



# 25 Years

A silhouette of a city skyline with various skyscrapers and buildings, rendered in a dark blue color, positioned behind the word 'Years'.

Building Homes for Malaysians

**TRANSFORMING LIVES  
THROUGH EVOLVING LANDSCAPES**

ANNUAL REPORT 2017

# 18<sup>TH</sup> ANNUAL GENERAL *Meeting*

## **VENUE**

Banquet Hall, First Floor, Main Lobby  
TPC Kuala Lumpur  
10 Jalan 1/70D  
Off Jalan Bukit Kiara  
60000 Kuala Lumpur

## **TIME**

10.00 a.m.

## **DATE**

Wednesday, 6 June 2018



### **Now Available in this Annual Report**

The softcopy version of LBS Bina Group Berhad Annual Report 2017 is available from our website.

Please visit [www.lbs.com.my](http://www.lbs.com.my) to view online or download.

# *LBS Celebrates* **25** *Years*

Building Homes for Malaysians

## TRANSFORMING LIVES THROUGH EVOLVING LANDSCAPES

Proudly celebrating 25 momentous years of building over 30,000 affordable homes for Malaysians, LBS Bina Group Berhad - Malaysia's prominent township builder - is honoured to have had the opportunity to contribute to the transformation of lives and evolvement of the nation's landscapes.



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## OUR VISION

To be an internationally recognised developer, building and inspiring delightful spaces that enhance community living.

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## OUR MISSION

To consistently deliver exceptional performance through progressive creations, realising value to all stakeholders and enriching communities at large.

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### Cover Rationale:

For 25 years, LBS Bina Group Berhad has played a pivotal role in developing the nation's future. Our commitment to transform lives, through evolving landscape and changing horizons of opportunity, have put us on the forefront in the property development industry.

Given, our passion and professionalism, it has been our pride and privilege to deliver a positive impact on countless Malaysians and international communities, through creating landmarks that embody liveability. This is evident through the townships we developed.

With optimism and positivity, we relish the next 25 years as we look forward to greater accomplishments within Malaysia and beyond as we continue to create evolving hallmarks of excellence that leave a lasting legacy of a positive and progressive society.

6

The LBS Brand



42

Letter from the  
Chairman





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# LBS AT A GLANCE

AS AT 31 MARCH 2018

GARNERED

20

AWARDS AND  
ACCOLADES

DIVIDEND OF

8.2 SEN\*

PER ORDINARY  
SHARE

BUILT MORE THAN

30,000  
HOMES

19

ON-GOING  
PROJECTS  
IN HAND



APPROXIMATE

576

EMPLOYEES  
IN MALAYSIA

REVENUE

RM1.36

BILLION

LAND BANK MORE THAN

3,816

ACRES

ACHIEVED

15%

HIGHER SALES IN  
YEAR 2017

\* 1.2 sen single-tier final dividend subject to the shareholders' approval.



TRANSFORMING  
LIVES THROUGH

# *Evolving* LANDSCAPES

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LBS has homes for every stage of your life which allow you to live your dreams - whether it is your first home, upgrade to a spacious living space, investment home, holiday home or a place for your business. LBS creates inspiring and delightful spaces. More importantly LBS is people-focussed and understands your priorities and needs to achieve your dream home and lifestyle.

Through progressive creations, we want to ensure LBS homes, townships and premises gives you the platform to experience a quality and balanced lifestyle suitable

to meet your needs in today's fast-paced world of technology, from affordability to design, sustainability to aesthetics.

We are improving our processes to ensure an effortless journey from sales enquiry to ownership. We've refined our processes to ensure our products deliver environment that meets the needs of every generation and community and ensure business are handled effortlessly with all LBS customers – in terms of property design, township planning and development, customer service.

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In LBS,  
we strive to deliver  
inspirational space  
where people call it  
**HOME.**

In LBS,  
we don't just build  
house, we shape  
**living habitats of  
the future.**

# THE LBS BRAND

THE INTERWEAVING DESIGN REPRESENTS THE **ENDURING BONDS** BETWEEN THE FOUNDER DATO' SERI LIM BOCK SENG AND HIS FOUR SONS, WHO, TOGETHER, EXPANDED LBS INTO A **LEADING PROPERTY GROUP**, INFUSED WITH THEIR CORE VALUES OF **UNITY AND TRUST**. THE INTERWOVEN PATTERN IS THEN FURTHER EXPANDED INTO AN INFINITE MONAGRAM DESIGN, SYMBOLISING LBS' MISSION IN **DELIVERING EXCEPTIONAL PERFORMANCE THROUGH PROGRESSIVE CREATIONS**.

---



Over the years, LBS has succeeded in establishing a solid foundation in crafting high-quality built environments. This is what we believe in. Our ongoing commitment to improving overall community wellbeing has enabled us to come far and become who we are. We are driven by our promise to create sustainable living, working and recreational environments that will provide a better future for everyone, a future that is worth beholding.





BELIEVE  
BECOME  
BEHOLD

# 25 Years MILESTONES



## 1992

Start of Maiden Project  
at Jelapang Maju Light  
Industrial Park Ipoh, Perak

## 2012

59 acres mixed  
development at Genting  
Highlands for city dwellers

## 2011

Started building island  
resort lifestyle-focused  
homes D' Island Residence

## 2008

CCPIT agreement with  
China

## 2013

Build affordable homes  
Magma Garden in Batu  
Pahat, Johor

## 2014

Build Midhills at Genting  
Highlands as a getaway  
home for city dwellers

## 2015

Founded LBS Foundation  
to give a helping hand for  
education, community,  
environment and health

Signed MOU on  
Zhuhai International  
Circuit Upgrading and  
Transformation Plan

LBS began with one man's vision. In the 1960s, Dato' Seri Lim Bock Seng founded a construction business in Petaling Jaya. Within a few years, LBS' scale of projects established it as a reputable property developer. Several of its well publicised accomplishments were Taman Perindustrian Bukit Serdang Seksyen 14 in Selangor, jointly developed with the 1992 Thomas Cup champions, Taman Pinggiran Putra, Serdang and the township project at Bandar Saujana Putra.

LBS builds homes that meet the needs of Malaysians. For over 25 years, LBS has carefully nurtured a reputation for delivering properties with unsurpassed quality that inspire and enrich. By insisting on continually improving not only construction technologies but the very latest in architectural trends, LBS lives up to its belief that Malaysians deserve homes of the finest workmanship.





# 1993

Accomplishments were Taman Perindustrian Bukit Serdang Seksyen 14 in Selangor, jointly developed with the 1992 Thomas Cup champions, Taman Pinggiran Putra, Serdang

# 1997

Restrategised to develop medium-low cost homes and successfully shielded from financial crisis

# 1998

Expand to Pahang state via development on 110-acre land in Cameron Highlands

# 2007

Set up its own construction arm, MITC Engineering Sdn Bhd to improve quality and efficiency

# 2003

First township project at Bandar Saujana Putra covering 850 acres of land

# 2002

Listed on the Main Market of Bursa Malaysia and expanded to Johor and Zhuhai China

# 2016

Build Cameron Centrum with 86 acres project, biggest mixed development in Brinchang

Launched of Melaka Cultural and Trade Center Zhuhai, China

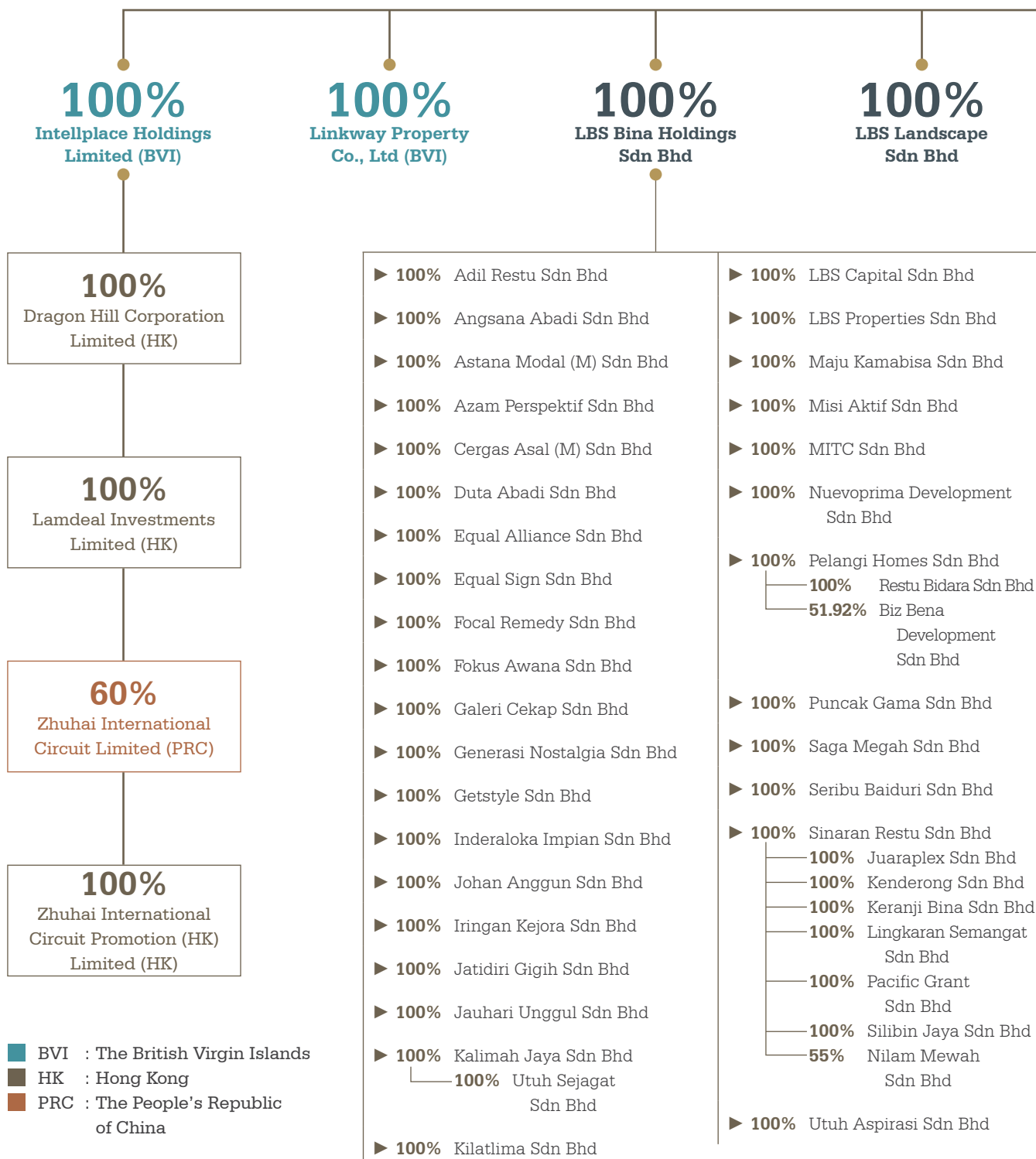
# 2017

Build LBS Alam Perdana, second township in Klang Valley on 469.86-acre land



# CORPORATE *Structure*

AS AT 31 MARCH 2018







**100%**  
**Maju Kepunyaan**  
**Sdn Bhd**

- **100%** Sepadan Maju Sdn Bhd
- **85%** Johan Anggun Sdn Bhd
- **80%** Kemudi Ehsan Sdn Bhd
- **80%** Pembangunan Primer Sdn Bhd
- **80%** Prima Utuh Sdn Bhd
- **75%** Koleksi Sigma Sdn Bhd
- **71%** Generasi Simbolik Sdn Bhd
- **70%** Alunan Prestasi Sdn Bhd
- **70%** LBS Maju Sdn Bhd
- **69%** Casa Inspirasi Sdn Bhd
- **61%** Dataran Enigma Sdn Bhd
- **60%** Bimbingan Sumber Sdn Bhd
- **60%** Healthguard Medicare Sdn Bhd
- **60%** Nuevo Attraction & Destination Sdn Bhd
- **55%** Megah Solaris Sdn Bhd
- **51%** Bimbingan Simfoni Sdn Bhd
- **51%** Dayang Merdeka Sdn Bhd

**100%**  
**SAUJANA TUNGGAL**  
**SDN BHD**



**100%** Gerbang Mekar Sdn Bhd

- **51%** Induk Pelita Sdn Bhd
- **51%** LBS Borneo Sdn Bhd
- **51%** Legasi Holdings Group Sdn Bhd
- **51%** Mayang Jelatek Sdn Bhd
- **51%** Panglima Riang Sdn Bhd
- **51%** Retro Court Sdn Bhd
- **51%** Seloka Sinaran Sdn Bhd
- **51%** Taman Sempurna Sdn Bhd
- **51%** Wirama Era Baru Sdn Bhd
- **40%** Bayu Cergas Sdn Bhd
- **35%** Usaha Semarak Sdn Bhd
- **30%** Pristine Sunrise (M) Sdn Bhd
- **30%** Sambungan Aktif Sdn Bhd
- **30%** Setara Armada Sdn Bhd
- **30%** Warnasari Idaman Sdn Bhd
- **20%** Tarikan Puncak Sdn Bhd

**60%**  
**SPJ Construction**  
**Sdn Bhd**

**54.72%**  
**MGB BERHAD**  
**(formerly known as ML**  
**Global Berhad)**

- **100%** MGB Construction Sdn Bhd (formerly known as Vintage Tiles Industries Sdn Bhd)
- **100%** MGB Land Sdn Bhd (formerly known as Vintage Tiles Industries (EM) Sdn Bhd)
  - **100%** Delta Gallery Sdn Bhd
  - **100%** Idaman Kukuh Sdn Bhd
  - **100%** Multi Court Developers Sdn Bhd
- **100%** MITC Engineering Sdn Bhd
  - **100%** Prisma Craft Sdn Bhd
  - **100%** Prisma Kasturi Sdn Bhd
  - **100%** Top Ace Solutions Sdn Bhd
  - **70%** MGB Geotech Sdn Bhd
  - **51%** MGB Sany (M) IBS Sdn Bhd
  - **30%** YLT Consultancy Sdn Bhd
- **100%** Vintage Roofing & Construction Sdn Bhd
  - **100%** Tirai Impresif Sdn Bhd
  - **100%** VTI Consortium Sdn Bhd
- **100%** Vintage Tiles Holding Sdn Bhd
- **80%** Newsteel Building Systems Sdn Bhd
- **51%** Alunan Warta Sdn Bhd

# CORPORATE *Information*

AS AT 31 MARCH 2018

## REGISTERED OFFICE

Plaza Seri Setia Level 1-4  
No. 1 Jalan SS9/2  
47300 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia  
T + 603 7877 7333  
F + 603 7877 7111

## BUSINESS ADDRESSES HEAD OFFICE

Plaza Seri Setia Level 1-4  
No. 1 Jalan SS9/2  
47300 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia  
T + 603 7877 7333  
F + 603 7877 7111

## CREDIT ADMINISTRATION

No. L3A-21 Plaza Seri Setia  
No. 1 Jalan SS9/2  
47300 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia  
T + 603 7861 6000  
F + 603 7861 6001/6002

## MITC SDN BHD

No. L3-22 Plaza Seri Setia  
No. 1 Jalan SS9/2  
47300 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia  
T + 603 7877 7333  
F + 603 7861 8077

## MITC SDN BHD

### (Property Management/ Maintenance & Project Audit)

No. L3-12 Plaza Seri Setia  
No. 1 Jalan SS9/2  
47300 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia  
T + 603 7877 7333  
F + 603 7861 8077

## MGB BERHAD

### (formerly known as ML GLOBAL BERHAD)

H-G Sunway PJ@51A  
Jalan SS9A/19 Seksyen 51A  
47300 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia  
T + 603 7874 5888  
F + 603 7874 5889

## NORTHERN REGION

### IPOH

No. 17 Jalan Medan Ipoh 1A  
Medan Ipoh Bistari  
31400 Ipoh  
Perak Darul Ridzuan  
Malaysia  
T + 605 255 8820  
F + 605 545 5111

## CAMERON HIGHLANDS

B3-31-G Brinchang Square  
Jalan Besar Brinchang  
39100 Cameron Highlands  
Pahang Darul Makmur  
Malaysia  
T + 605 491 5018  
F + 605 491 5020

## SOUTHERN REGION

### BATU PAHAT

No. 22 Jalan Kundang  
Taman Bukit Pasir  
83000 Batu Pahat  
Johor Darul Takzim  
Malaysia  
T + 607 438 8688  
F + 607 438 8233

## REGISTRAR

### Tricor Investor & Issuing House Services Sdn Bhd (11324-H)

Unit 32-01  
Level 32 Tower A  
Vertical Business Suite Avenue 3  
Bangsar South  
No. 8 Jalan Kerinchi  
59200 Kuala Lumpur  
Malaysia  
T + 603 2783 9299  
F + 603 2783 9222

