5 years	1,377,977	2,291,094	-	-
	5,193,658	6,005,502	1,656,684	1,656,684

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

40. Related party disclosures

(a) Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the Company and related parties took place at terms agreed between the parties during the financial year:

Group	**2018 RM**	**2017 RM**
Rental paid/payable to:		
- Suiwah Holdings Sdn. Bhd., a corporate shareholder	2,525,712	2,545,557
- Hwang & Hwang Enterprises, a partnership in which a director of the Company, i.e. Dato' Hwang Thean Long has an interest	72,000	72,000
- a director of the Company, i.e. Dato' Hwang Thean Long	66,000	76,800
- directors of the Company, i.e. Hwang Siew Peng and Hwang Shin Hung	24,173	-
- Meridian Chance Sdn. Bhd., a company connected with a director of the Company, i.e. Dato' Hwang Thean Long by virtue of his family relationship	24,000	24,000
Loan received from Suiwah Holdings Sdn. Bhd., a corporate shareholder	15,200,000	37,000,000
Interest paid/payable to Suiwah Holdings Sdn. Bhd., a corporate shareholder	2,718,122	678,008
Purchases of raw materials From Suiwa High Tehcnology Electronic Industries (Xiamen) Co. Ltd., a company in which Hwang Shin Hung, a director has an interest	167,897	339,315
Provision of Surface Mounted Technology (SMT) and other subcontract services related to flexible printed circuits boards to Qdos Flexcircuits Sdn. Bhd. by Nanometric Electronics Sdn. Bhd., a company in which Dato' Hwang Thean Long, a director of the Company, has an interest	505,242	713,533
Company		
Gross dividends from subsidiaries	2,000,000	3,400,000
Rental income from a subsidiary	1,656,684	1,656,684
Interest received/receivable from subsidiaries:		
- Sunshine Paramount Sdn. Bhd.	838,357	611,424
- Crimson Omega Sdn. Bhd.	2,422,055	2,043,898
- Sunshine Wholesale Mart Sdn. Bhd.	237	27,509
- Magirex Sdn. Bhd.	4,871	23,440
- Silver Resort Sdn. Bhd.	273,535	266,005
- Aljano Sdn. Bhd.	4,715	-
- Sunshine Link Sdn. Bhd.	6,358	2,292
Interest paid/payable to subsidiaries:		
- Aljano Sdn. Bhd.	-	12,718
- Sunshine Electrical Superstore Sdn. Bhd.	2,350	-
- Sunshine Amanjaya Sdn. Bhd.	303,924	251,295
- Sunshine Wholesale Mart Sdn. Bhd.	89,209	25,497
- Magirex Sdn. Bhd.	746	-

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

40. Related party disclosures (contd.)

(a) Related party transactions (contd.)

Company (contd.)	**2018 RM**	**2017 RM**
Advances (from)/to or repayment (to)/from subsidiaries, net:		
- Sunshine Paramount Sdn. Bhd.	(1,800,000)	(200,000)
- Crimson Omega Sdn. Bhd.	5,420,000	7,500,000
- Sunshine Wholesale Mart Sdn. Bhd.	(1,756,085)	200,637
- Magirex Sdn. Bhd.	(343,985)	(460,000)
- Aljano Sdn. Bhd.	330,000	(228,984)
- Sunshine (Labuan) Private Limited	11,783	10,968
- Sunshine Link Sdn. Bhd.	300,925	-
- Sunshine Amanjaya Sdn. Bhd.	(1,550,000)	(1,850,000)
- Sunshine Amanjaya Pte. Ltd.	3,615	12,648
- Silver Resort Sdn. Bhd.	(715,000)	30,000
- Sunshine Electrical Superstore Sdn. Bhd.	(170,000)	-
- Qdos Flexcircuits Sdn. Bhd.	-	(2,367)
Assignment of inter-company receivables/(payables) from a subsidiary, Sunshine Wholesale Mart Sdn. Bhd.:		
- Sunshine Paramount Sdn. Bhd.	5,078,929	2,733,413
- Crimson Omega Sdn. Bhd.	343,569	437,836
- Aljano Sdn. Bhd.	(11,697)	-
- Magirex Sdn. Bhd.	1,565	1,362
- Sunshine Amanjaya Sdn. Bhd.	(45,162)	30,664
- Sunshine Link Sdn. Bhd.	4,981	4,042

Datin Cheah Gaik Huang, Hwang Siew Peng and Hwang Shin Hung are also deemed interested in the transactions in which Dato' Hwang Thean Long has an interest by virtue of their family relationships.