## SALES OFFICES & GALLERIES

### D' ISLAND RESIDENCE

No. 3 Jalan Timur 9  
D' Island Residence  
47130 Puchong  
Selangor Darul Ehsan  
Malaysia  
Hotline: 1700 81 8998

### BANDAR SAUJANA PUTRA

No. 2 & 6 Jalan SPU 1  
Bandar Saujana Putra  
42610 Jenjarom  
Kuala Langat  
Selangor Darul Ehsan  
Malaysia  
Hotline: 1700 81 8998

### BRINCHANG SQUARE

B3-31-G Brinchang Square  
Jalan Besar Brinchang  
39100 Cameron Highlands  
Pahang Darul Makmur  
Malaysia  
T + 605 491 5018  
F + 605 491 5020

### KUANTAN

B6-G Jalan IM 7/5  
Bandar Indera Mahkota  
25200 Kuantan  
Pahang Darul Makmur  
Malaysia  
Hotline: 1700 81 8855



## CORPORATE REVIEW

### MIDHILLS, GENTING PERMAI

Lot 15360 Mukim Bentong  
Daerah Bentong  
Pahang Darul Makmur  
Malaysia  
Hotline: 1700 81 8998

### ZENOPY RESIDENCES

173 & 175 Jalan LP 7/2  
Taman Lestari Perdana  
Bandar Putra Permai  
43300 Seri Kembangan  
Selangor Darul Ehsan  
Malaysia  
Hotline: 1700 81 8998

### RESIDENSI BINTANG BUKIT JALIL

E13 Pusat Bandar Bukit Jalil  
Jalan Jalil Utama 2  
57000 Kuala Lumpur  
Malaysia  
Hotline: 1700 81 8998

### SKYLAKE RESIDENCE

Jalan Putra Perdana 5A  
Taman Putra Perdana  
47130 Puchong  
Selangor Darul Ehsan  
Malaysia  
Hotline: 1700 81 8998

### LBS PROPERTY GALLERY

G-10, Ground Floor, M3 Shopping Mall  
No. 7, Jalan Madrasah  
Taman Melati  
53100 Setapak  
Kuala Lumpur  
Malaysia  
Hotline: 1700 81 8998

### LBS ALAM PERDANA

Persiaran Alam Perdana  
Bandar Puncak Alam  
42300 Kuala Selangor  
Selangor Darul Ehsan  
Malaysia  
Hotline: 1700 81 8998

### SOLICITORS

Balendran Chong Advocates &  
Solicitors  
Ezzah Elia & Associates  
Gan & Zul  
H.S.Lim & Malik  
Lee, Ong & Partners  
L.M.N. Amran L. Ibrahim  
Manjit Singh Sachdev, Mohammad  
Radzi & Partners  
Nanthakumar & Co.  
Ong & Partners  
Steven Tai, Wong & Partners  
Teh Kim Teh, Salina & Co.  
The Law Chamber of Hedzril  
Ting & Ting

### AUDITORS

MESSRS. UHY

### PRINCIPAL BANKERS/ FINANCIERS

Affin Bank Berhad  
Al Rajhi Banking & Investment  
Corporation (Malaysia) Berhad  
AmBank (M) Berhad  
Bank Kerjasama Rakyat Malaysia  
Berhad  
Bank of China (Malaysia) Berhad  
CIMB Bank Berhad  
Industrial and Commercial Bank of  
China (Malaysia) Berhad  
Kuwait Finance House (Malaysia)  
Berhad  
Malayan Banking Berhad  
Malaysia Building Society Berhad  
Public Bank Berhad  
RHB Bank Berhad  
The Bank of East Asia, Limited  
United Overseas Bank (Malaysia)  
Berhad


### STOCK EXCHANGE LISTING

Main Market, Bursa Malaysia  
Securities Berhad  
since 30 January 2002  
Stock Code : 5789  
Stock Name : LBS  
Sector : Properties

### WEBSITE


 [www.lbs.com.my](http://www.lbs.com.my)

### EMAIL

 Customer Service:  
[cs@lbs.com.my](mailto:cs@lbs.com.my)

### SOCIAL MEDIA

Follow us on:

 WECHAT  
[lbsbinagroupmy](https://www.lbsbinagroupmy.com)  
(Subscription Account)

 YOUTUBE  
[lbsbinagroup](https://www.youtube.com/lbsbinagroup)

 TWITTER  
[lbsbinagroup](https://twitter.com/lbsbinagroup)

 FACEBOOK  
[lbsbinagroup](https://www.facebook.com/lbsbinagroup)

 INSTAGRAM  
[lbsbinagroup](https://www.instagram.com/lbsbinagroup)

# CORPORATE *Calendar* 2017



1



2



3

## FEBRUARY

### 3 8 February 2017

#### Sumptuous Chinese New Year Appreciation Dinner

LBS has hosted a casual yet sumptuous Chinese New Year Appreciation Dinner for the families, staff, members of media and suppliers.



5

### 5 15 March 2017

#### Melaka Cultural Festival

LBS presents Commemorative Trishaws to Melaka State Government to put Malaysia's Cultural Identity on the map with Melaka Cultural and Trade Centre in China.

## MARCH

### 4 3-13 March 2017

#### Tan Sri Lim Hock San Represents Malaysia at 'Lianghui' Annual Meeting in China

Tan Sri Lim Hock San, Group Managing Director presented Proposal for Greater Malaysia-China Relations at China's Annual Parliamentary and Consultative Sessions.

## JANUARY

### 1 5 January 2017

#### Media Briefing

LBS Bina Group Berhad surpasses 2016 sales target, remains optimistic about 2017.

### 2 20 January 2017

#### LBS Annual Internal Communication Briefing 2017



4





## CORPORATE CALENDAR 2017



6



7

### 6 16 March 2017

#### 34<sup>th</sup> Kiwanis Treasure Hunt 2017

LBS sponsored RM120,000.00 for the 34<sup>th</sup> Kiwanis Treasure Hunt.

### 7 27 March 2017

#### StarProperty.my Awards 2017

- LBS awarded the Merit Winner of the "Best Quality & Finishing" in the Best Touch & Feel Award for Midhills.
- LBS awarded the Honours Winner of the "Best Waterfront Developments" in the Poseidon Award for D' Island Residence.



8

### 8 28 March 2017

#### The Star's Step Up School Sponsorship Programme 2017

LBS sponsored The Star's education programme - The Step Up and Star NiE by sponsoring RM60,000 for the sixth consecutive year to schools.

## APRIL

### 9 21 April 2017

#### LBSclub 8<sup>th</sup> Bowling Tournament 2017 @ Mega Lane, Sunway Pyramid



9



10



11

## MAY

### 10 8 May 2017

#### Property Insight Prestigious Developer Awards (PIPDA) 2017

LBS honoured among Malaysia's Top 10 Developers at PIPDA 2017.

### 11 15 May 2017

#### BCI Asia Top 10 Developers Awards 2017

LBS awarded the "Top 10 Developers – D' Island Residence".

## CORPORATE CALENDAR 2017

**12 23 May 2017****The BrandLaureate BestBrands Awards 2016 – 2017**

LBS awarded the “The BrandLaureate Brand Influencer of the Year Award 2016 – 2017”.



12

**13 27-29 May 2017****LBSclub 6<sup>th</sup> Treasure Hunt from Petaling Jaya to Weil Hotel, Ipoh**

13

**14 31 May 2017****17<sup>th</sup> Annual General Meeting 2017 @ Tropicana Golf & Country Resort**

14



16



15



17

**JULY****15 8 July 2017****13<sup>th</sup> Malaysia Festival of the Mind Promotes Brain Exercises for Sharper Minds**

LBS pledged RM40,000 in support of the Malaysia Mental Literacy movement's effort to develop the Nation's Human Capital Resources.

**16 21 July 2017****CSR Malaysia Award 2017**

LBS awarded the “Top 30 Recognised for Outstanding Outreach Efforts at CSR Malaysia Awards – 2017”.

**AUGUST****17 12-19 August 2017****Training**

Senior Management Staff from LBS and MGB Berhad attended the seminar on “Human Resources Training - To Enhance Critical Thinking Skill in Order To Develop Effective Communication and Viable Options for Problem Solving”.





## CORPORATE CALENDAR 2017

**18 18 August 2017**

### PropertyGuru Asia Property Awards 2017

LBS gained recognition for Championing Affordable Homes.

**19 22 August 2017**

A Courtesy visit by Tengku Mahkota Tengku Abdullah Al-Haj Ibni Sultan Haji Ahmad Shah Al-Musta'in Billah, Crown Prince and Regent of Pahang to Cameron Centrum



20



22



18

## SEPTEMBER

**20 08 September 2017**

### Blood Donation Campaign 2017

LBS collaborated with Persatuan Hokkien Sungai Way in organising a blood donation campaign.

**21 15 September 2017**

### The Malaysia Book of Records 2017

Tan Sri Lim Hock San, Group Managing Director receiving the award "The Most Influential Entrepreneurs Of The Year".



23



19



21

**22 20 September 2017**

### Budget 2018

LBS proposed initiatives and more allocation to empower first time home buyers.

**23 21 September 2017**

### Launch of LBS Skylake Residence

Official launch of affordable homes in Puchong.

## CORPORATE CALENDAR 2017



24

**24 30 September 2017****25<sup>th</sup> Anniversary of LBS**

Double Joy, LBS celebrated 25<sup>th</sup> years in the property development industry and 15<sup>th</sup> Anniversary of Bursa Listing with "Let's Sail In Style" theme.



26

**26 20 October 2017****In-house Seminar 2017**

Management Staff attended the seminar on "Fire Evacuation Plan".



27



28

**28 28 October 2017****H.E.A.R. (Heart. Ear. Assistant. Reaction.)**

LBS sponsored a very meaningful project which organised by UKM, theme - H.E.A.R. to create and spread awareness on preventing bully and suicide cases.

**OCTOBER****25 5 October 2017****20<sup>th</sup> National Housing and Property Summit**

Tan Sri Lim Hock San, Group Managing Director as one of the panels for "CEO Roundtable: Overcoming Key Issues and Challenges in Housing & Property Development" session.



25





## CORPORATE CALENDAR 2017

### NOVEMBER

**29 2 November 2017**

#### **2017 LBS Media Appreciation Night**

Theme “Let’s Sail In Style on board the LBS Royal Cruise”.

**30 8 November 2017**

#### **Official Launch of LBS Alam Perdana Sales Gallery & Township**



29



31



32

**31 9 November 2017**

#### **Social Media Award**

LBS has been conferred the award of “Social Media Excellence Award: Property - Emerging in Social Media”.

**32 13 November 2017**

#### **The World Chinese Economic Summit Award 2017**

Tan Sri Lim Hock San, Group Managing Director received the award “Special Distinguished Award For Promotion of China-ASEAN Relations”.



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33

**33 22 November 2017**

#### **Worldwide Excellence Award 2017**

Tan Sri Lim Hock San, Group Managing Director of LBS received the award “Person of The Year”.

### DECEMBER

**34 8 December 2017**

#### **Launch of Property Gallery @ M3 Mall, Setapak**



34



**Revenue**

**RM1.36 BIL**

**+37%** from RM993.6 mil

**Profit Before Tax**

**RM190 MIL**

**+32%** from RM144 mil





PLACING PEOPLE  
AND THE BUILD  
ENVIRONMENT AT  
THE HEART OF OUR  
APPROACH





# BOARD AND BOARD *Committees*

## BOARD OF DIRECTORS

**Dato' Seri Lim Bock Seng**

SSSA, DPMS, AMN  
(Chairman)

**Tan Sri Lim Hock San**

PSM, SSAP, DSSA, JP  
(Group Managing Director)

**Datuk Wira Lim Hock Guan**

DCSM, DMSM, PJK, JP  
(Executive Director)

**Maj (Hon) Dato' Sri Lim Hock Sing**

SSAP, DIMP, JP  
(Executive Director)

**Dato' Sri Lim Hock Seong**

SSAP, DMSM  
(Executive Director)

**Dato' Chia Lok Yuen**

DIMP  
(Executive Director)

**Dato' Lim Mooi Pang**

DIMP  
(Executive Director)

**Datuk Dr. Haji Baharum Bin****Haji Mohamed**

DMSM, AMN, PIS  
(Senior Independent Non-Executive Director)

**Datuk Lim Si Cheng**

PJN, PIS  
(Independent Non-Executive Director)

**Lim Tong Lee**

(Independent Non-Executive Director)





## BOARD AND BOARD COMMITTEES



### AUDIT COMMITTEE

Lim Tong Lee (*Chairman*)  
Datuk Dr. Haji Baharum Bin Haji  
Mohamed  
Datuk Lim Si Cheng

### NOMINATION AND REMUNERATION COMMITTEE

Datuk Dr. Haji Baharum Bin Haji  
Mohamed (*Chairman*)  
Lim Tong Lee  
Datuk Lim Si Cheng

### ESOS COMMITTEE

Lim Tong Lee (*Chairman*)  
Datuk Dr. Haji Baharum Bin Haji  
Mohamed  
Datuk Lim Si Cheng  
Datuk Wira Lim Hock Guan  
Dato' Chia Lok Yuen

### RISK MANAGEMENT COMMITTEE

Tan Sri Lim Hock San (*Chairman*)  
Datuk Wira Lim Hock Guan  
Dato' Chia Lok Yuen  
Dato' Lim Mooi Pang  
Chang Yee Khim  
Lau Sau Kheng  
Loh Yin Hui

### COMPANY SECRETARY

Lee Ching Ching

# BOARD OF *Directors*

From left to right:

**DATO' SERI  
LIM BOCK SENG**  
Chairman

**TAN SRI  
LIM HOCK SAN**  
Group Managing Director



From left to right:

**DATUK WIRA LIM  
HOCK GUAN**  
Executive Director

**MAJ (HON) DATO'  
SRI LIM HOCK SING**  
Executive Director

**DATO' SRI LIM  
HOCK SEONG**  
Executive Director





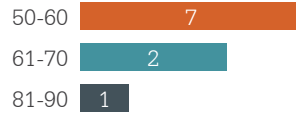


## ► BOARD OF DIRECTORS

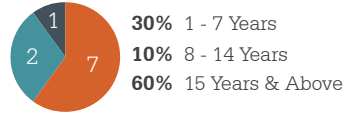
### Gender



### Age Group



### Length of Service



From left to right:

**DATO'  
CHIA LOK YUEN**  
Executive Director

**DATO'  
LIM MOOI PANG**  
Executive Director



From left to right:

**DATUK LIM SI CHENG**  
Director

**DATUK DR. HAJI BAHARUM  
BIN HAJI MOHAMED**  
Director

**LIM TONG LEE**  
Director

# DIRECTORS' *Profile*

## DATO' SERI LIM BOCK SENG

Chairman, Non-Independent Non-Executive Director



Male



Age 87



Malaysian

Dato' Seri Lim, the founder of LBS Bina Holdings Sdn Bhd ("LBS"), was appointed as the Chairman of LBS Bina Group Berhad ("LBGB" or "Group" or "Company") on 6 December 2001. He has more than 50 years of experience in the construction and property development sectors. He was initially involved in the supply and transportation of sand, aggregates, earth and ball clay for construction of infrastructure works such as earthworks, sewerage works, roads and drainage. Subsequently, he ventured into construction of houses, shops and factory buildings.

Dato' Seri Lim is active in community activities, particularly in the Seri Setia area in Petaling Jaya, Selangor. He sits on the boards and committees of several non-profit-making organisations. He is the Permanent Honorary Chairman of Seri Setia Old Folks Home, Honorary Adviser to Khuan Loke Club, Seri Setia, Honorary Adviser to General Traders Association, Sungai Way – Subang, Honorary Chairman of the Old Boys Association of SJK (C) Sungai Way, Honorary Adviser for Youth Club Sungai Way, Honorary Adviser of Selangor

and Kuala Lumpur Lim Clansmen Association, Honorary Chairman of the Management Board and Building Committee of SJK (C) Sungai Way, Honorary Chairman of Persatuan Hokkien Sungai Way, Honorary President of the Federation of Hokkien Association, Malaysia, Permanent Honorary Adviser to Loong Thien Kong, Kajang, Permanent Honorary Adviser to Persatuan Penganut Tho Guan Sen, Permanent Honorary Adviser to Wei Long Temple Happy Garden Kuala Lumpur, Honorary Chairman to Ulu Selangor Ann Kooi Association, Honorary Adviser to Federation of Association of Lim Clansmen and Honorary Chairman to Selangor & Kuala Lumpur Ann Kooi Association. Dato' Seri Lim also sits on the board of several subsidiaries of the Group.

He is the father of Tan Sri Lim Hock San (Group Managing Director), Datuk Wira Lim Hock Guan (Executive Director), Maj (Hon) Dato' Sri Lim Hock Sing (Executive Director), Dato' Sri Lim Hock Seong (Executive Director) and Dato' Lim Mooi Pang (Executive Director).