Information regarding outstanding balances arising from related party transactions as at 31 May 2018 are disclosed in Notes 24 and 33.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows:

	Group		**Company**	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Short term employee benefits	2,354,409	1,959,563	368,500	351,500
Defined contribution plan	201,637	146,960	-	-
Benefits in kind	19,550	-	-	-
	2,556,046	2,106,523	368,500	351,500

Included in the remuneration of total key management personnel are:

	Group		**Company**	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Directors' remuneration (Note 7)	1,937,201	1,865,518	368,500	351,500

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

41. Fair value of financial instruments

(a) Fair value of financial instruments by classes that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2018				
Financial assets				
Investment securities				
- Quoted equity instruments (Note 20)	3,114	-	-	3,114
- Unquoted investments (Note 20)	-	49,659	-	49,659
Short term investments				
Quoted unit trust funds (Note 26)	203,655	-	-	203,655
Derivatives (Note 37)	-	(26,903)	-	(26,903)
2017				
Financial assets				
Investment securities				
- Quoted equity instruments (Note 20)	3,114	-	-	3,114
- Unquoted investments (Note 20)	-	48,069	-	48,069
Short term investments				
- Quoted unit trust funds (Note 26)	4,360,325	-	-	4,360,325
Derivatives (Note 37)	-	231,696	-	231,696
Assets for which fair values are disclosed				
Group				
2018				
Investment properties (Note 14)	-	-	58,423,000	58,423,000
Company				
2018				
Investment properties (Note 14)	-	-	33,230,000	33,230,000
2017				
Investment properties (Note 14)	-	-	31,490,000	31,490,000

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

41. Fair value of financial instruments (contd.)

(a) Fair value of financial instruments by classes that are carried at fair value (contd.)

Fair value hierarchy

The Group and the Company classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. 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 assets and liability that are not based on observable market data (unobservable inputs).

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

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

	Note
Trade and other receivables	24
Borrowings (current)	32
Trade and other payables (current)	33

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

The carrying amounts of the bank borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of bank borrowings and trade and other payables (non-current) are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Amounts due from/to related companies and subsidiaries

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Derivatives

Forward currency contracts are valued using a valuation technique with market observable inputs. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

42. Financial risk management objectives and policies

The Group is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, foreign currency risk, liquidity risk, credit risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group does not apply hedge accounting.

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

(a) Interest rate risk

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

As the Group and the Company have no significant interest-bearing financial assets, the Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Group's and the Company's interest-bearing financial assets are mainly short term in nature and have been mostly placed as deposits in licensed banks.

The Group's and the Company's interest rate risk arises primarily from interest-bearing borrowings and in the Company's case as well as amounts due from/(to) subsidiaries. The borrowings and amounts due from/(to) subsidiaries at floating rates expose the Group and the Company to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group and the Company to fair value interest rate risk. The Group and the Company manages their interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant on the Group's profit net of tax (through the impact on interest expenses from floating rate loan and borrowings) and of the Company's profit net of tax (through the impact on interest income/expense from amounts due from/to subsidiaries):

	Increase/ (decrease) in basis points	Increase/(decrease) in profit net of tax	
		2018 RM	2017 RM
Group			
Ringgit Malaysia	10	(80,767)	(40,939)
Ringgit Malaysia	(10)	80,767	40,939
Company			
Ringgit Malaysia	10	50,422	46,684
Ringgit Malaysia	(10)	(50,422)	(46,684)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

42. Financial risk management objectives and policies (contd.)

(b) Foreign currency risk

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

Some of the Group's subsidiaries have transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group's subsidiaries, primarily RM. The foreign currency in which these transactions are denominated is mainly US Dollars ("USD").

Approximately 17% (2017: 21%) of the Group's subsidiaries' sales are denominated in foreign currencies. The Group's subsidiaries' trade receivables and trade payables balances at the reporting date have similar exposures.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in USD) amounted to RM5,357,010 (2017: RM4,591,800) for the Group.

Sensitivity analysis for foreign currency risk

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

	Increase/(decrease) in profit net of tax	
	2018	**2017**
	RM	**RM**
USD/RM - strengthened 5%	301,343	269,133
- weakened 5%	(301,343)	(269,133)

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group and the Company maintain sufficient levels of cash or cash convertible investments to meet their working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities of a reasonable level to its overall debt position. Furthermore, the Group and the Company are able to raise funds from both capital markets and financial institutions and balance their portfolio with combination of a mixture of short and long term fundings so as to achieve overall cost effectiveness.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