## DIRECTORS' PROFILE

### TAN SRI LIM HOCK SAN

Group Managing Director,  
Non-Independent Executive Director



Male



Age 60



Malaysian

Upon graduation in 1982 with First Class Honours in Civil Engineering from the University of Wales, UK, Tan Sri Lim returned to Malaysia to assist in the family business of lorry transportation and construction works. Two decades later, the businesses have expanded into property development, insurance and tourism. On 6 December 2001, Tan Sri Lim was appointed the Managing Director of LBS Bina Group Berhad ("LBGB").

With excellent entrepreneurship, acquired management skills and experienced technical expertise, Tan Sri Lim became the Key Leader and spearheaded LBGB and its subsidiaries ("Group") to become one of the leading players in the property development industry.

These outstanding accolades were awarded personally to Tan Sri Lim:-

- i. Second Prize in the British Steel Corporation Competition for Design in Hollow Steel Section, 1982
- ii. Recipient of the inaugural Platinum Entrepreneur Award by SMI Association of Malaysia, 2011
- iii. Prestigious Entrepreneur of the Year by Asia Pacific Entrepreneurship Awards (APEA), 2012
- iv. Malaysia Best Company for Leadership of Property Development of the Year by International Alternative Investment Review (IAIR) Awards, 2014
- v. Conferment of World Chinese Economic Summit (WCES) Lifetime Achievement Award for continued efforts in enhancing bilateral relations between Malaysia and China (Guangdong Province), 2015
- vi. Bestowed with The BrandLaureate Hall of Fame – Lifetime Achievement Brand Icon Leadership Awards by Asia Pacific Brands Foundations, 2015
- vii. Global Best Company for Leadership of Property Development of the Year by International Alternative Investment Review (IAIR) Awards, 2016
- viii. Most Affluent Chinese Entrepreneur Awards, 2016
- ix. Property Insight Prestigious Developer Awards (PIPDA) - Personality of the Year, 2017

- x. Asia Corporate Excellence & Sustainability Awards (ACES) - Outstanding Leader in Asia, 2017
- xi. Special Distinguished Award for Promotion of China-ASEAN Relations at the 9<sup>th</sup> World Chinese Economic Summit (WCES), 2017
- xii. Worldwide Excellence Award (WEA) - Person of the Year, 2017
- xiii. Queen Victoria Commemorative Medal by The Europe Business Assembly, 2017

Being a philanthropist and an active advocate of social and community works, Tan Sri Lim sits on the board of these organisations:-

1. Chairman, Board of Governors of SMJK Katholik
2. Chairman, Board of Governors of SJK (C) Tun Tan Siew Sin
3. President, The Federation of Malaysia Lim Associations
4. President, Malaysia-Guangdong Chamber of Investment Promotion
5. President, Wushu Federation of Federal Territory Kuala Lumpur
6. President, Malaysia Chamber of Commerce in China-Guangdong
7. President, Persekutuan Persatuan-Persatuan Ann Koai Malaysia
8. President, Persatuan Anxi Selangor Dan W.P Kuala Lumpur
9. Vice President, Fujian Overseas Exchanges Association 6th Council
10. Vice President, The World Lin's Association
11. Honorary Life Chairman, Board of Governors of SJK (C) Sungai Way
12. Honorary Life Chairman, Selangor Petaling Business & Industry Association
13. Honorary Chairman, Rumah Berhala Leng Eng Tian
14. Honorary Life President, Gabungan Persatuan Cina Petaling Jaya, Selangor
15. Honorary President, Malaysia-China Silk Road Entrepreneurs Association
16. Honorary President, The Federation of Malaysian Clans and Guilds Youth Association
17. Honorary President, Catholic High School Alumni Association
18. Honorary President, Persatuan Penganut Tho Guan Sen

19. Honorary President, Young Malaysians Movement
20. Honorary Life Adviser, The Federation of Chinese Associations Malaysia
21. Honorary Adviser, The Federation of Malaysia Chinese Surname Association
22. Honorary Adviser, Malaysia-China Chamber of Commerce
23. Honorary Adviser, Gabungan Persatuan Keturunan Cina Negeri Sembilan
24. Adviser, Persatuan Ko Chow Sungai Way
25. Adviser, Kelab Sungai Way
26. Adviser, Majlis Pembangunan Sekolah Menengah Jenis Kebangsaan (Conforming) Malaysia
27. Advisory Committee, Malaysia China Mergers & Acquisitions Association
28. Deputy Chairman, Selangor/KL Lim Clansmen Association
29. Overseas Representative, The 5th Session of The 12th Chinese People's Political Consultative Conference
30. Overseas Representative, Fujian Chinese People's Political Consultative Conference
31. Committee, The 6th China Overseas Exchange Association
32. Committee, China Federation 9th Plenary Session
33. Committee, China Chamber of International Commerce
34. Committee, Fujian Provincial Federation
35. National Council Member, The Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM)

In addition, Tan Sri Lim holds directorship of several subsidiaries in the LBS Group, Chairman of Risk Management Committee in LBGB and Managing Director of MGB Berhad (formerly known as ML Global Berhad).

He is the eldest son of Dato' Seri Lim Bock Seng (Chairman) and brother of Datuk Wira Lim Hock Guan (Executive Director), Major (Hon) Dato' Sri Lim Hock Sing (Executive Director), Dato' Sri Lim Hock Seong (Executive Director) and Dato' Lim Mooi Pang (Executive Director).



## DIRECTORS' PROFILE

### DATUK WIRA LIM HOCK GUAN

Executive Director, Non-Independent Executive Director



Male



Age 56



Malaysian

Datuk Wira Lim Hock Guan was appointed as Executive Director of LBGB on 6 December 2001. He holds a B.Sc. Civil Engineering from the Tennessee Technology University, USA. Datuk Wira Lim Hock Guan started his career as a Civil Engineer upon his graduation.

Datuk Wira Lim Hock Guan has more than 30 years of extensive experience in the field of property development and construction. He is in charge of the Group's projects in Klang Valley and he is one of the major driving forces behind the LBS Group's successful implementation of the projects in the Klang Valley.

Datuk Wira Lim Hock Guan sits on the board of several subsidiaries of the Group. He is a member of the Risk Management Committee and ESOS Committee in LBGB. He also sits on the board of Zhuhai Holdings Investment Group Limited, a company listed on the Main Board of Hong Kong Stock Exchange, as Non-Executive Director.

He is also active in community works and has involved in several non-profit-making organisations. He is the Chairman of Persatuan Hokkien Sungai Way, President of Selangor Petaling Business & Industry Association, Vice President of Malaysia-Guangdong Chamber of Investment Promotion and

the Vice President of The Malaysian Chamber of Commerce in Guangdong, China. He is also a qualified sharpshooter from National Rifle Association, Washington D.C. Datuk Wira Lim Hock Guan also sits on the board of MGB Berhad (formerly known as ML Global Berhad), a listed company as a Non-Independent Executive Director and several subsidiaries of the Group.

He is the son of Dato' Seri Lim Bock Seng (Chairman) and brother of Tan Sri Lim Hock San (Group Managing Director), Maj (Hon) Dato' Sri Lim Hock Sing (Executive Director), Dato' Sri Lim Hock Seong (Executive Director) and Dato' Lim Mooi Pang (Executive Director).

### MAJ (HON) DATO' SRI LIM HOCK SING

Executive Director, Non-Independent Executive Director



Male



Age 54



Malaysian

Maj (Hon) Dato' Sri Lim Hock Sing was appointed as Executive Director of LBGB on 6 December 2001. Obtaining his Bachelor of Accounting Degree from Eastern Washington University in 1989, he started practicing as an audit supervisor at Khoo & Co, a local public accounting firm. He was appointed Director of LBS in 1991 and has been entrusted with LBS Group's interests in the states of Pahang and Johor.

Dato' Sri Lim Hock Sing has devoted his professional career into LBS. With his accountancy background and also over 30 years of experience in property development, he has contributed invaluable aptitude in matters of finance, marketing and real estate evaluation. He is active in the day-to-day operation of the Group.

Apart from the corporate personality which he is known for, Dato' Sri Lim Hock Sing also blends well with the community. His environmental concerns are reflected in his position as one of the Trustees in Sultan Ahmad Shah Environment Trust (SASET) since 2012. He is also a contributing member of Persatuan Warga Cinta Negara Malaysia (PENCINTA) and engaged in central roles for organisations like Young Entrepreneurs Association of Malaysia (PUUM) and Sungai Way Hokkien Association.

Being an active advocate of social and community works, Dato' Sri Lim Hock Sing sits as Chairman of Board of Governors of SJK (C) Sungai Way in January 2017 and Chairman of Persatuan Penganut Agama Buddha Kunzang Chokhor Ling Selangor since 2015.

Due to the respectable corporate figure he portrays, he was invited to join as a committee member of the Malaysia-Kuwait Business Council, an organisation formed under the Malaysia External Trade Development Corporation (MATRADE).

Dato' Sri Lim Hock Sing was awarded the rank of Honorary Major in the 505<sup>th</sup> Regiment of The Reserve Army of Malaysia by K.D.Y.T.M. Tengku Mahkota Pahang, Tengku Abdullah Al-Haj Ibni Sultan Haji Ahmad Shah Al-Musta'in Billah in 2012.

He is the third son of Dato' Sri Lim Bock Seng (Chairman), brother to Tan Sri Lim Hock San (Group Managing Director), Datuk Wira Lim Hock Guan (Executive Director), Dato' Sri Lim Hock Seong (Executive Director) and Dato' Lim Mooi Pang (Executive Director).



## DIRECTORS' PROFILE

## DATO' SRI LIM HOCK SEONG

Executive Director, Non-Independent Executive Director



Male



Age 52



Malaysian

Dato' Sri Lim Hock Seong graduated from Kolej Damansara Utama with a Diploma in Telecommunication and Computer Engineering in 1990, and was appointed Executive Director of LBGB on 6 December 2001. He is also the Executive Director of LBS since 1992.

As a Director in charge of property development projects in Perak, he monitors the initialisation, planning, management and overseeing day-to-day operations of the projects.

He is a member of the Yayasan Ang Koai Selangor, the Malaysian Chinese Association, the Persatuan Hokkien Seri Setia as well as other charitable and non-profit-making organisations. Dato' Sri Lim Hock Seong is also actively involved in community works. He also sits on the board of several subsidiaries of the Group.

Upon playing an active role in the social development and well-being of the community, Dato' Sri Lim Hock Seong

has been conferred the Darjah Kebesaran Sri Sultan Ahmad Shah Pahang by the Sultan of Pahang in 2017.

He is the son of Dato' Seri Lim Bock Seng (Chairman) and brother of Tan Sri Lim Hock San (Group Managing Director), Datuk Wira Lim Hock Guan (Executive Director), Maj (Hon) Dato' Sri Lim Hock Sing (Executive Director) and Dato' Lim Mooi Pang (Executive Director).

## DATO' CHIA LOK YUEN

Executive Director, Independent Executive Director



Male



Age 59



Malaysian

Dato' Chia Lok Yuen was appointed as a Director of LBGB on 6 December 2001 and was promoted to Executive Director on 1 July 2005. He is an Associate member of the Institute of Chartered Secretaries and Administrator, UK (ACIS) and has obtained a Diploma in Banking And Finance from the Institute of Bankers Malaysia. He is also a MBA graduate from the prestigious Heriott-Watt University in Edinburgh, United Kingdom.

Dato' Chia was previously a banker by profession under the employment of a well-known domestic bank for more than 16 years. He has gained vast experience and exposure in local and international corporate business dealings.

He joined LBS as Senior General Manager in 1996 in charge of the overall management and business operations of the Group. He has contributed significantly towards the growth of the LBGB Group and its subsequent listing in the Bursa Malaysia Securities Berhad.

He is responsible for LBS Group's corporate functions including IT, Treasury, Investor Relations, Legal, Credit & Property Management and Secretarial & Corporate Affairs.

Dato' Chia also sits on the board of several subsidiaries of the Group. He is also a member of the Risk Management Committee and ESOS Committee in LBGB. He does not have any family relationship with any Director and/or Major Shareholder of the Company.

## DIRECTORS' PROFILE

### DATO' LIM MOOI PANG

Executive Director, Non-Independent Executive Director



Female



Age 51



Malaysian

Dato' Lim Mooi Pang was appointed as Executive Director of LBGB on 16 July 2009. She graduated with an Honour Degree in Management Studies from the University of Waikato, New Zealand. She began her career with Messrs. Ernst & Young New Zealand where she attained her qualifications as a member of the New Zealand Institute of Chartered Accountants. Her last position with Ernst & Young was as Senior Audit Manager. In December 2017, Dato' Lim Mooi Pang was elevated to a Fellow of Chartered Accountants Australia and New Zealand.

Before joining LBS Group in May 2004, she was the Director of Finance

and Administration with Speedline Technologies, an American multinational company based in Singapore.

Prior to her current position, Dato' Lim Mooi Pang was the Senior General Manager of the Overseas Operating Division where she oversaw and managed LBS Group's investments in Zhuhai, China. She continues to be the Vice-Chairman of Zhuhai International Circuit Ltd.

She is currently responsible for LBS Group's corporate functions in Accounts and Finance, Human Resource and Administration, Purchasing and Rental, Sales and Marketing Communication.

Dato' Lim Mooi Pang also sits on the board of several subsidiaries of the Group. In addition, she is the Chairperson of Sustainability Committee and a Member of Risk Management Committee in LBGB.

Dato' Lim Mooi Pang is the daughter of Dato' Seri Lim Bock Seng (Chairman), sister of Tan Sri Lim Hock San (Group Managing Director), Datuk Wira Lim Hock Guan (Executive Director), Maj (Hon) Dato' Sri Lim Hock Sing (Executive Director) and Dato' Sri Lim Hock Seong (Executive Director).

### DATUK DR. HAJI BAHARUM BIN HAJI MOHAMED

Director, Senior Independent Non-Executive Director



Male



Age 61



Malaysian

Datuk Dr. Haji Baharum bin Haji Mohamed was appointed as Independent Non-Executive Director of LBGB on 20 August 2013 and designated as Senior Independent Non-Executive Director on 19 April 2014. He is currently the Director of FELCRA Berhad.

Datuk Dr. Baharum graduated from the UKM, Malaysia with a Bachelor of Social Science (Honours) in 1982. He also obtained certificate in Business Management from AIM, Manila in 1985. He obtained Master Degree from EUI, Ireland in 2003 and graduated with a

doctorate in PhD (Environmental studies) from University Utara Malaysia in 2015.

After graduated in 1982, he started his career as officer with Majlis Amanah Rakyat (MARA) from 1982 to 1986 and thereafter appointed as Deputy Director of MARA in the states of Negeri Sembilan (1987 to 1989) and Sabah (1989 to 1992). He was a Special Officer to YB Chairman of MARA from 1992 to 1995 prior to his appointment as Principal Secretary to the Deputy Minister of the Prime Minister's Department from 1995 to 1998.

He was the former Chairman of Lembaga Pelesenan Kenderaan Perdagangan (CVLB) Semenanjung Malaysia from 2004 to 2006 and was also appointed as Chairman of UDA Holding Berhad from year 2006 to 2008. Presently, he is the Executive Chairman of a privately owned company involved in construction.

Datuk Dr. Baharum is Chairman of the Nomination and Remuneration Committee and member of the Audit Committee and ESOS Committee in LBGB. He does not have any family relationship with any Director and/or Major Shareholder of the Company.





## DIRECTORS' PROFILE

## DATUK LIM SI CHENG

Director, Independent Non-Executive Director



Male



Age 68



Malaysian

Datuk Lim Si Cheng was appointed as Independent Non-Executive Director of LBGB on 20 August 2013.

Datuk Lim began his career as a journalist in 1968. From 1982 to 1990, he was a State Assemblyman of Bandar Segamat and Exco Member of Johor State Government from 1986 to 1990. He was appointed as Political Secretary to the Minister of Transport, Malaysia from 1990 to 1995. Following this, he was elected as Member of Parliament Kulai, Johor for 3 consecutive terms from 1995 to 2008.

Datuk Lim then moved to House of Representative, Parliament Malaysia and served as Deputy Speaker started from 1999 until February 2008. He was a member of the Malaysian Pepper Board from 2008 to 2011.

Datuk Lim holds directorship in various companies which include Ralco Corporation Berhad and Koperasi Jayadiri Malaysia Bhd. He is also very active in community works of various charitable organisations. Presently, Datuk Lim is the Deputy Chairman of MCA Disciplinary Board, University

Tunku Abdul Rahman council member, Trustee in Huaren Education Foundation, Trustees in Chang Ming Thien Foundation, board member of VTAR Education Sdn Bhd and committee member of Malaysia Mental Literacy Movement.