42. Financial risk management objectives and policies (contd.)

(c) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities

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

	2018			
Group	**On demand or within one year RM**	**One to five years RM**	**Over five years RM**	**Total RM**
Financial assets:				
Trade receivables	30,682,755	-	-	30,682,755
Other receivables	11,970,651	-	-	11,970,651
Cash and bank balances	18,224,439	-	-	18,224,439
Investment securities	49,659	-	3,114	52,773
Short term invesments	203,655	-	-	203,655
Total undiscounted financial assets	61,131,159	-	3,114	61,134,273
Financial liabilities:				
Trade payables	78,945,431	10,196,311	-	89,141,742
Other payables	42,421,761	21,258,437	53,492,190	117,172,388
Borrowings	17,120,806	33,383,218	6,473,164	56,977,188
Derivatives	26,903	-	-	26,903
Total undiscounted financial liabilities	138,514,901	64,837,966	59,965,354	263,318,221
Total net undiscounted financial liabilities	(77,383,742)	(64,837,966)	(59,962,240)	(202,183,948)
Company				
Financial assets:				
Other receivables	1,578	-	-	1,578
Amounts due from subsidiaries	25,841,422	-	89,454,779	115,296,201
Cash and bank balances	136,071	-	-	136,071
Total undiscounted financial assets	25,979,071	-	89,454,779	115,433,850
Financial liabilities:				
Other payables	-	-	-	-
Amounts due to subsidiaries	-	-	-	-
Total undiscounted financial liabilities	-	-	-	-
Total net undiscounted financial assets	25,979,071	-	89,454,779	115,433,850

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

42. Financial risk management objectives and policies (contd.)

(c) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities (contd.)

	2017			
Group	**On demand or within one year RM**	**One to five years RM**	**Over five years RM**	**Total RM**
Financial assets:				
Trade receivables	25,816,135	-	-	25,816,135
Other receivables	2,823,111	-	-	2,823,111
Cash and bank balances	19,687,239	-	-	19,687,239
Investment securities	48,069	-	3,114	51,183
Short term investments	4,360,325	-	-	4,360,325
Derivatives	231,696	-	-	231,696
Total undiscounted financial assets	52,966,575	-	3,114	52,969,689
Financial liabilities:				
Trade payables	61,249,625	-	-	61,249,625
Other payables	18,455,306	6,848,000	38,712,000	64,015,306
Borrowings	8,781,050	5,356,320	4,716,706	18,854,076
Total undiscounted financial liabilities	88,485,981	12,204,320	43,428,706	144,119,007
Total net undiscounted financial liabilities	(35,519,406)	(12,204,320)	(43,425,592)	(91,149,318)
Company				
Financial assets:				
Other receivables	1,000	-	-	1,000
Amounts due from subsidiaries	70,665,757	-	-	70,665,757
Cash and bank balances	546,010	-	-	546,010
Total undiscounted financial assets	71,212,767	-	-	71,212,767
Financial liabilities:				
Other payables	384,378	-	-	384,378
Amounts due to subsidiaries	9,239,526	-	-	9,239,526
Total undiscounted financial liabilities	9,623,904	-	-	9,623,904
Total net undiscounted financial assets	61,588,863	-	-	61,588,863

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

42. Financial risk management objectives and policies (contd.)

(c) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities (contd.)

	2018			
	On demand or within one year RM	**One to five years RM**	**Over five years RM**	**Total RM**
Company				
Financial guarantees	53,944,892	-	-	53,944,892

	2017			
	On demand or within one year RM	**One to five years RM**	**Over five years RM**	**Total RM**
Company				
Financial guarantees	18,548,781	-	-	18,548,781

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without approval.

i. Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk are represented by:

(a) The carrying amount of each class of financial assets recognised in the statements of financial position.

(b) A nominal amount of RM53,944,892 (2017: RM18,548,781) relating to corporate guarantees provided by the Company to financial institutions as securities for credit facilities granted to subsidiaries.

Information regarding credit enhancements for trade and other receivables are disclosed in Note 24.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

42. Financial risk management objectives and policies (contd.)

(d) Credit risk (contd.)

ii. Credit risk concentration profile

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

	2018 RM	%	2017 RM	%
By country:				
Within Malaysia	26,941,021	88	21,090,943	82
Germany	993,513	3	1,465,973	5
Singapore	288,908	1	720,991	3
Other countries	2,459,313	8	2,538,228	10
Total	30,682,755	100	25,816,135	100

iii. Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 24.

iv. Financial assets that are either past due or impaired

Information regarding trade receivables that are either past due or impaired is disclosed in Note 24.

(e) Market price risk

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

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments in Malaysia are listed on Bursa Malaysia.

43. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 May 2018 and 31 May 2017.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, borrowings, trade and other payables, less short term investments and cash and bank balances. Capital includes equity attributable to the owners of the parent.

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

43. Capital management (contd.)

	Note	Group 2018 RM	Group 2017 RM
Borrowings	32	52,813,177	16,701,229
Trade and other payables	33	185,619,515	125,222,520
Less: - short term investments	26	(203,655)	(4,360,325)
- cash and bank balances	27	(18,224,439)	(19,687,239)
- investment securities	20	(3,114)	(3,114)
Net debt		220,001,484	117,873,071
Equity attributable to the owners of the parent, representing total capital		230,486,018	221,812,262
Capital and net debt		450,487,502	339,685,333
Gearing ratio		49%	35%

44. Segment information

For management purposes, the Group is organized into business units based on their products and services, and there are four reportable operating segments as set out below:

(i) Retail - operation of supermarkets and departmental stores and a hypermarket;

(ii) Manufacturing - manufacturing and designing of flexible printed circuits boards;

(iii) Property investment and development of residential and commercial properties; and

(iv) Trading

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtained in transaction with unrelated parties.

There are minimal inter-segment sales within the Group.

44. Segment information (contd.)

(a) Business segment

2018	**Retail RM**	**Manufacturing RM**	**Property investment and development RM**	**Trading RM**	**Eliminations RM**	**Consolidated RM**
Revenue and expenses						
Revenue						
Segment revenue						
Sales to external customers	318,990,583	79,591,491	4,159,747	13,446,846	-	416,188,667
Inter-segment sales	281,320	-	4,529,910	-	(4,811,230)	-
Total revenue	319,271,903	79,591,491	8,689,657	13,446,846	(4,811,230)	416,188,667
Results						
Segment results	10,896,487	9,339,501	(536,153)	(1,006,356)	-	18,693,479
Interest income	235,909	103,822	3,986,118	22,280	(3,981,953)	366,176
Finance costs						(1,319,222)
Share of loss in a joint venture						(112,279)
Profit before tax						17,628,153
Income tax expense						(5,987,374)
Profit for the year						11,640,779

44. Segment information (contd.)

(a) Business segment (contd.)

2018	Retail RM	Manufacturing RM	Property investment and development RM	Trading RM	Eliminations RM	Consolidated RM
Assets						
Segment assets	33,884,858	183,063,149	243,002,939	701,819	-	460,652,765
Investment in a joint venture	-	14,677,067	-	-	-	14,677,067
						475,329,832
Deferred tax assets						393,695
Tax recoverable						2,358,670
Total assets						478,082,197
Liabilities						
Segment liabilities	57,650,380	80,393,950	100,902,510	5,567,985	-	244,514,825
Deferred tax liabilities						2,369,431
Tax payable						485,383
Total liabilities						247,369,639
Other segment information						
Additions to non-current assets	777,239	66,726,957	24,333,548	-	-	91,837,744
Amortisation expense	-	386,759	-	-	-	386,759
Depreciation	906,099	4,715,513	2,774,111	31,489	-	8,427,212
Non-cash expenses other than depreciation, amortisation and impairment losses	252,407	5,834,026	-	3,714	-	6,090,147

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44. Segment information (contd.)

(a) Business segment (contd.)

2017	**Retail RM**	**Manufacturing RM**	**Property investment and development RM**	**Trading RM**	**Eliminations RM**	**Consolidated RM**
Revenue and expenses						
Revenue						
Segment revenue						
Sales to external customers	300,453,087	91,449,229	3,774,501	1,583,475	-	397,260,292
Inter-segment sales	262,506	-	4,098,611	-	(4,361,117)	-
Total revenue	300,715,593	91,449,229	7,873,112	1,583,475	(4,361,117)	397,260,292
Results						
Segment results	6,103,603	9,141,226	(2,430,913)	(333,920)	-	12,479,996
Interest income	129,790	373,922	3,466,693	8,246	(3,352,319)	626,332
Finance costs						(1,232,161)
Share of profit in a joint venture						1,788,518
Profit before tax						13,662,685
Income tax expense						(3,880,597)
Profit for the year						9,782,088

44. Segment information (contd.)

(a) Business segment (contd.)

2017	Retail RM	Manufacturing RM	Property investment and development RM	Trading RM	Eliminations RM	Consolidated RM
Assets						
Segment assets	31,947,068	123,554,689	195,753,073	346,214	-	351,601,044
Investment in a joint venture	-	16,623,627	-	-	-	16,623,627
						368,224,671
Deferred tax assets						208,006
Tax recoverable						4,377,174
Total assets						372,809,851
Liabilities						
Segment liabilities	55,161,007	28,761,366	62,486,919	2,251,840	-	148,661,132
Deferred tax liabilities						1,630,634
Tax payable						386,059
Total liabilities						150,677,825
Other segment information						
Additions to non-current assets	563,732	19,918,638	33,083,755	4,718	-	53,570,843
Amortisation expense	-	401,691	-	-	-	401,691
Depreciation	859,107	4,819,384	2,717,674	31,371	-	8,427,536
Non-cash (income)/expenses other than depreciation, amortisation and impairment losses	-	(778,902)	174,673	(1,235)	-	(605,464)

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Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

44. Segment information (contd.)

(b) Geographical segments

The Group operates locally except for the manufacturing segment which has a wholly owned subsidiary in India. All of the Group's manufacturing activities are conducted in Malaysia while the overseas subsidiary's intended principal activity is to design flexible printed circuit boards.