Datuk Lim is a member of the Audit Committee, Nomination and Remuneration Committee and ESOS Committee in LBGB. He does not have any family relationship with any Director and/or Major Shareholder of the Company.

## LIM TONG LEE

Director, Independent Non-Executive Director



Male



Age 50



Malaysian

Lim Tong Lee was appointed as Independent Non-Executive Director of LBGB on 22 May 2013. He also sits on the Board of ValueMax Group Ltd, a company listed on the Main Board of Singapore Exchange, as Independent Non-Executive Director.

He has more than 25 years working experience in private equity, corporate finance and audit. He was the Head of Corporate Finance with KGI Fraser Securities Pte Ltd, Singapore from 2015 to 2017, Venstar Capital Management Pte Ltd, Singapore, from 2014 to 2015 as Senior Vice President, AmWater

Investments Management Pte Ltd in 2013 as Chief Investment Officer and AmFraser Securities Pte Ltd, Singapore as Director/Head of Corporate Finance from 2007 to 2012. He was with AmInvestment Bank Berhad from 1995 to 1997 and 1999 to 2007 with last position as Director of Corporate Finance.

He was attached to Ernst & Young, Kuala Lumpur office for 5 years prior to joining AmInvestment Bank in 1995. Between 1997 to 1999, he was employed as the General Manager, Corporate Finance of a property development company.

He is a Fellow Member of Association of Chartered Certified Accountants, United Kingdom, a member of Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.

He is Chairman of the Audit Committee and ESOS Committee in LBGB. He does not have any family relationship with any Director and/or Major Shareholder of the Company.

# KEY SENIOR *Management*

**NICHOLAS LOO  
KONG CHIN**

Assistant General  
Manager of Project  
Dept – Cameron  
Highlands

**PUAN SRI KAREN  
WANG SWEE HONG**

Senior General  
Manager of IT Dept

**WONG KAH YEEN**

General Manager of  
Credit Administration  
Dept

**VICTOR LIM  
SENG LEE**

Senior General  
Manager of Investor  
Relations Dept

**CHEN SAU HIONG**

General Manager of  
Project Dept





► BOARD OF DIRECTORS

**LEE CHEONG SAN**  
Assistant General  
Manager of Project  
Dept

**SALLY LAU SAU KHING**  
General Manager of  
Sales and MarCom Dept

**CHANG YEE KHIM**  
General Manager of  
Accounts and Finance  
Dept

**LOH YIN HUI**  
General Manager of  
Property Management/  
Maintenance & Project  
Audit Dept

**DORIS LEE  
CHING CHING**  
General Manager of  
Secretarial &  
Corporate Affairs  
Dept





## KEY SENIOR MANAGEMENT PROFILE

### NICHOLAS LOO KONG CHIN

Assistant General Manager of  
Project Dept – Cameron Highlands

 Male  Age 42  Malaysian

Nicholas Loo Kong Chin, graduated from the prestigious university in United Kingdom, Heriot-Watt University in Edinburgh. He obtained the Bsc in Construction Management in 2004 and Second Upper Diploma in Quantity Surveyor in 1997. He is the member of Charter Institute Of Building in UK.

He has more than 20 years' experience in the property development and construction Industry; accomplished few Township developments including Taman Setapak Jaya Baru, Bandar Pinggiran Subang and Taman Kintaman Klang. Moreover, he also has involved in few hospitality projects in his past working life such as Best Western Hotel at Bangsar Trade Centre and Amari Hotel at Tanjung Tuah, Melaka.

He begins joined LBS in 2014 and assigned to manage the Cameron Highlands township development. During of his service, he has accomplished the prestigious Golden Hill Township at Berincang. Currently, he is taking responsibility of the planning and implementation of the Cameron Highlands project, and other related project matters of the Group.

### PUAN SRI KAREN WANG SWEE HONG

Senior General Manager of IT Dept

 Female  Age 58  Malaysian

Puan Sri Karen started her career with LBS Bina Group in September 1982. She first joined the group as an Office Administrator after completing the ICSA course in London, UK. During the employment years, she has served as the Company Secretary, Personal Assistant to Managing Director, Head of Administration & IT Department and currently, heading the IT Department.

Under the portfolio of the IT Department, Puan Sri coordinates the area of works which involved all licensed software and hardware, telecommunications system, network infrastructure, application servers, access card system, office equipment and maintenance of computer peripherals within the LBS group.

On the social aspect of the corporate resume, Puan Sri has undertaken an additional CSR portfolio as the Adviser of LBSclub since 2003. The LBSclub is managed by a committee who is nominated on an annual basis and serves as a platform for social and recreational activities for all the company personnel like the monthly birthday celebrations, fun games, special contests, bowling tournaments, treasure hunts and team-building events. All these activities will be collated in the monthly e-news publication under myLBSclub of which Puan Sri is the Chief Editor.

The special CSR projects undertaken are the annual Kiwanis Motor Treasure Hunt of which LBS is a main sponsor for the twelfth consecutive year and Hospis Malaysia Charity Treasure Hunt.

Puan Sri Karen, spouse of Tan Sri Lim Hock San JP, holds the following positions:-

1. Honorary Adviser, Gabungan Persatuan Keturunan Cina Negeri Sembilan
2. Adviser, Hokkien Association Seri Setia (Women)
3. Adviser, The Federation of Malaysian Lim Associations (Women)
4. Treasurer, RA of Damansara Legenda
5. Committee Member, JMB of Tropicana Avenue

### WONG KAH YEEN

General Manager of  
Credit Administration Dept

 Male  Age 49  Malaysian

Wong Kah Yeen joined LBGB Group in September 1999. He was graduated from London Chamber of Commerce and Industry with Third Level Group Diploma in Cost Accounting and an additional course in Business Management from a local Institute Examination Board (as Associated College of The University of Wales, UK).

Prior to joining LBGB Group, he has served as Operation Officer with a leading local bank. With more than seven years of working experience in the banking industry, he gained extensive experience including loan review,



## KEY SENIOR MANAGEMENT PROFILE

security and loan documentation, loan disbursement and customer banking operations.

He holds his current position as General Manager - Credit Administration since 1 August 2014.

### VICTOR LIM SENG LEE

Senior General Manager of  
Investor Relations Dept

 Male  Age 58  Malaysian

Victor Lim Seng Lee joined LBS Bina Group Berhad ("LBGB" or "Company") in June 2013. He was appointed to the Board of Zhuhai Holdings Investment Group Limited, a public company listed on the Hong Kong Stock Exchange as Alternate Director to Datuk Wira Lim Hock Guan in March 2016.

He has completed the Certified Accounting Technician (CAT) diploma course in 1981 and possesses over 30 years of experience dealing in the world financial markets including listed equities and derivatives.

He joined the Singapore International Monetary Exchange (SIMEX/SGX) and worked for 5 years as a full time Proprietary Trader trading the Singapore, Japan and USA financial market derivatives including the cross rate forex. Subsequently he joined the Kuala Lumpur Options and Financial Futures Exchange (KLOFFE) as a Professional Trader dealing in the KLSE stock index futures and the Crude Palm Oil futures for 2 years.

Prior to joining LBGB, he worked in RHB Investment Bank Berhad as a Dual Licensed Dealer's Representative dealing in Bursa listed shares and the Futures market for 11 years. During that time he has participated as one of the Securities Commission's approved program Trainers/Speakers for Continuous Professional Course (CPE).

Currently he is responsible for the Group's Investor Relations.

He holds his current position as Senior General Manager - Investor Relations since 3 June 2013.

### CHEN SAU HIONG

General Manager of Project Dept

 Male  Age 55  Malaysian

Chen Sau Hiong joined LBGB in July 2011. He holds a Bachelor of Science in Construction Management from Heriot Watt University, United Kingdom. He is a Corporate Member of Chartered Institute of Building, UK.

He has more than 25 years' experience in the property development industry with wealth of experience in planning, development, implementation and maintenance over various projects spans from housing sector to commercial and multi-storey development.

Prior to joining LBGB, he has been working in a public listed company for the past 20 years and gained extensive experiences in project management and other related disciplines.

Currently, he is responsible for the planning and implementation of building and infrastructure of property developments LBGB Group, particularly projects under the administration of Majlis Perbandaran Sepang, Selangor.

He holds his current position as General Manager - Project since 28 July 2011.

### LEE CHEONG SAN

Assistant General Manager of Project Dept

 Male  Age 50  Malaysian

Lee Cheong San joined LBS in April 1999 and was graduated with Bachelor of Science in Civil Engineering from Ohio State University, Columbus, USA. He also holds a Diploma in Civil Engineering from Universiti Teknologi Malaysia in 1991 before he further his study in USA. He is a graduate member of Board of Engineer Malaysia (BEM) and Institute Of Engineer Malaysia (IEM). He has 24 years of working experience in property development, planning, implementation and construction of township development which consist of residential/commercial condominiums, office buildings and landed properties.

Currently he is in-charge of Bandar Saujana Putra, a 830 acres mixed development township with highrise service apartments and residential/commercial landed properties. Besides Bandar Saujana Putra, he is also in-charge of 7.98 acres 1436 units Service

## KEY SENIOR MANAGEMENT PROFILE

Apartment development consist of 4 blocks of 24 storey highrise apartment with 5 floors of podium carparks. In addition, he is also taking care of 60 acres Telok Gong industrial development at Port Klang. Previously, he was in-charge of a 200 acres township development at Taman Pinggiran Putra, Seri Kembangan. Before joining LBS, he has few years of working experience in construction company as Project/Site Engineer, projects that he was involved were Putrajaya parcel B, Pearl Point Condominium Old Klang Road, Scott Villa Condominium Brickfield and other.

He holds his current position as Assistant General Manager - Project since 1 January 2013.

### SALLY LAU SAU KHENG

General Manager of Sales and MarCom Dept

 Female  Age 50  Malaysian

Sally Lau Sau Kheng has been working with the LBGB Group since May 1994. Prior to joining LBGB Group, she was working with a well known leading local bank for 3 years and has derived exposure in banking administration affairs and built up her skills in client relations. Sally first joined LBGB Group's Credit and Sales Department and gained extensive experience in sales administration, credit control, customer relations, marketing and promotion. She was promoted to head the Sales and MarCom Department in July 2005 overseeing the operation of the department and was also involved in product planning and promotion,

market trends monitoring and aided in pricing strategy. She was promoted to Assistant General Manager in July 2009. During the year of 2011, she was promoted again to General Manager leading Sales And MarCom Department.

Besides in charge of sales and marketing activities of the Group, she is also responsible for the functions of public relations, branding and customer service.

She holds her current position as General Manager-Sales and MarCom Department since 1 January 2011.

### CHANG YEE KHIM

General Manager of Accounts and Finance Dept

 Female  Age 52  Malaysian

Chang Yee Khim holds a Bachelor of Science (Honours) Degree majoring in Accounting and Economics from the University of Ulster, United Kingdom.

She started her career in a Chartered Accountancy firm in United Kingdom for more than 6 years where she gained various audit exposure. Following her return to Malaysia, she joined an entertainment group as Accounts Manager, reporting directly to the Chief Financial Controller on accounting matters.

After 4 years of service in the entertainment group, she joined LBGB group in 2000 to assist in the listing exercise for LBGB which was officially listed in 2002. She was then




appointed to head Corporate Finance Department, responsible for corporate exercises, bank borrowings and cash flows of LBGB group where she gained extensive exposure in accounting, finance and general management in property development industry.

She was later promoted to head Accounts and Finance Department in May 2006 to oversee the accounting, taxation and finance functions of LBGB group.

She holds her current position as General Manager in charge of Accounts and Finance since 1 May 2006.

### LOH YIN HUI

General Manager of Property Management/Maintenance & Project Audit Dept

 Male  Age 49  Malaysian

Loh Yin Hui joined LBGB since 1<sup>st</sup> July 2000, is a qualified civil engineer by profession and graduated from University Technology Of Malaysia in year 1992. He has more than 20 years of project management in construction & property development, contract & project implementation and maintenance of landed as well as high rise buildings in Malaysia.

His past experience includes the development of commercial building ie Low Yat Plaza Shopping Mall & Capitol Hotel in Kuala Lumpur city centre, construction of deep foundation works with basement for Galleria Shopping Mall at Jalan





## KEY SENIOR MANAGEMENT PROFILE

Pahang Kuala Lumpur, Gasing Height Condominium at Petaling Jaya. His involvement in property development in bigger township starts with the mix development under LBS Group Berhad namely Taman Kota Perdana within 157 acres of land next to Equine Park, Seri Kembangan. He is actively involved in project implementation & building maintenance such as the Development and Construction & Maintenance of 1217 units of Casa Tropicana Condominium, Bandar Saujana Putra namely 689 units BSP SkyPark Service Apartment, most prestigious D' Island projects such as the 352 units Skyvilla Condominium & landed properties at Taman Tasik Puchong project etc.

Currently, he is responsible to oversee the Group's Property Management and Contract Administration and Project Audit which emphasized on the quality & cost control function.

He holds his current position as General Manager – Property Management/ Maintenance & Project Audit Department since 1 January 2015.

### DORIS LEE CHING CHING

General Manager of Secretarial & Corporate Affairs Dept

 Female  Age 48  Malaysian

Doris Lee Ching Ching is an Associate member of Institute of Chartered Secretaries and Administrators, UK (ICSA). She also holds a Certificate in Professional Photography from Han Chiang Academy of Journalism and

had obtained the Certificate in Investor Relations (CIR), UK in 2010.

She started her career with an international banking group in 1991. One year later, she left the banking industry and started her practice in chartered secretaryship under the secretarial arm of an international public accounting firm where she gained extensive exposure in areas including corporate exercises, listing and other special assignments.

In 1997, she joined Instangreen Corporation Berhad ("ICB") as Company Secretary overseeing the corporate compliances and public affairs of the Group. Subsequent to the completion of the restructuring of ICB Group under the auspices of the Special Administrators appointed under the Pengurusan Danaharta Nasional Berhad Act, 1998, wherein ICB became a wholly-owned subsidiary of LBGB, she was transferred to LBGB in April 2002.

She is the Company Secretary of LBGB Group and is responsible for the statutory compliances and corporate affairs of the Group.

She holds her current position as General Manager - Secretarial & Corporate Affairs since 1 May 2006.

*Save as disclosed, the members of the Board and Key Senior Management do not hold any directorship in any listed entity and public companies, have no family relationship with any Director and/or major shareholder of LBGB, have no conflict of interest with LBGB, have not been convicted of any offences within the past five years, other than traffic offences and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2017.*

*The above disclosure made in compliance with the requirements under Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.*

# RESHAPING SPACES TO CREATE DYNAMIC URBAN ENVIRONMENTS







**Basic Earnings Per Share**

**7.04** sen

+7% from 6.58 sen

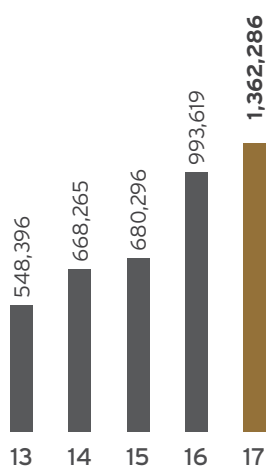
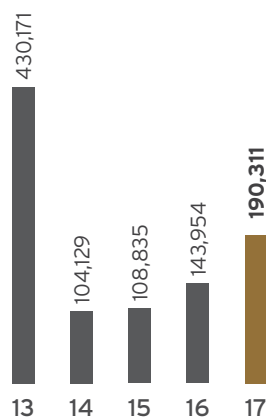
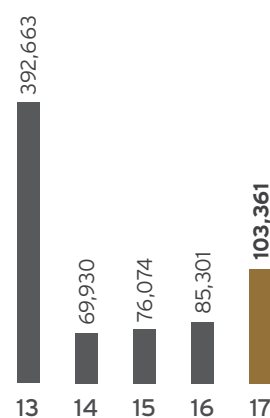
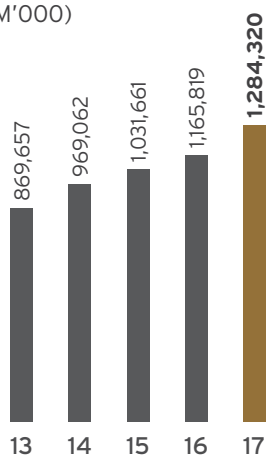
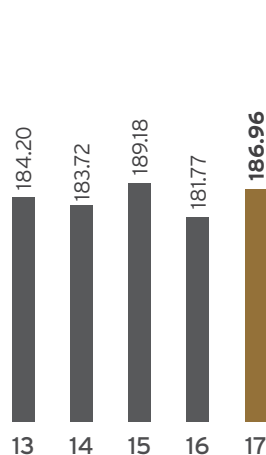
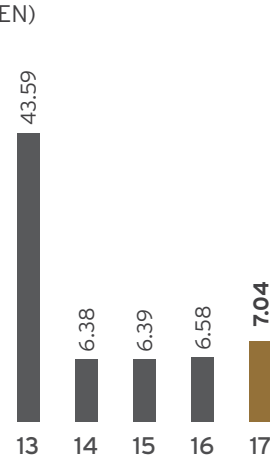
**Net Tangible Assets**

**RM1.17** bil

+12.5% from RM1.04 bil



# GROUP *Financial* HIGHLIGHTS

**RM1.36 billion**
**REVENUE (RM'000)**

**RM190 million**
**PROFIT BEFORE TAX (RM'000)**

**RM103 million**
**PROFIT AFTER NON-CONTROLLING INTERESTS (RM'000)**

**RM1.28 billion**
**EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (RM'000)**

**187 sen**
**NET ASSETS PER SHARE (SEN)**

**7.04 sen**
**BASIC EARNINGS PER SHARE (SEN)**




## GROUP FINANCIAL HIGHLIGHTS

### FINANCIAL YEAR ENDED 31 DECEMBER

		2013	2014	2015	2016	2017
Revenue	(RM'000)	548,396 <sup>#</sup>	668,265	680,296	993,619	1,362,286
Profit Before Tax	(RM'000)	430,171 <sup>#</sup>	104,129	108,835	143,954	190,311
Profit After Non-Controlling Interests	(RM'000)	392,663 <sup>#</sup>	69,930	76,074	85,301	103,361
Paid-up Share Capital	(RM'000)	479,651	538,298	551,437	641,424	775,285 <sup>***</sup>
Equity Attributable to Owners of the Parent	(RM'000)	869,657	969,062	1,031,661	1,165,819	1,284,320
Net Tangible Assets	(RM'000)	773,242	879,657	945,183	1,036,578	1,167,447
Basic Earnings per Share	(sen)	43.59 <sup>**</sup>	6.38 <sup>**</sup>	6.39 <sup>**</sup>	6.58 <sup>**</sup>	7.04
Gross Dividend per Share	(sen)	11.00	9.25	9.50	10.00	8.20 <sup>*</sup>
Net Assets per Share	(sen)	184.20	183.72	189.18	181.77	186.96
Net Tangible Assets per Share	(sen)	163.78	166.77	173.33	161.62	169.95

#### REMARKS

<sup>#</sup> The figures included discontinued operations.