The following table provides an analysis of the Group's revenue, segment assets and capital expenditure by geographical segment:

	Malaysia RM	Singapore, India, Vietnam, Indonesia, Thailand and Australia RM	China, Taiwan, Hong Kong and Japan RM	United States of America, Europe and New Zealand RM	Consolidated RM
2018					
Total revenue from external customers	393,478,531	4,967,810	2,628,912	15,113,414	416,188,667
Segment assets	452,178,476	6,510,887	-	1,963,402	460,652,765
Capital expenditure	91,837,744	-	-	-	91,837,744
2017					
Total revenue from external customers	370,974,475	5,370,775	2,385,871	18,529,171	397,260,292
Segment assets	343,000,182	6,595,238	-	2,005,624	351,601,044
Capital expenditure	53,570,843	-	-	-	53,570,843

Notes to the Financial Statements
For the financial year ended 31 May 2018 (contd.)

45. Comparative figures

The prior year comparatives in the statement of financial position have been reclassified as a result of the following:

Group

Reclassification in the statement of financial position

During the current financial year, the Group has changed the classification of the following items in the statement of financial position to better reflect the nature of the items. Accordingly, the comparative figures in the statement of financial position have been reclassified to conform with current year's presentation.

- Certain short term investments have been reclassified from "Short Term Investments" to "Investment Securities".

The effects of the above adjustment on the financial statements of the Group were as follows:

	2017 As previously classified RM	Adjustment RM	2017 As Reclassified RM
Group			
Current			
Investment securities	-	48,069	48,069
Short term investments	4,408,394	(48,069)	4,360,325

46. Subsequent events

There were no material events subsequent to the end of the year except as follows:

(i) On 5 June 2018, Qdos Venture Sdn. Bhd., a wholly owned subsidiary of the Company has incorporated a sub-subsidiary known as Millennium Solutions Sdn. Bhd. ("MSSB"). The paid up share capital of MSSB is RM100 divided into 100 ordinary shares. The intended principal activities of MSSB are to carry on the business of property investments and all activities incidental thereto.

(ii) On 18 June 2018, Crimson Omega Sdn. Bhd., a wholly owned subsidiary of the Company has incorporated a wholly owned subsidiary known as Crimson Elite Sdn. Bhd. ("CESB"). The paid up share capital of CESB is RM50,000 divided into 50,000 ordinary shares. The intended principal activities of CESB are the provision of facilities sevices, machine fabrication and engineering parts.

On 19 July 2018, Qdos Holding Bhd., a wholly owned subsidiary of the Company has incorporated a wholly owned subsidiary known as Qdos (SG) Pte. Ltd. ("QSPT"). The paid up share capital of QSPT is SGD 1 divided into 1 ordinary shares of SGD 1.00 each. The principal activities of QSPT are to design, manufacture, assemble, sell or deal in electronic products.

47. Authorisation of financial statements for issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 14 September 2018.

Top 10 Properties of the Group
as at 31 May 2018

Location	Description	Existing Use/ Type	Land Area/ Built Up Area	Tenure	Age of Building	Net Book Value (RM)
No. 1, Jalan Mayang Pasir, 11950 Bayan Baru, Pulau Pinang	Basement level & Level 1, Sunshine Square Complex	Supermarket	34,671 sq ft & 34,584 sq ft	99 years leasehold expiring 2091	25 years	21,607,607
No. 2A, Lebuhraya Kampung Jawa, 11900 Bayan Lepas, Pulau Pinang	Leasehold land with a warehouse and 3 storey office block	Warehouse	61,240 sq ft & 36,744 sq ft	60 years leasehold expiring 2050	28 years	3,751,594
Lots Nos. 7406, 7411-7434, 7436, 7443, 7446, 7451-7480, 7506-7616 and 7619, Mukim 7, Province Wellesley South, Penang	Freehold land	Development land	354,639 sq ft	Freehold	Not Applicable	4,470,910
Lot 7703, Mukim 13, North East District, Bandar Baru Air Itam, Penang	Leasehold land	Development land	392,345 sq ft	99 years leasehold expiring 2104	Not Applicable	91,330,472
No. 99, Lebuhraya Kampung Jawa, Taman Perindustrian Bayan Lepas, 11900 Penang	Leasehold land with double storey factory building	Factory	87,736 sq ft & 89,160 sq ft	60 years leasehold expiring 2049	18 years	7,834,878
No 5047, Diatas Sebahagian Lot HS (D) 9813, Plot ('A'), Jalan Bagan Dalam, Dermaga Butterworth Seksyen 4, 12100 Seberang Perai Utara, Pulau Pinang	Leasehold land with a warehouse	Warehouse	64,400 sq ft	16 years leasehold expiring 2023	8 years	1,145,686
1, Persiaran Dagangan, Pusat Bandar Bertam Perdana, 13200 Kepala Batas, Pulau Pinang	Freehold land with 1 sub-basement and 2 storey shopping mall, Sunshine Bertam	Supermarket & Departmental	251,210 sq ft	Freehold	5 years	35,380,052
PMT743, Persiaran Cassia Selatan 4, Taman Prindustrian Batu Kawan 14110 bandar Cassia	Leasehold land	Construction of factory in progress	220,122 sq ft	60 years leasehold expiring 2075	Not Applicable	6,465,082
Unit 0225 Phase 12, 1293, Coyote Creek Way, Milpitas CA 95035, U.S.A.	Town House	Accomodation	1,258 sq ft	Freehold	4 years	1,963,404
385-1-1, Jalan Perak, 11600 Jelutong, Penang	Freehold land with 2 levels of commercial shops with 16 car park bays, and one level of office cum server room/air conditioning	Supermarket & Departmental	22,508 sq ft	Freehold	2 years	7,680,000
Plot 316 (a) Batu Kawan Industrial Park, Daerah Seberang Perai Selatan, Penang	Leasehold land	Vacant land	340,561 sq ft	60 years leasehold expiring 2077	Not Applicable	14,671,209

Analysis of Shareholdings
as at 30 August 2018

Total Number of Issued Shares	:	61,000,248 Ordinary Shares
Class of Equity Securities	:	Ordinary Shares ("Shares")
Voting Rights	:	1 vote per Share

Distribution of Shareholders

Size of Shareholdings	No of Holders	% of the shareholders #	No. of Shares	% #
Less than 100	68	5.12	2,461	*
100 - 1,000	268	20.23	172,902	0.31
1,001 - 10,000	776	58.57	2,977,637	5.20
10,001 to 100,000 shares	184	13.89	5,509,723	9.62
100,001 to less than 5% of issued shares	25	1.89	13,423,585	23.45
5% and above of issued shares	4	0.30	35,163,840	61.42
Total	1,325	100.00	57,250,148	100.00

 # Excluding 3,750,100 Shares retained by the Company as treasury shares.
** Negligible*

30 Largest Securities Account Holders
(without aggregating the securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares held	% #
1	HOZONE SDN BHD	12,117,948	21.17
2	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB FOR SUIWAH HOLDINGS SDN BHD*	12,005,340	20.97
3	DAUNPURI SDN BHD	6,595,171	11.52
4	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB FOR DATO' HWANG THEAN LONG*	4,445,381	7.76
5	WONG THAN KIM	2,207,380	3.86
6	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *(PLEDGED SECURITIES ACCOUNT FOR LIM CHAI BENG)*	1,804,600	3.15
7	LENA LEONG OY LIN	1,428,600	2.50
8	TEO KWEE HOCK	1,427,600	2.49
9	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TEO SIEW LAI*	835,900	1.46
10	LOOI TIK MIOW	668,300	1.17
11	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB FOR HWANG SHIN HUNG*	656,500	1.15
12	UNG PENG JOO	464,400	0.81
13	KENANGA NOMINEES (TEMPATAN) SDN BHD *(PLEDGED SECURITIES ACCOUNT FOR DATO' HAJI MOHD SUHAIMI BIN ABDULLAH)*	417,125	0.73
14	CHEK KENG LONG	406,060	0.71
15	BARBARA ELIZABETH NG	364,800	0.64
16	LEONG KOK TAI	321,100	0.56
17	HWANG SIEW PENG	300,000	0.52
18	LENA LEONG OY LIN	288,700	0.50
19	CHAN SENG CHEONG	230,820	0.40
20	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB FOR HWANG SIEW PENG*	192,700	0.34
21	LEE ENG HOCK & CO. SENDIRIAN BERHAD	190,000	0.33
22	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *(PLEDGED SECURITIES ACCOUNT FOR OOI CHIN HOCK)*	175,600	0.31
23	YEO KHEE HUAT	168,380	0.29
24	OOI SOO CHIN	167,200	0.29
25	OOI SOO CHIN	165,900	0.29
26	CHIN MI CHIN	150,320	0.26
27	NG PHAIK LEAN	136,400	0.24
28	GOH SIEW LAND @ GOH SHEW LAN	129,000	0.23
29	LIAU CHOON HWA & SONS SDN BHD	126,200	0.22
30	LIM KEE	100,000	0.17

Analysis of Shareholdings
as at 30 August 2018 (contd.)