<sup>\*</sup> 6 sen Tax Exempt Special Dividend has been approved by Board of Directors and paid on 29 December 2017 and 20 March 2018.

<sup>\*</sup> 1 sen Single-Tier Interim Dividend has been approved by Board of Directors and will be paid on 11 July 2018.

<sup>\*</sup> 1.2 sen Single-Tier Final Dividend to be approved by shareholders at the Eighteenth Annual General Meeting.

<sup>\*\*</sup> The comparative figures for basic earnings per share have been restated to reflect the adjustments arising from the share subdivision and bonus issue.

<sup>\*\*\*</sup> Included effects from adoption of Companies Act, 2016 - transition to no par value.

### FINANCIAL CALENDAR

<b>Financial Year Ended</b>	31 December 2017
<b>Announcement of Quarterly Results:</b>	
First Quarter ended 31 March 2017	30 May 2017
Second Quarter ended 30 June 2017	29 August 2017
Third Quarter ended 30 September 2017	27 November 2017
Fourth Quarter ended 31 December 2017	28 February 2018
<b>Publishing of Annual Report</b>	27 April 2018
<b>Annual General Meeting</b>	6 June 2018



The Group's sales  
recorded a historical high of  
**RM1.426  
BILLION**  
in the year 2017

Revenue surged by

**37%**

**REVENUE**

17	1.36B
16	993M





# LETTER FROM THE *Chairman*

## DEAR SHAREHOLDERS OF LBS

2017 WAS A  
CHALLENGING YET  
FULFILLING YEAR  
FOR LBS.

GLOBALLY, THERE HAD  
BEEN MANY STRENUOUS  
GLOBAL CHALLENGES  
THAT TOOK ITS IMPACT ON  
BUSINESSES WORLDWIDE.  
GLOBAL ECONOMY WILL  
NEED TIME TO GRAPPLE WITH  
THESE CHALLENGES AND  
UNCERTAINTIES. THE LOCAL  
ECONOMIC ENVIRONMENT  
WAS GENERALLY POSITIVE,  
BUT THE PROPERTY  
MARKET CONTINUED TO  
BE CHALLENGING AND  
CHARACTERISED BY SEVERE  
COMPETITION.

IN LBS, WE STAY NIMBLE  
AND SWIFT TO REACT TO  
THE CHANGING BUSINESS  
ENVIRONMENT. WE BELIEVE  
THAT STRONG AND HARMONY  
TEAM, PRUDENT COST  
CONTROL, DISCIPLINE  
INVESTMENT AND VIGILANT  
STRATEGIES WILL SAIL  
US THROUGH VARIOUS  
TURBULENCES.



## CREDITABLE PERFORMANCE

LBS charted another new historical high of RM1.426 billion sales in year 2017. Revenue and Profit After Tax are also respectively at their historical high. We have significantly outperformed the market benchmark in the year 2017. Further details of the Group's performance are covered under the section on "Management Discussion and Analysis".



## SHAREHOLDERS' VALUE CREATION

For the financial year 2017, LBS has paid out its final tranche of 6 sen Special Dividend. The Board has also declared a Single Tier Interim Dividend of 1 sen per share and recommended a Single Tier Final Dividend of 1.2 sen per share to be approved by shareholders at the forthcoming Eighteenth Annual General Meeting.

I am delighted to note that dividend declared for the financial year 2017 totalling 8.2 sen per share (including the Proposed Final Dividend of 1.2 sen). In addition, a Bonus Issue of 1:10 was also awarded to the shareholders for the financial year 2017.

## EXTENDING OUR LEAD

In November 2017, we have finally obtained the approval for the ZIC Upgrading and Transformation Plan by the Zhuhai Government, after a hard work of 2 years, marking another notable milestone of our journey in China.

## LETTER FROM THE CHAIRMAN

While we grew our platform overseas, we continued to keep our finger on the pulse of our homeland. Malaysia is the ground we know well. In 2017, we have just celebrated our momentous 25 years of building over 30,000 affordable homes for Malaysian.

For over 25 years, we built our name synonymous with homes of people's choice that are affordable. While LBS' strong fundamentals served to establish our place as one of the market leaders, we believe we could do better, achieve another milestone, pursuit of excellent. This is our belief we continue to behold.

### BUILDING ON STRENGTH

#### Land banking

In year 2017, we continued with our land banking replenishment initiatives through joint ventures with strategic land owners. We have increased our future land bank with a net area of 397 acres. Total undeveloped land as at 31 December 2017 expanded by 11.5% to 3,836 acres with estimated future potential gross development value of RM29.4 billion. This resource will drive our next stage of growth.

#### Innovative Operations

Business must respond to change. Technology innovation in the form of Industrialised Building System (IBS) has driven the change in the construction industry. Our Construction Division, MGB Berhad ("MGB") has in year 2017 invested in manufacturing precast concrete products which is expected to improve operational efficiencies through greater automation with potential reduction of 15% of the construction workforce and 30% of the construction period for projects. We applaud this tremendous move by MGB



team which demonstrated our efforts in increasing efficiency and productivity.

#### Commitment to Sustainability

LBS recognises the important of sustainability strategies and addresses the issues that are of great importance to the Group and our stakeholders, and which have significant influence on social, economic and environment. This year, the Sustainability Committee has churned out our first Sustainability Report which forms part of this Annual Report.

#### Human Capital Development

Our human capital approach focuses on teamwork which is one of the vital elements in effective execution of our strategies in achieving the Vision and Mission. Nurturing talent and supporting development are important parts of LBS culture. In year 2017, the Human Resources Department had

conducted a series of initiatives focused on its employees and their engagement to align with our corporate direction, these include implementing holistic plan for staff training and development, and enhancement of the employee handbook, which is a manifestation of this approach, detailing policies over learning and development, as well as employees' benefits and conduct.

#### Health and Safety

Health and safety is a top priority in LBS. It is fundamental in sustaining our human capital and the Group believes that all employees should work in a safe and healthy working environment. In year 2017, there were zero fatality and serious injury at all of our projects.

Our effort in the occupational health and safety aspect had been recognised in year 2017 where our Construction Division clinched the Gold Platinum



## LETTER FROM THE CHAIRMAN

Excellence Award (High Rise Building Category) from the Malaysia Occupational Safety and Health Practitioner's Association (MOSHPA) in light of our outstanding health and safety performance in implementing safety and health in our workplaces and sites.

### Recognition

In year 2017, LBS won several awards from various prestigious organisations. With the recognition of these awards, not only did this signify the strength of our team, but this also served as a great encouragement for us to attain even better performance for the years to come. For more details of our awards garnered, may I refer you to the section on "Awards & Accolades" of this Annual Report.

### Achievement

Here, I would like to take this opportunity to express my most sincere congratulations to our Group Managing Director, Tan Sri Lim Hock San who has been awarded the following awards for his outstanding leadership and management:-

- **Most Affluent Chinese Entrepreneur Awards 2016**
- **Property Insight Prestigious Developer Awards 2017** - Personality of The Year
- **Asia Corporate Excellence and Sustainability Awards 2017** - Outstanding Leaders in Asia
- **World Chinese Economic Summit 2017** - Special Distinguished Award for Promotion of China ASEAN Relations
- **Worldwide Excellence Award 2017** - Person of The Year
- **Queen Victoria Commemorative Medal 2017**



### 2018 CHALLENGES

The global economy entered 2018 with strong momentum, bolstering signs of continued positive drive. When I pen this down, the trade tensions that have rattled the world economy appeared cooler as the world leaders adopted more diplomatic

stances. The unstable geopolitical development and trade frictions, if prolonged, would trigger more turbulence in the economy.

We remain constantly observing the changing economic and market development, and to take advantage of growth prospects potentially. Our operation approaches remain opportunistic yet disciplined, we will continue to navigate and capture strategic opportunities in a timely manner. We will continue to step up our governance efforts, grow our overseas platform, expand our income streams in a sustainable manner, while continue to keep a close tab on the property market. These strategies will put us in a strong position for greater growth ahead.

### APPRECIATION

The Board and I would like to thank all our valued customers, shareholders, business associates, bankers and the relevant government authorities for their continuous support to the Group.

I also wish to thank my fellow Board members, the Management and all the staff members for their commitment, dedication and efforts in continuing to deliver meaningful returns to our shareholders.

I see limitless possibilities to what LBS can achieve for our stakeholders and our community. I look forward to many more exciting milestones in the years to come.

### DATO' SERI LIM BOCK SENG

Chairman

12 April 2018



## AWARDS AND *Accolades*





## AWARDS AND ACCOLADES

# ‘18

### STARPROPERTY.MY AWARDS 2018

- **LBS Alam Perdana  
LBS Bina Group Berhad**  
Honours for The Neighbourhood Award  
Best Boutique Township  
(below 500 acres)
- **Simfoni Perdana, LBS Alam Perdana  
LBS Bina Group Berhad**  
Excellence for The Best Touch  
& Feel Award  
Best Quality & Finishing
- **LBS Bina Group Berhad**  
The All-Star Award  
- Top Ranked Developers of the Year
- **BSP21, Bandar Saujana Putra  
LBS Bina Group Berhad**  
The Long Life Award  
Best Health and Wellness Facilities  
Development

# ‘17

### MOST AFFLUENT CHINESE ENTREPRENEUR AWARDS 2016

- Tan Sri Lim Hock San

### STARPROPERTY.MY AWARDS 2017

- Honours for The Poseidon Award  
- D' Island Residence
- Merit for The Best Touch and Feel Award  
- Midhills

### PROPERTY INSIGHT PRESTIGIOUS DEVELOPER AWARDS 2017

- Personality of The Year  
- Tan Sri Lim Hock San
- Top 10 Developers Awards  
- LBS Bina Group Berhad

### BCI ASIA TOP 10 DEVELOPERS AWARDS 2017

- LBS Bina Group Berhad

### THE BRANDLAUREATE BEST BRANDS AWARDS 2016 – 2017

- Brand Influencer of the Year Award  
2016–2017 – LBS Bina Group Berhad

### CSR MALAYSIA AWARD 2017

- LBS Bina Group Berhad

### PROPERTYGURU ASIA PROPERTY AWARD 2017

- Best Mass Market Development  
(Landed) – Desiran Bayu
- Best Mass Market Development  
(Condo) – BSP21

### ASIA CORPORATE EXCELLENCE AND SUSTAINABILITY AWARDS 2017

- Outstanding Leaders in Asia  
(Tan Sri Lim Hock San)

### MALAYSIA SOCIAL MEDIA WEEK AWARD 2017

- Emerging Social Media in  
Property Industry

### WORLD CHINESE ECONOMIC SUMMIT AWARD 2017

- Special Distinguished Award for  
Promotion of China ASEAN Relations  
- Tan Sri Lim Hock San

### iPROPERTY.COM DEVELOPMENT EXCELLENCE AWARD 2017

- Finalist for Best Residential Landed  
Development – Corallia

### WORLDWIDE EXCELLENCE AWARD 2017

- Person of The Year  
- Tan Sri Lim Hock San

### QUEEN VICTORIA COMMEMORATIVE MEDAL 2017

- Tan Sri Lim Hock San

## AWARDS AND ACCOLADES

# '16



### IAIR AWARDS 2016

Best Company for Leadership of  
Property Development Global

### STARPROPERTY.MY AWARDS 2016

All-Star Award  
- Top Ranked Developers of the Year

### ASIA PACIFIC PROPERTY AWARDS

5 Stars - Best Development Marketing  
Malaysia: **BSP 21**

### ASIA PACIFIC PROPERTY AWARDS

5 Stars - Best Interior Design Show Home  
Malaysia: **Corallia**

### THE BRANDLAUREATE BEST BRANDS AWARDS 2015-2016

The Most Valuable Brand for Property

### SOUTH EAST ASIA PROPERTY AWARDS (MALAYSIA) 2016

Highly Commended for Best  
Mid-Range Condo Development (Central  
Malaysia) – **BSP 21**

### SOUTH EAST ASIA PROPERTY AWARDS (MALAYSIA) 2016

Special Recognition in Corporate Social  
Responsibility (CSR)

### ASIA PACIFIC ENTREPRENEURSHIP AWARD (APEA) 2016

For Constructions, Property and  
Building Materials

**Datuk Wira Joey Lim Hock Guan**

### iPROPERTY.COM

### PEOPLE'S CHOICE AWARD

Best Waterfront Development:  
**D' Island Residence**

### iPROPERTY.COM

### PEOPLE'S CHOICE AWARD

Finalist for Best Value Development: **BSP 21**

### iPROPERTY.COM

### PEOPLE'S CHOICE AWARD

Finalist for Developer of The Year

### ARC AWARDS INTERNATIONAL

2016 Silver Award for Annual Report 2015  
Traditional Annual Report Category  
Property Development: Various & multi-use

### ASIA PACIFIC PROPERTY AWARDS

5 Stars Best Architecture  
Single Residence, Malaysia:  
**Barrington Homes**

### ASIA PACIFIC PROPERTY AWARDS

5 Stars Best Development  
Marketing, Malaysia:  
**BSP Township**

### ASIA PACIFIC PROPERTY AWARDS

Highly Commended  
Apartment Malaysia:  
**BSP 21**

### THE BRANDLAUREATE BRAND ICON LEADERSHIP AWARDS 2015

Hall of Fame  
– Lifetime Achievement Brand ICON Award  
2015

### WORLD CHINESE ECONOMIC SUMMIT (WCES) LIFETIME ACHIEVEMENT AWARD

For enhancing bilateral relations between  
Malaysia and China (Guangdong  
Province)

### ARC AWARDS INTERNATIONAL XXIX

2015 Grand Winner Best of International  
(Asia/Pacific)  
- **Annual Report 2014**

# '15







## AWARDS AND ACCOLADES

# '14

### IAIR AWARDS 2014

Best Company for Leadership Property  
Development Malaysia

### ASIA PACIFIC PROPERTY AWARDS

Best Residential Development,  
Asia Pacific:

**SkyVilla @ D' Island Residence**

### ASIA PACIFIC PROPERTY AWARDS

5 Stars Best Residential Development,  
Malaysia:

**SkyVilla @ D' Island Residence**

### ASIA PACIFIC PROPERTY AWARDS

Highly Commended Interior Design Show  
Home, Malaysia:

**Nautilus @ D' Island Residence**

# '13

### ASIA PACIFIC PROPERTY AWARDS

5 Stars Best Interior Design  
Show Home Malaysia:

**Balvia @ D' Island Residence**

### ASIA PACIFIC PROPERTY AWARDS

Highly Commended:  
Development Multiple Units Malaysia:

**Apicalia @ D' Island Residence**

### ASIA PACIFIC PROPERTY AWARDS

Highly Commended:  
Development Marketing Malaysia:  
**D' Island Residence**

### MARKETING EXCELLENCE AWARD 2013

Bronze winner of Excellence  
In Public Relations:

**Internal/Employee Communications**

### MARKETING EXCELLENCE AWARD 2013

Bronze winner of Excellence In Product/  
Packaging Design:

**Cameron Golden Hills  
"The Way Life Should Be"**

### MARKETING EXCELLENCE AWARD 2013

Finalist of Excellence In CRM and Loyalty  
Marketing

### PROPERTY PRESS AWARDS 2013

(Malaysian Reserve)  
Best Urban Scenic Development  
**(D' Island Residence)**



# '12

### ASIA PACIFIC ENTREPRENEUR AWARD (APEA)

Entrepreneur of The Year 2012:  
**Dato' Sri Lim Hock San**

# '11

### SME RECOGNITION AWARD 2011

Platinum Entrepreneur Award:  
**Dato' Sri Lim Hock San**

### BCI ASIA

Top 10 Developers 2011 Award



## MANAGEMENT DISCUSSION AND

# Analysis

*The information in this management discussion and analysis should be read in conjunction with the Company's consolidated financial statements and the notes related thereto. The discussion of results, causes and trends should not be construed to imply any conclusions that such results, causes or trends will necessarily continue in the future.*

*The Group's operating business segments are broadly categorised into:*



Property Development



Construction and  
Trading



Motor Racing Circuit



Management,  
Investment and Others





## MANAGEMENT DISCUSSION AND ANALYSIS



### PROPERTY DEVELOPMENT

# 01

## LBS BUILDS HOMES THAT MEET THE NEEDS OF MALAYSIANS.

Proudly celebrate 25 momentous years of building over 30,000 homes for Malaysian, LBS is honoured to have had the opportunities to contribute to the transformation of lives and evolvement of the nation's landscape.

Being a Malaysia's prominent township builder, LBS has carefully nurtured a reputation for delivering properties with unsurpassed quality that inspire and enrich. By insisting on continually improving not only construction technologies but the very latest in architectural trends, LBS lives up to its belief that Malaysians deserve homes of the finest workmanship.

# 02

### VISION

We strive to be an internationally recognised developer, building and inspiring delightful spaces that enhance community living.



# 03

### MISSION

We consistently deliver exceptional performance through progressive creations, realising value to all shareholders and enriching communities at large.



# 04

### FOCUS

We target areas with attractive market fundamentals and upcoming economic prospects. We look for strategic partners for win-win business relationships. We use our extensive knowledge and network to identify investment opportunities.



# 05

### BUSINESS MODEL

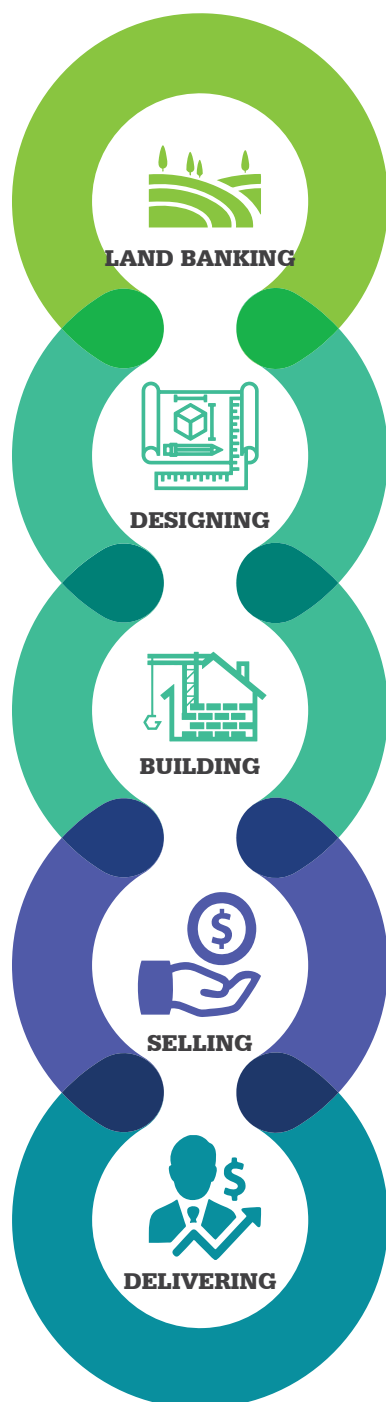
Our business model has a single purpose – to create living habitat that are delighted by home owners which in turn delivers value for our shareholders and stakeholders.





## MANAGEMENT DISCUSSION AND ANALYSIS

## STRATEGIES IN CREATING VALUE



## DRIVING VALUE

We have the skills, experience and financial flexibility to execute the most value-enhancing asset selection, either through outright acquisition or joint venture with the landowners.

Our building design trending towards simple and practical yet offers highest comfortable reflecting in the modern lifestyle.

Efficient and cost effective build to a high standard while creating strong relationships with materials suppliers and contractors.

Providing positive sales and enhancing customer care experience.

Timely delivering quality home that justify a reasonable price.

## DELIVERY BY LBS

**Continuous replenish strategy in land banking drives the returns over the business cycle.**

**Modern homes constructed to a high standard using new technologies, cutting-edge specification and latest architectural trends.**

**Satisfactory customers bring clientele diversification, brand attestation and repeated sales.**

**Quality homes delivered at affordable and reasonable price.**



## MANAGEMENT DISCUSSION AND ANALYSIS

### STRATEGIES

#### **LAND BANKING**

Land or project acquisition opportunities are identified by our Management using their knowledge and contacts. A feasibility assessment is prepared by the Project Department, which is reviewed at Top Management level before submit to the Board, where the final decision is taken on.

Land acquisitions or joint venture project are considered against a series of criteria, such as gross margin, forecast sales rates, location and planning prognosis.

#### **EFFECT TO OUR STRATEGIES**

Lands at the strategic location helps to augment our land bank and complements our strategy of growth.

Development via joint venture is expected to lower our upfront cost and give greater flexibility in timing for launches and fixing types of properties.

#### **2017 ACTIVITIES**

Land bank increased by 558.3 acres during the year 2017 mainly via joint venture with landowners.

Total land bank for future development recorded at approximately 3,816 acres as at 31.03.18 with estimated GDV of RM29.7 billion would enable the Group to have sufficient capacity for future growth.

#### **DESIGNING**

Designing appropriate range of products at reasonable price to cater to the different income group.

Simple and practical are the main concerns in designing process in terms of space and materials used.

Undertaking research to ensure we know our customers and their preferences.

#### **EFFECT TO OUR STRATEGIES**

Good product quality enhances customer satisfaction and ultimately our LBS Brand, which enhance our ability to sell the properties we develop.

#### **2017 ACTIVITIES**

We constantly review on the layouts that demonstrated savings in design and construction costs.

We design our products attractive to a wide and growing range of customers.

Actively monitor and positioning our brand and offering to appeal to a broad range of customers.

## MANAGEMENT DISCUSSION AND ANALYSIS

### STRATEGIES



#### BUILDING

We strive to maintain long-term working relationships with reputable sub-contractors to reduce health and safety risks and ensure the quality of our product.

We seek to make sure that we have suitable building materials available at competitive prices to enable us to construct properties to the required standards expected of us by our customers, within budget and on time.



#### EFFECT TO OUR STRATEGIES

Having suitable materials at competitive prices enables us to meet our growth aspirations, helps support our margin and brings better control over its cost.

It is important to have high standards of health and safety on our sites to create the appropriate working environment to deliver a good quality product.



#### 2017 ACTIVITIES

Major building materials in the construction process, such as bricks, steels, cement and lintels are subject to our bulk purchasing arrangements, ensuring consistently high quality at competitive prices.

Our properties were regularly inspected during the construction process both by in-house management and the consultants to ensure that building standards were achieved.

Our main contractor, MGB Berhad, which is also our subsidiary listed on the Main Market of Bursa Malaysia has invested in Industrialised Building System (IBS) on the prefabrication and precast construction techniques. This IBS is expected to reduce 15% of construction workforce and 30% of construction time.



#### SELLING

We aspire to sell properties that are desirable and affordable for our customers.

The satisfaction of our purchasers is important to us as this can ultimately determine the success of our business.

We aim to deliver a positive experience to our customers, from sales until and delivery of vacant possession.



#### EFFECT TO OUR STRATEGIES

Good customer care and services helps to perpetuate a positive reputation for the Group and assists in generating further sales through personal recommendation.



#### 2017 ACTIVITIES

We continue to innovate our approaches and enhance our processes to further improve on sales and customer care performance through training and educating staff, particularly those in the front lines facing the customers.

Our regular customer survey and feedback will enable us to measure our service and focus our attention.





## MANAGEMENT DISCUSSION AND ANALYSIS

### STRATEGIES



#### DELIVERING

We strive to deliver the property on schedule.



#### EFFECT TO OUR STRATEGIES

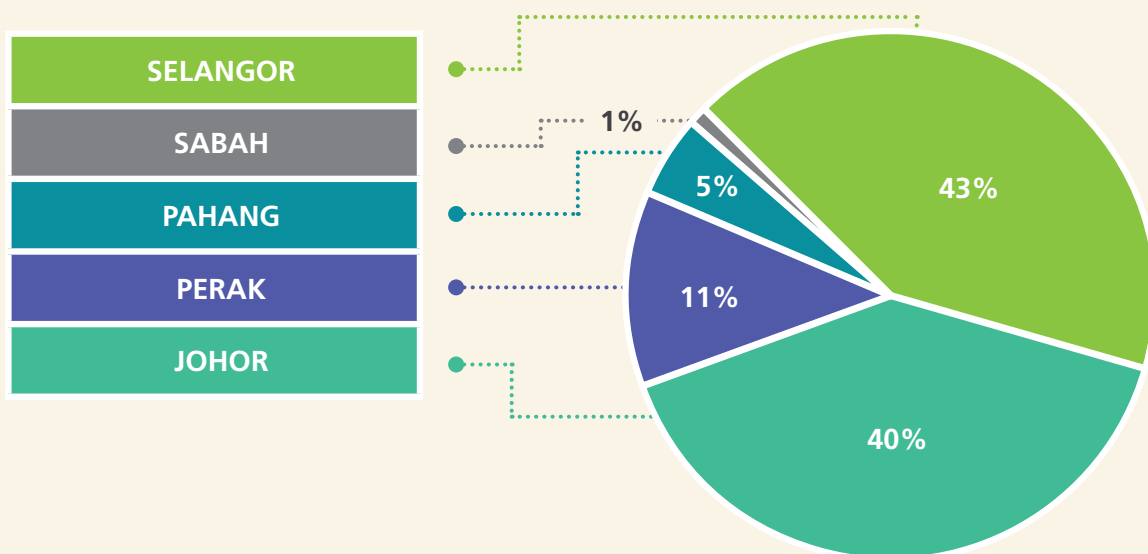
Timely delivery of completed units to purchasers will smoothen the cash flow position and avoid Liquidated Ascertained Damages (LAD) and negative corporate image.



#### 2017 ACTIVITIES

We continue to deliver completed units to the purchasers on time.

The Group has a total land bank of 3,816 acres and the breakdown by geographical area is as follows:-



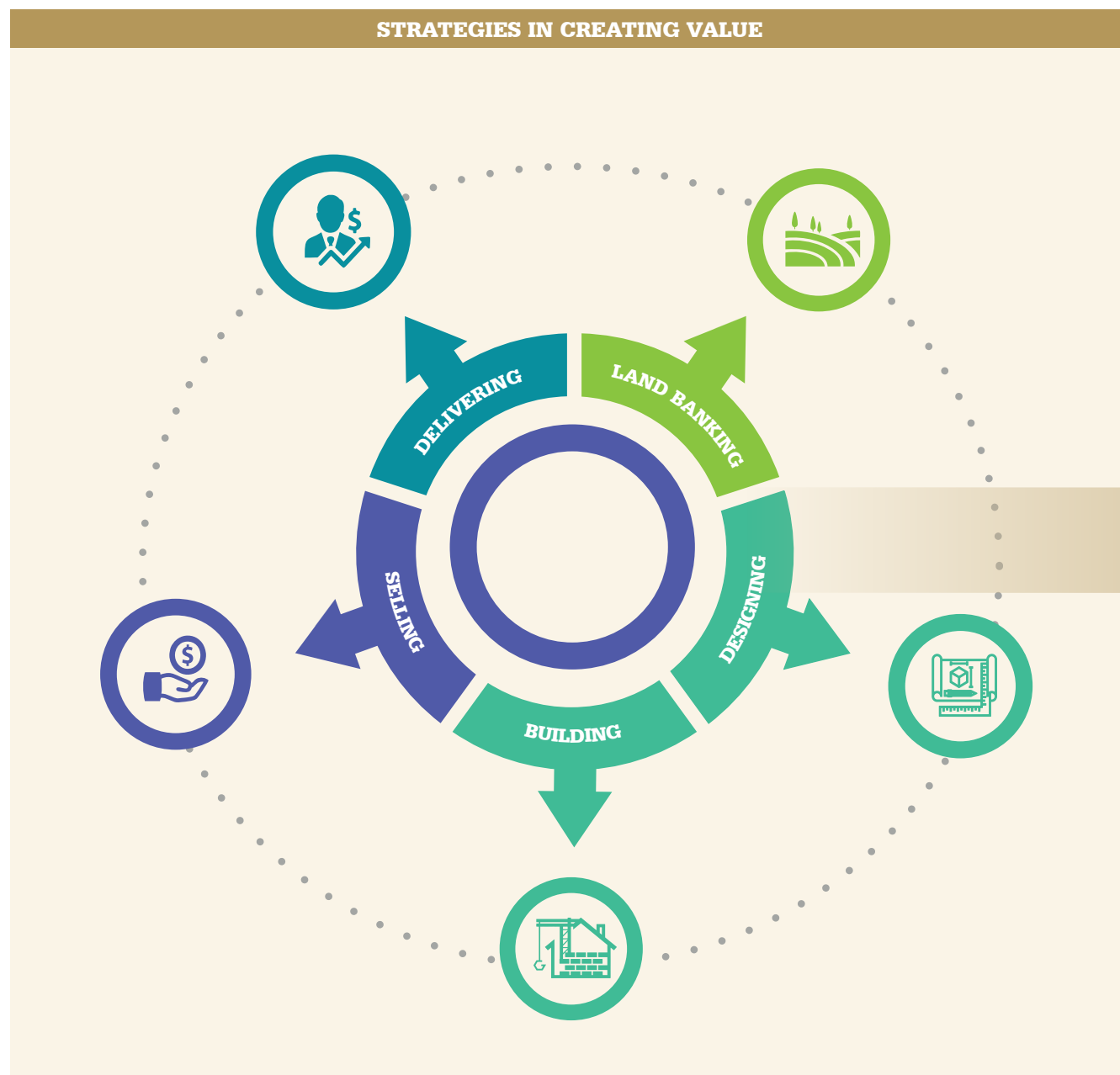
As the property development is the key driver of our business operations, the Group's prospects remain positive with total unbilled sales of RM1.45 billion, anchored by 19 ongoing projects and a total undeveloped land bank of 3,816 acres.