Substantial Shareholders as at 30 August 2018

		Direct Interest		Indirect Interest		
No.	**Name of Shareholders**	**No. of Shares**	**%**	**No. of Shares**	**%**	**Note**
1	Hozone Sdn Bhd	12,117,948	21.17	-	-	
2	Suiwah Holdings Sdn Bhd	12,005,340	20.97	-	-	
3	Daunpuri Sdn Bhd	6,595,171	11.52	-	-	
4	Dato' Hwang Thean Long	4,445,381	7.76	13,252,145	23.15	*(i)*
5	Datin Cheah Gaik Huang	26,400	0.05	17,014,626	29.72	*(ii)*
6	Suiwah Supermarket Sendirian Bhd	71,205	0.12	12,005,340	20.97	*(iii)*
7	Hwang Siew Peng	492,700	0.86	16,548,326	28.91	*(iv)*
8	Datuk Haji Radzali bin Hassan	-	-	12,117,948	21.17	*(v)*
9	Che Wan Bin Mat	-	-	6,595,171	11.52	*(vi)*
10	Yeoh Eng Wan	-	-	6,595,171	11.52	*(vi)*

Notes:

(i) Deemed interested through his shareholdings in Suiwah Holdings Sdn Bhd ("SHSB") and Suiwah Supermarket Sdn Bhd ("SSSB") by virtue of Section 8 of the Companies Act, 2016 ("the Act") and the shareholdings of his wife, Datin Cheah Gaik Huang, daughter, Hwang Siew Peng and son, Hwang Shin Hung in the Company (or "SCB") pursuant to Section 59 (11) (c) of the Act.
(ii) Deemed interested through the direct shareholdings held by of her husband, Dato' Hwang Thean Long and their daughter, Hwang Siew Peng in SCB and the indirect shareholdings held through SHSB and SSSB in SCB pursuant to Section 59 (11) (c) of the Act.
(iii) Deemed interested through SHSB in SCB by virtue of Section 8 of the Act.
(iv) Deemed interested through the direct shareholdings held by of her parent, Dato' Hwang Thean Long and Datin Cheah Gaik Huang and the indirect shareholdings held through SHSB and SSSB in SCB.
(v) Deemed interested through his shareholdings in Hozone Sdn Bhd pursuant to Section 8 of the Act.
(vi) Deemed interested through their shareholdings in Daunpuri Sdn Bhd pursuant to Section 8 of the Act.

Directors' Shareholdings as at 30 August 2018

	Direct Interest		Indirect Interest		
Name of Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**	**Note**
Dato' Hwang Thean Long	4,445,381	7.76	13,252,145	23.15	*(i)*
Datin Cheah Gaik Huang	26,400	0.05	17,014,626	29.72	*(ii)*
Dato' Haji Mohd Suhaimi bin Abdullah	417,125	0.73	-	-	
Dato' Ahmad Hassan bin Osman	-	-	-	-	
Datuk Haji Radzali bin Hassan	-	-	12,117,948	21.17	*(iii)*
Wong Thai Sun	-	-	-	-	
Hwang Siew Peng	492,700	0.86	16,548,326	28.91	*(iv)*
Jen Shek Voon	-	-	-	-	
Hwang Shin Hung	656,500	1.15	-	-	
Beh Hooi Sim	-	-	-	-	

Notes:

(i) Deemed interested through his shareholdings in SHSB and SSSB by virtue of Section 8 of the Act and the shareholdings of his wife, Datin Cheah Gaik Huang, daughter, Hwang Siew Peng and son, Hwang Shin Hung in SCB pursuant to Section 59 (11) (c) of the Act.
(ii) Deemed interested through the direct shareholdings held by of her husband, Dato' Hwang Thean Long and their daughter, Hwang Siew Peng in SCB and the indirect shareholdings held through SHSB and SSSB in SCB pursuant to Section 59 (11) (c) of the Act.
(iii) Deemed interested through his shareholdings in Hozone Sdn Bhd pursuant to Section 8 of the Act.
(iv) Deemed interested through the direct shareholdings held by of her parent, Dato' Hwang Thean Long and Datin Cheah Gaik Huang and the indirect shareholdings held through SHSB and SSSB in SCB.

Interest in the Related Corporation

Dato' Hwang Thean Long, Datin Cheah Gaik Huang, Hwang Siew Peng and Datuk Haji Radzali Bin Hassan by virtue of their interest in Shares in the Company, are deemed interested in Shares of all the Company's subsidiaries to the extent the Company has an interest.

Save as disclosed above, none of the other Directors in office have any interest in Shares in the Company or its related corporations.

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SUIWAH CORPORATION BHD
253837-H

Proxy Form

Number of shares held	
CDS Account no.	