## MANAGEMENT DISCUSSION AND ANALYSIS





## MANAGEMENT DISCUSSION AND ANALYSIS



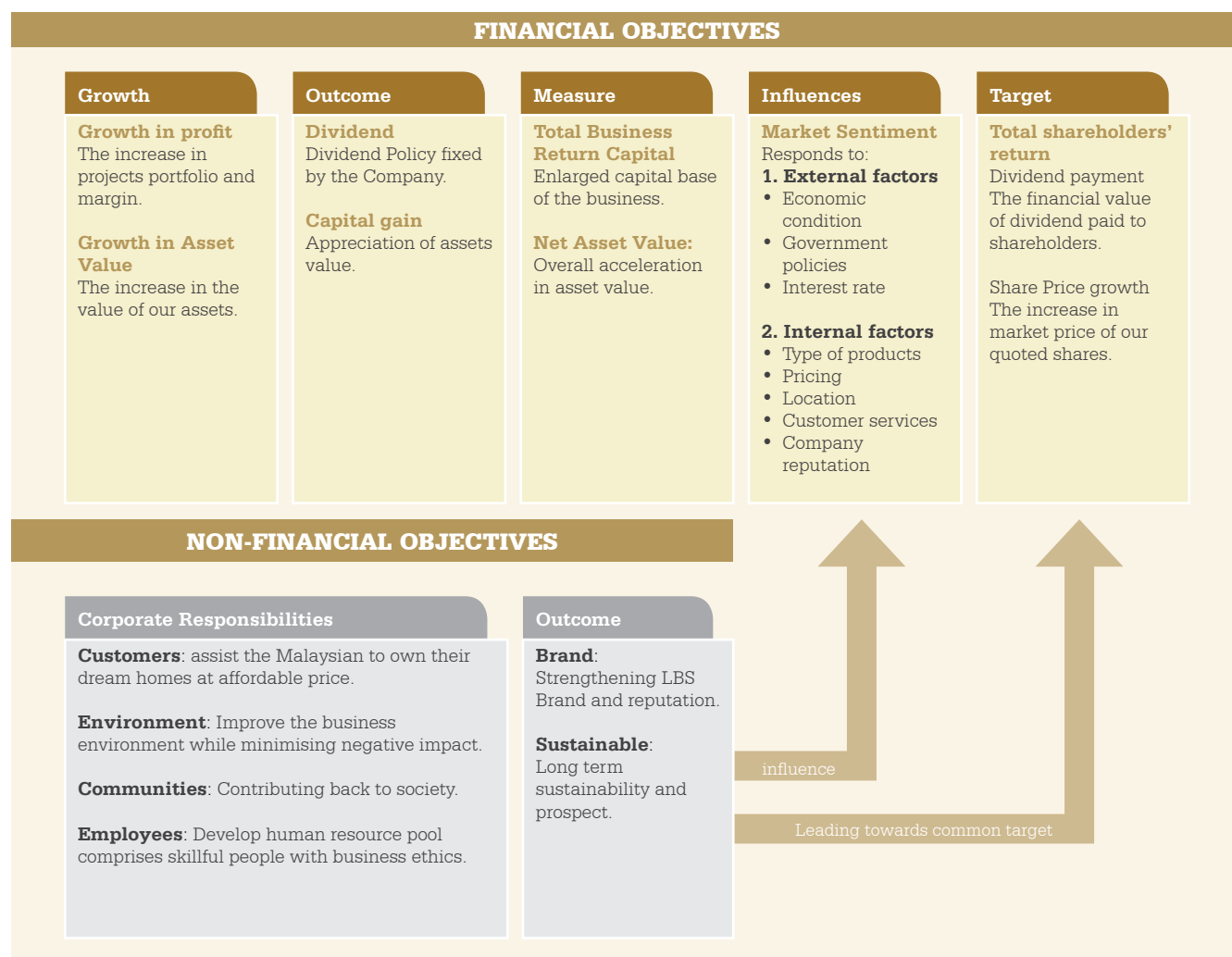
### OUR BUSINESS MODEL

Our business model has a single purpose - to create living habitat that are delighted by customers that delivers value for our shareholders and stakeholders.





## MANAGEMENT DISCUSSION AND ANALYSIS



## MALAYSIAN ECONOMY OUTLOOK &amp; OVERVIEW

The economy performed strongly in 2017 with the global economy recording its highest growth rate since 2011. During the year, the Malaysian economy recorded a robust growth of 5.9% (2016: 4.2%), supported by faster expansion in both private and public sector spending. A key highlight for the year was the rebound in gross exports growth as global demand strengthened. This was due mainly to higher demand from major trading partners following the upswing in the global technology cycle, investment expansion in the advanced economies and the turnaround in commodity prices.

The growth in residential property loans, which accounted for 52.0% of total household debt was sustained at 8.5% during the year (2016: 9.1%). Access to home financing remained intact for borrowers with the capacity to service their debt, supported by sustained approval rates for the purpose of residential property loans.

(Source: Bank Negara Malaysia Annual Report 2017)

## MANAGEMENT DISCUSSION AND ANALYSIS



  
 MORE THAN  
**83.0%** OF THE  
 RESIDENTIAL  
 TRANSACTIONS  
 WITHIN  
**RM300,000**  
 AND BELOW

### MARKET & INDUSTRY OVERVIEW

The property market continued to soften in the first half of 2017. There were more than 153,000 transactions worth RM67.82 billion, recording a decline of 6.0% in volume but value increased by 5.0% compared to similar half of 2016. Nevertheless, the rate of contraction has reduced, indicating that property market is gradually adjusting to the changing market landscape.

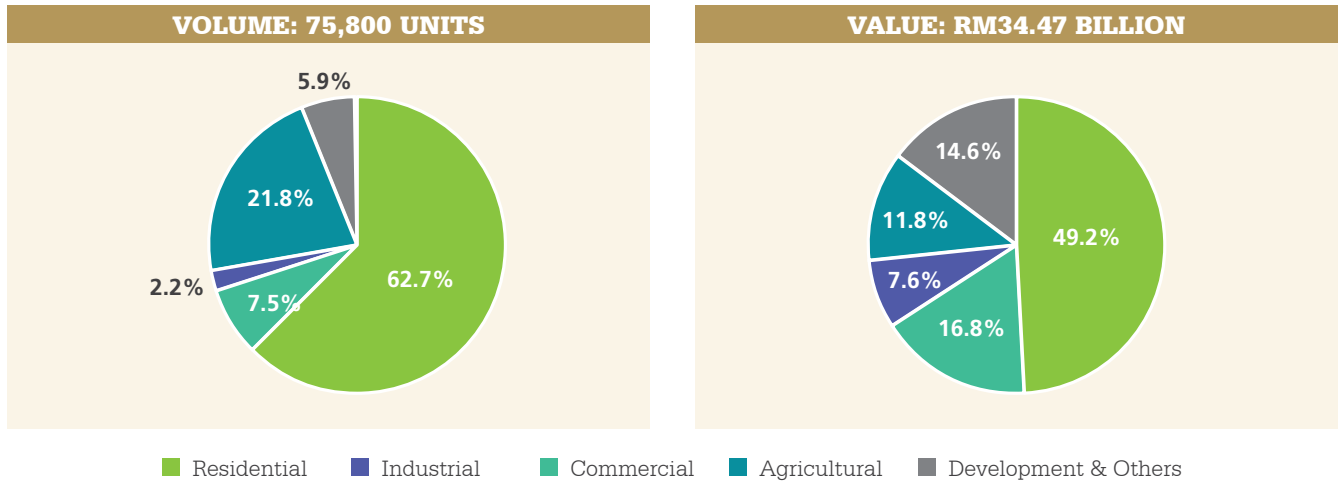
Residential sub-sector continued to drive the overall market with 61.8% market share and 48.4% in value. Affordable houses continued to be in demand with more than 83.0% of the residential transactions within RM300,000 and below.

In a challenging market condition, the number of new residential launches reduced to 28,397 units, down by 9.1% compared to 31,257 units in H1 2016. Sales performance was low at 23.9%. Most of the launches were in the RM400,000 to RM500,000 price range with sales performance of 28.9%.

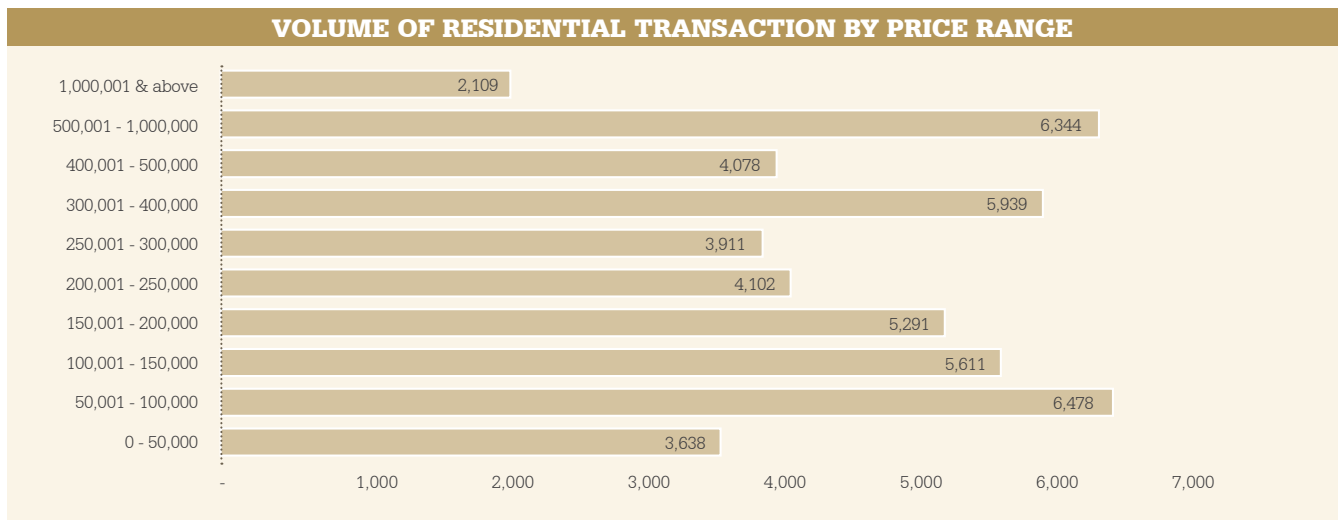
*(Source: Ministry of Finance, Press Statement: Preliminary Property Market 2017 Briefing)*



## MANAGEMENT DISCUSSION AND ANALYSIS

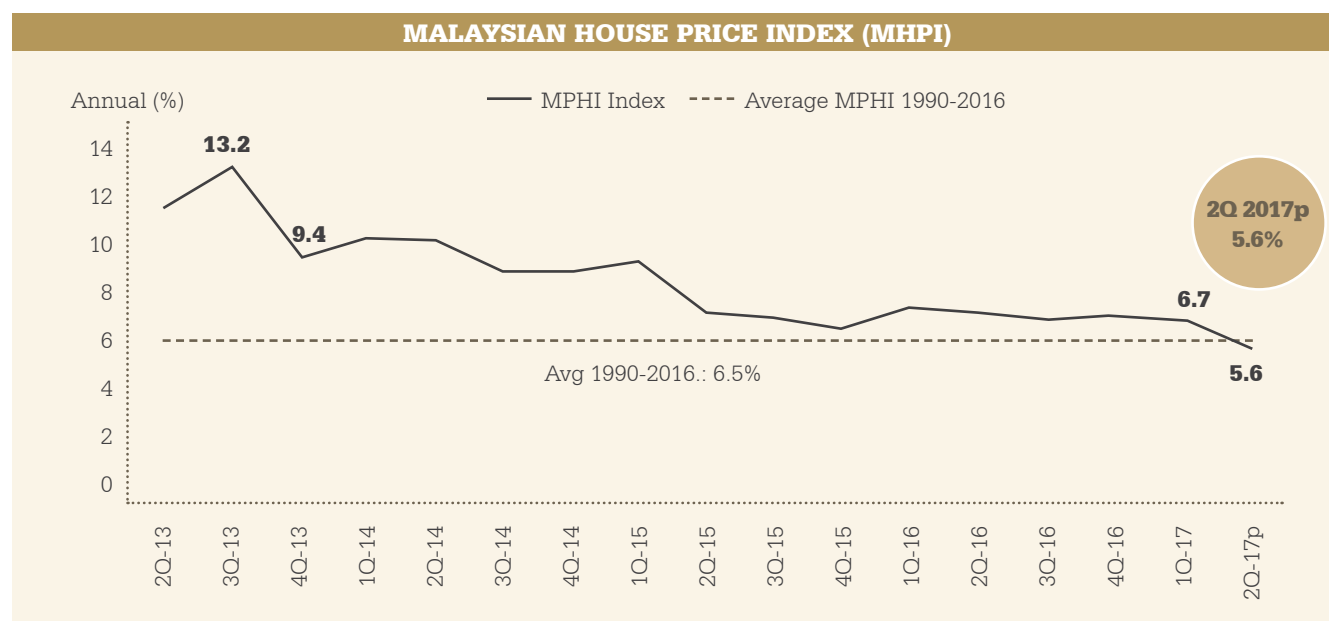


Houses priced below RM200,000 dominated the market with 44.2% share, followed by houses valued between RM200,000 to RM500,000 and RM500,000 and above which accounted for 38.0% and 17.8% market share, respectively.



In 2Q 2017, the Malaysian House Price Index increased by 5.6% (1Q 2017: 6.7%), amid a slower growth in both landed and high-rise property prices. This reflects a moderation in house prices in all key states except Johor.

## MANAGEMENT DISCUSSION AND ANALYSIS



Source: National Property Information Centre (NAPIC)

The property market would be able to endure this challenging period. Given the resiliency of the economy and the optimistic economic growth, though property market may continue to see moderation in market activity, the slowdown would be manageable as the market fundamentals remain sound and stable.

### OPERATION REVIEW

The Group's performance for year 2017 has been excellent where we, again, marked a new record in sales of properties. LBS has marked a record high of RM1,426 million sales of properties, an increase of 15.2% as compared to year 2016. Sales from projects located in Klang Valley continued to outperform those from Pahang, Johor and Perak.

Properties from the Klang Valley contributed to approximately 69% (2016: 87%) of our total sales of RM1.426 billion for the year 2017. *Bandar Saujana Putra, D' Island Residence, Skylake Residence, Residensi Bukit Jalil, Zenopy Residences, LBS Alam Perdana* and *Desiran Bayu* all located in the USJ/Puchong/KL vicinity were our chief contributors towards the total sales.

Properties priced below RM500,000 made up 58% (2016: 56.6%) of our total sales for the year 2017, representing an increase of approximately 1.4% as compared to 2016. Our focus to provide affordable range of properties at the strategic locations proved to be successful for the growth of the group.

During the year 2017, a total of 10 new projects were launched with total Gross Development Value ("GDV") of RM2.328 billion. As at the end of 2017, the Group still has a total of 19 on-going projects with total GDV of RM3.6 billion after delivered vacant possession of RM1.59 million to the purchasers.

To read more information about our projects go to Portfolio 2017 pages 77 to 93.





## MANAGEMENT DISCUSSION AND ANALYSIS

THE LINE-UP OF PROJECTS FOR 2018 WITH **EIGHT NEW LAUNCHES**, AMOUNTING TO A GDV OF **RM 2.19 BILLION** TALLING **3,139 UNITS** MAINLY CONSIST OF **AFFORDABLE HOMES PRICED BELOW RM500,000**, REPRESENTING 60% OF 2018'S RM1.8 BILLION SALES TARGET

### PROSPECTS

We continue to build for better future. We shall not remain complacent, instead, must continually strive for improvement. We continue to focus on our implementation and execution to ensure we continue to up the bar via creation of outstanding developments which grant better quality and value to our purchasers.

We will continue devoting resources to our core business in property development which we have competitive advantage and where we expect to see continue growth. Our main focus stays on developing properties priced at an affordable range with the middle income group being our main target market. We believe our strategy of delivering the right offerings, at the right price, and at the right time, will continue to sustain our momentum in 2018.

The line-up of projects for 2018 with six new launches, amounting to a GDV of RM 2.33 billion totalling 5,890 units of affordable homes priced below RM500,000. For 2018, the Group's portfolio will include a 41% landed residential developments focus in the Klang Valley, which will amount to a GDV of RM967.4 million. This comes following the need for more affordable homes that are easily accessible given the convenience of being located within the Klang Valley. Other launches for projects in Pahang, Perak and Johor would be in smaller phases basing on the market demand.

Aligned to its focus for 2018 and inspired by the success of its Bandar Saujana Putra township, LBS is optimistic about the progress and reception of its on-going townships namely, *LBS Alam Perdana* in Bandar Puncak Alam, *D' Island Residence* in Puchong, *Bandar Putera Indah* in Batu Pahat and *Cameron Golden Hills* in Cameron Highlands as well as its upcoming township, *LBS CyberSouth* in Dengkil. LBS identified *LBS Alam Perdana*, its *Projek Perumahan Awam 1 Malaysia (PPA1M)* and *Residensi Bintang Bukit Jalil*, and *LBS CyberSouth* as key target areas where it expects to see significant growth.

Presently, we have 19 ongoing projects with a total GDV of RM3.99 billion. Our undeveloped land bank of 3,816 acres with a total GDV of approximately RM29.7 billion as at 31 March 2018 paves the way for our expansion and future growth strategy.



## MANAGEMENT DISCUSSION AND ANALYSIS



### CONSTRUCTION AND TRADING

#### PROFILE

The Construction Division was formed in year 2007 to manage and execute the construction activities of our development projects. As the construction arm of the Group, MITC Engineering Sdn. Bhd ("MITCE") played an integral role in setting the benchmark for quality project management and execution. The formation of MITCE is therefore critical for the Group as it will ensure our ability to deliver our promise to produce quality with optimal cost efficiency, and most importantly, our commitment in timely hand over of vacant possession.

MITCE offers a full range of pre-construction and construction services which covers a broad range of professional services, from consulting and feasibility studies, to complete design, engineering and construction expertise to full project implementation. Its planners, designers, engineers and builders work in concert throughout an entire project towards achieving the common goal of providing a quality services at a competitive price.

Over the past decade, the Group has witnessed significant growth of MITCE, a trend that is expected to continue as a result of the expansion of the Group. MITCE has accumulated its track record in building high rise and landed residential properties as well as commercial properties.