I/We _____ (Tel:) _____ NRIC/Passport No. _____
(Full Name in Capital Letters)

of _____
(Full address in Capital Letters)

being a member/members of **SUIWAH CORPORATION BHD.** ("the Company") hereby appoint the following person(s):-

First Proxy		
Name/NRIC No.	**Address**	**No. of shares or % of shares to be presented**

Second Proxy		
Name/NRIC No.	**Address**	**No. of shares or % of shares to be presented**

or failing him/her/them, the Chairman of the meeting, as *my/our proxy to vote in *my/our name(s) on *my/our behalf at the Twenty-fifth Annual General Meeting ("25th AGM") of the Company to be held at Sunshine Banquet Hall, Level 4, Sunshine Square Complex, 1, Jalan Mayang Pasir, 11950 Bayan Baru, Penang on Tuesday, 30 October 2018 at 11.30 a.m. and at any adjournment thereof.

*My/our proxy is to vote on the resolutions referred to in the Notice of 25th AGM as indicated below:

ORDINARY RESOLUTION:		**First Proxy**		**Second Proxy**	
		For	**Against**	**For**	**Against**
Resolution 1	To approve the declaration of the first and final single tier dividend				
Resolution 2	To re-elect Mr. Wong Thai Sun as Director				
Resolution 3	To re-elect Mr. Jen Shek Voon as Director				
Resolution 4	To re-elect Mr. Hwang Shin Hung as Director				
Resolution 5	To re-elect Ms. Beh Hooi Sim as Director				
Resolution 6	To approve the payment of Directors' fees				
Resolution 7	To approve the payment of Directors' benefits				
Resolution 8	To re-appoint Messrs. Ernst & Young as auditors				
Resolution 9	Authority to issue and allot shares				
Resolution 10	Proposed new and renewal shareholders' mandate for recurrent related party transactions of a revenue or trading nature ("RRPTs") involving Dato' Hwang Thean Long, Datin Cheah Gaik Huang, Hwang Poh Choo, Hwang Siew Peng, Hwang Shin Hung, Hwang Yen Ming, Suiwah Holdings Sdn Bhd and Suiwah Supermarket Sendirian Berhad				
Resolution 11	Proposed renewal of shareholders' mandate for RRPTs involving Leong Kong Meng				
Resolution 12	Proposed renewal of Shares Buy-Back Mandate				
Resolution 13	Mandate to retain YBhg. Dato' Haji Mohd Suhaimi bin Abdullah as an Independent Non-Executive Director of the Company				
Resolution 14	Mandate to retain YBhg. Dato' Ahmad Hassan bin Osman as an Independent Non-Executive Director of the Company.				
Resolution 15	Mandate to retain Mr. Wong Thai Sun as an Independent Non-Executive Director of the Company.				
Resolution 16	Mandate to retain Mr. Jen Shek Voon as an Independent Non-Executive Director of the Company.				
SPECIAL RESOLUTION:					
Resolution 17	Proposed Amendments to the Constitution of the Company				

(Please indicate with an "X" in the appropriate box how you wish your proxy to vote. If no instruction is given, the proxy will vote or abstain at his/her discretion)

Note: Please note that the short descriptions given above of the Resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the Resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the ***Notice of Annual General Meeting*** *for the full purpose and intent of the Resolutions to be passed.*

Signed this _____ day of _____ , 2018.

_____
Signature of Shareholder/Common Seal

* Strike out whichever not applicable.

Notes:

(i) For the purpose of determining a member who shall be entitled to attend, speak and vote at this 25th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), a Record of Depositors as at 22 October 2018 ("General Meeting Record of Depositors") and a Depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at the Meeting or appoint proxy to attend, speak and vote in his/her stead.

(ii) A member may appoint up to two (2) proxies to attend and vote in his place at a meeting of the Company. Where a holder appoints two (2) proxies, he shall specify the proportion of his shareholding to be represented by each proxy. A proxy need not be a member. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend the Meeting shall have the same rights as the member to speak and vote at the Meeting.

(iii) An instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarially certified copy of that power or authority, shall be deposited at the Registered Office of the Company at No. 1-20-1 SUNTECH @ Penang Cybercity, Lintang Mayang Pasir 3, 11950 Bayan Baru, Penang not less than 48 hours before time appointed for holding the meeting or at any adjournment thereof.

(iv) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it shall be entitled to appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with ordinary shares of the Company.

(v) Where a member of the Company is an Exempt Authorised Nominee ("EAN"), which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the EAN may appoint in respect of each Omnibus Account it holds.

Where an authorised nominee or an EAN appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all the resolutions set out in this Notice will be put to vote by way of poll.

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Stamp

To: The Company Secretary

SUIWAH CORPORATION BHD *253837-H*

No. 1-20-1 SUNTECH @ Penang Cybercity,
Lintang Mayang Pasir 3,
11950 Bayan Baru, Penang, Malaysia.

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SUIWAH CORPORATION BHD 253837-H

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