At the end of year 2016, the Group has completed its corporate exercise to reorganise its construction business by consolidating MITCE with MGB Berhad ("MGB"). We have invested in MGB since year 2014. MGB is a public company listed on the Main Market of Bursa Malaysia and was first debuted to the market as a roof tile product manufacturer. Later in 2016, it had successfully diversified its business into project management, construction and property development.

#### VISION

To be an internationally recognized design and build corporation that redefines space to enrich life.

#### CULTURE

"Customer First" culture is always our core value to uphold.

#### FOCUS

We strive to become the preferred contractor for government residential projects, targeted at affordable segment.

#### COMMITMENT

- Ensure the continued success of our customers by meeting and complying with their requirements.
- Ensure our continued success by continuous strive for improvements through a continuous review and enhancement of system effectiveness.
- Ensure our services are cost effective, reliable, high quality and is delivered on time.

#### MARKET & INDUSTRY OVERVIEW

The construction sector registered a moderate growth of 6.7% (2016: 7.4%) in 2017. Growth was supported mainly by the civil engineering sub-sector, due to steady progress of large petrochemical, transportation, and utility projects. Growth in the residential sub-sector moderated, consistent with the record-high number of unsold residential properties. In the non-residential sub-sector, growth was sustained by higher activity from mixed developments, industrial and social projects such as theme parks and sports complexes, which was offset by the ongoing weakness in the commercial segment due to an oversupply of office space and shopping complexes.

The construction sector is expected to register a stronger expansion in 2018 at 7.3% from 6.7% in 2017, driven by large new and existing multi-year civil engineering projects.

(Source: Bank Negara Malaysia Annual Report 2017)



## MANAGEMENT DISCUSSION AND ANALYSIS

### OPERATION REVIEW

In aligning with the focus and aspiration of this construction arm which is to be a regional construction company and to better reflect the corporate identity and branding, the name of the company was changed to “MGB Berhad”, which stands for “Malaysian Generations Builder” on 27 December 2017.



A Placement of 28,000,000 ordinary shares at RM1.08 per share was done in August 2017, raising a total proceeds of RM30.2 million to fund its business operations.

In the year 2017, the Construction Division has successfully completed 7 projects during the financial year and secured sterling order book of approximately RM1.67 billion with 17 new contracts bringing total order book to RM3.05 billion. Out of the said order book, approximately RM0.41 billion in

contract value has been secured from external parties. As at end of the year 2017, the outstanding construction order book recorded at approximately RM2.27 billion.

In addition to the main building construction works, MGB has also ventured into piling activities and has secured a key sub-contract of RM68.14 million to undertake piling works in Bau, Lundu and KSR Section in Sarawak under the Pan Borneo Highway project during the year 2017.

In its diversification foray, MGB ventured into the property development undertaking small scale property development by land acreage which are below 10 acres for high rise building projects and below 100 acres for landed properties. Its first project was a block of 32-storey mixed development project known as ‘Zenopy Residences’ comprising 74 of shop units (Phase 1) and 398 units of service apartments (Phase 2) in Seri Kembangan, Selangor.

Through a joint venture with Sany Construction Industry Development (M) Sdn Bhd, a subsidiary of China’s Sany Group Co Limited (“Sany Group”), MGB embarked on manufacturing of precast products for building projects. This new venture signifies the long-term plan for MGB to move towards innovative in construction with aim to deliver quality products at the most effective cost and time measures.

### PROSPECTS

The Group is optimistic that its Construction Division will continue to be promising with the sizeable order book in hand. Tapping on the government’s major focus and initiative in 2018, coupled with existing track record and visibility in affordable houses project and piling work for infrastructure, our Construction Division possess competitive advantages to continue tender for infrastructure and housing construction projects to replenish its existing orderbook.

Moving forward, the Division will continue to strengthen its rapport with government agency by supplying quality products in its existing projects. It will also continue to tender for infrastructure and housing construction projects to replenish its existing orderbooks.



## MANAGEMENT DISCUSSION AND ANALYSIS



### MOTOR RACING CIRCUIT

#### PROFILE

Zhuhai International Circuit (ZIC) is the first permanent racing Circuit built in China. ZIC is an FIA (International Motor Sports Federation) approved, 4.3km long Grade 2 circuit. It was completed in November 1996, at the time of its completion, it also held its first international event, the BPR Global GT Series. Since then, China was reorganised officially by the international body of motor sport racing.

ZIC project is a sino-foreign joint venture with local partner, Zhuhai Jiuzhou Group Holdings Limited, an investment arm of Zhuhai City Government. Under this joint venture, the local partner provided the 264-acre land whereas the foreign partner contributed the capital to develop the racing circuit. LBS is entitled to 60% share of profit of this joint venture.

In 2005, Zhuhai International Circuit began to hold the Pan Delta Super Racing Festival that have four events under one roof. Namely the formula car racing, RV, motorcycle, and drifting events. This marked the bold step forward for the automobile racing sports entering into the masses. For the past 11 years, Zhuhai International Circuit has attracted over 5,000 racing drivers and more than 900 thousand audience to the events. In 2017, the value of media coverage hit a new height of more than RMB 160 million. This festival was awarded the “Best Racing Event of the Year”, and Zhuhai was proclaimed the “Automobile City of China” and “China City of Motor Sport Racing”.

In alignment with the concept of “One Belt One Road” and the MOU signed for Establishment of Friendly State and Province between Melaka and Guangdong Province, in year 2015; LBS & JiuZhou signed the joint development agreement; Zhuhai International Circuit introducing its transformation plan of becoming the first integrated development in China which bring together the motor sport racing, tourism, and Malaysian culture into one. This project also aim to integrate the racing events into the urban lifestyle of city living in Zhuhai.

#### OPERATION REVIEW

During the year 2017, ZIC has hosted the annual Pan Delta Super Racing Festival for the Spring, Summer and Autumn races. The action-packed event featured fast-paced racing in the form of Circuit Hero Series, Superbikes, Asian Formula Renault, drifting and stunt show, auto show, food festival and interactive activities. This is the venue for top overseas players enhanced the level of competition and offered an opportunity for domestic players to study and progress.

To create more value of this segment, the Management together with its local partner have sought local authorities' approvals on an upgrading and transformation plan to transform the racing circuit into a mixed development







## MANAGEMENT DISCUSSION AND ANALYSIS

comprising motor sports, tourism and cultural elements in 2015. The transformation plan is in line with the 21st Century Maritime Silk Road strategy introduced by China President Xi Jinping and is also riding on the establishment of ‘Friendly State and Province’ between Malacca State and Guangdong Province.

The ZIC Upgrading and Transformation Plan has been approved by the Development and Reform Bureau of Gaoxin District of Zhuhai (珠海高新区发展和改革局) in December 2017. This transformation plan includes two additional functional zones onto the existing Motor Sports and Services Amenities Zone, i.e. Tourism Zone and Cultural Zone.

Under the approval, the existing 264-acre land is divided into two plots, i.e. East Land and West Land. West Land, with an area of 851,360.18 square meters, is where the existing racing track located, has been approved for additional developments encompassing China-Malaysia Cultural Center, racing circuit amenities (inclusive of race car servicing center, exhibition hall, research and development center, petrol kiosk, first aid center, etc.), theme park, commercial area and tourist visiting tower.

East Land is a piece of empty flat land with an area of 146,323.58 square meters has been approved for additional developments encompassing Malaysia Cultural Village, China-Malaysia Cultural Museum, Cheng-Ho Cultural Hall, Malaysia economic and trade building, themed business area, theme hotel block, shopping arcade and daily amenities.

### PROSPECTS

Value of the ZIC land could be further enhanced by the completion of the 29km Hong Kong-Zhuhai-Macau Bridge, which is targeted to be operated in 2018. The bridge opening is set to give a further boost the economy particularly the tourism industry in Zhuhai City. We aligned our strategy to tap onto this advantage to enhance the forthcoming hospitality and commercial segment in the transformation plan.



### MANAGEMENT, INVESTMENT AND OTHERS

Business classified under this segment includes investment in equity securities listed in the Hong Kong Stock Exchange, trading in building materials, insurance agent and tourism development.

## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW OF FINANCIAL RESULTS AND FINANCIAL POSITION

#### FINANCIAL PERFORMANCE

For the financial year ("FY") 2017, the Group reported higher revenue by 37% to RM1.36 billion as compared to RM993.62 million in the previous financial year with the Property Division being the major revenue contributor for the financial year.

The main drivers were the impressive take up rate and steady construction progress from the Group's on-going development projects within the Klang Valley, Pahang and Johor.

Correspondingly, the Group's profit before tax in FY2017 increased by 32% to RM190.31 million from RM143.95 million in FY2016 mainly due to improved earnings from the Property Division.

#### Segmental Review - Property Development

During the financial year, the Division recorded higher revenue of RM1.21 billion, an increase of 42% from RM850.85 million recorded a year earlier. Correspondingly, the Division reported a notable profit before tax of RM177.57 million during FY2017 which were significantly higher from the previous

financial year, as a result of the impressive take up rate and steady construction progress from the Group's on-going development projects at *Bandar Saujana Putra*, *D' Island Residence*, *Bandar Putera Indah*, *Sinaran Mahkota*, *Midhills*, *Desiran Bayu*, *LBS Alam Perdana* and *Zenopy Residences*.

#### Segmental Review - Construction and Trading

During the financial year, the Construction and Trading Division generated revenue of RM680.75 million as compared to the previous financial year of RM562.56 million, representing a significant increase of 21%. Profit before tax improved by 3% to RM40.81 million in FY2017 from RM39.68 million in FY2016. The increase in revenue and PBT were primarily contributed from in-house projects.





## MANAGEMENT DISCUSSION AND ANALYSIS

### Segmental Review - Motor Racing Circuit

During the financial year, the Division recorded lower revenue of RM22.06 million and higher loss before tax of RM13.10 million as compared to the previous financial year. The lower revenue and higher loss before tax were primarily due to lower income from racing corporate day events and sponsorship mainly attributable to the Typhoon Hato that struck South China in August 2017,

### Segmental Review - Management, Investment and Others

During the financial year, the Divisions generated revenue of RM398.17 million compared to the previous financial year of RM406.06 million, representing a decrease of 2%. Loss before tax has improved by 44% to RM14.97 million in FY2017 from RM26.61 million in FY2016.

The decrease in revenue was mainly due to lesser intra-group dividends being declared in FY2017. The improvement in loss before tax was mainly due to one-off provision of impairment loss on the investment in equity securities listed in the Hong Kong Stock Exchange in FY2016.



### FINANCIAL POSITION

The Group strives to maintain a healthy balance sheet that enables the execution of our strategic objectives in land banking opportunities and creating value for stakeholders over the longer term.

#### Total assets

As at the end of FY2017, the Group's total assets increased by 40% to RM3.95 billion (2016:RM2.83 billion). The increase was mainly attributable to the followings:

#### a) Land and property development cost

The Group's land and property development cost increased by 65% to RM1.80 billion (2016:RM1.09 billion). The increase was mainly due to additional certified property development costs incurred and land cost for new land bank for existing and future project development.

#### b) Trade receivables

The Group's trade receivables increased by 90% to RM600 million (2016:RM315 million). The increase was primarily due to billings in December 2017 for delivery of vacant possession of a few projects and collection is expected to be received in early 2018.

#### c) Inventories

The Group's inventories increased by 40% to RM264 million (2016:RM188 million). The increase mainly came from unsold completed properties at Bandar Saujana Putra, Sinaran Mahkota and D' Island Residence.

#### d) Cash and bank balances

The Group's cash and bank balances increased by 22% to RM281 million (2016:RM231 million). The increase was mainly from the increasing cash balances in Housing Development Accounts for project development.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Total equity

Total equity increased by 14% to RM1.37 billion (2016:RM1.21 billion). The increase was mainly attributable to the followings:

#### a) Equity attributable to the owners of the Parent

The increase was mainly due to exercise of employees' share options, conversion of warrants, listing of its first Redeemable Convertible Preference Shares on Bursa Malaysia Securities Berhad, raising approximately RM127 million for new projects development and profit made during the financial year.

#### b) Non-controlling interests ("NCI")

The Group's NCI increased to RM89.58 million (2016:RM41.2 million). The increase was mainly arising from the private placement of 28 million ordinary shares to NCI and profit sharing to NCI.

### Total liabilities

Total liabilities increased by 59% to RM2.58 billion (2016:RM1.62 billion). The increase was mainly attributable to the followings:-

#### a) Trade payables

The Group's trade payables increased by 78% to RM1 billion (2016:RM563 million). The increase was mainly due to additional landowners' entitlements for existing and future project development.

#### b) Bank borrowings, finance lease payables and bank overdrafts

Please refer to "capital structure and capital resources" section.

### Capital structure and capital resources

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders value.

The Group's bank borrowings, finance lease payables and bank overdrafts increased by 39% to RM863 million (2016:RM617 million). Gross gearing inched higher to 0.63 times from 0.51 times as at the end of FY2016. The increase was partly due to higher working capital requirements arising from new project launches in the financial year and land bank replenishment in order to sustain development activities and to grow our presence locally.

There are still a few joint venture and sale and purchase agreements for project developments pending conditions precedent to be complied. The Group will use internally generated funds and/or source for bank borrowings to ensure land securement and timely launching of the projects.

### 2017 OPERATION HIGHLIGHT



**3,933  
UNITS**

of properties have  
been launched



**RM2.328  
BILLION**

worth of property  
have been launched



**2,321  
UNITS**

of properties have  
been delivered



**RM1.59  
MILLION**

of properties have  
been delivered



**19**  
on-going projects



**558.3  
ACRES**  
added into the land  
bank





## MANAGEMENT DISCUSSION AND ANALYSIS

### DUAL DIVIDEND POLICY

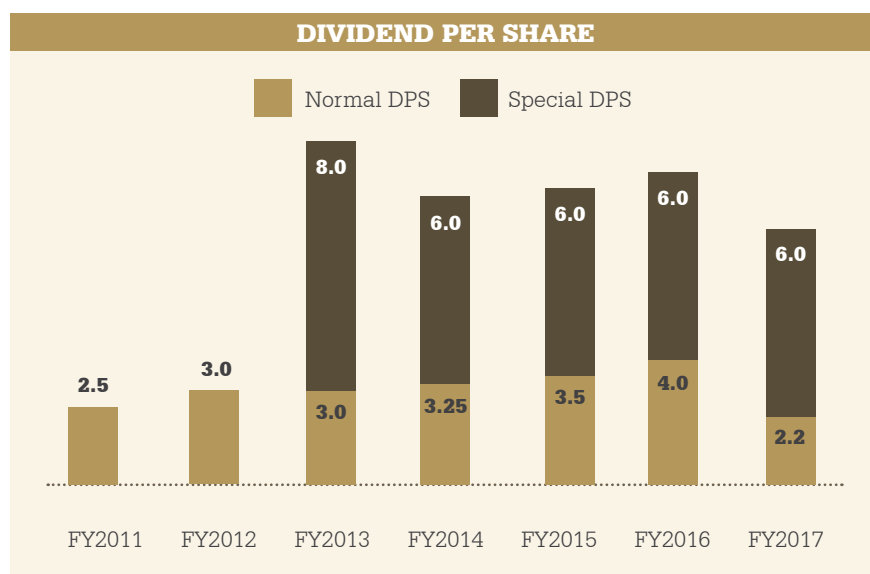
The Group had adopted and implemented the following dual dividend policy:

1. **Normal Dividend Policy** where the distribution is based on pay-out rate of at least 30% of the Company's profits after taxation from its ordinary business operations for each financial year.
2. **Special Dividend Policy** where the distribution is based on the receipt of the deferred cash payment from the disposal of investment in China which is expected to be received in 4 tranches from year 2014 to 2017 with a pay-out rate of 6 sen per share or up to 40% of each tranche receipt, whichever is lower.

For the FY2017, the Group had declared a Special Dividend of 6 sen per ordinary share (tax exempt dividend) from the receipt of the final tranche of cash payment of HKD200 million arising from the disposal of investment in China. This Special Dividend forms the final tranche of pay-out under the Special Dividend Policy.

In addition to the above, the Board has declared a Single Tier Interim Dividend of 1 sen per ordinary share and recommended a Single Tier Final Dividend of 1.2 sen per ordinary share for the FY2017 from its ordinary course of business under the Normal Dividend Policy. The Final Dividend is subject to the shareholders' approval at the forthcoming Eighteenth Annual General Meeting.

For the entire FY2017, subject to the shareholders' approval on the proposed 1.2 sen Single Tier Final Dividend, the Group has declared a total of 8.2 sen per ordinary share to the shareholders. The Interim and Final Dividend totalling 2.2 sen per ordinary share was declared/recommended based on the enlarged share capital consequential from the completion of subdivision of shares of 1:2 and the Bonus Issue of 1:10 in February 2018.



\* comprising 1.2 sen of Single Tier Final Dividend to be approved by shareholders at the 18th Annual General Meeting.

### ANTICIPATED AND KNOWN RISKS

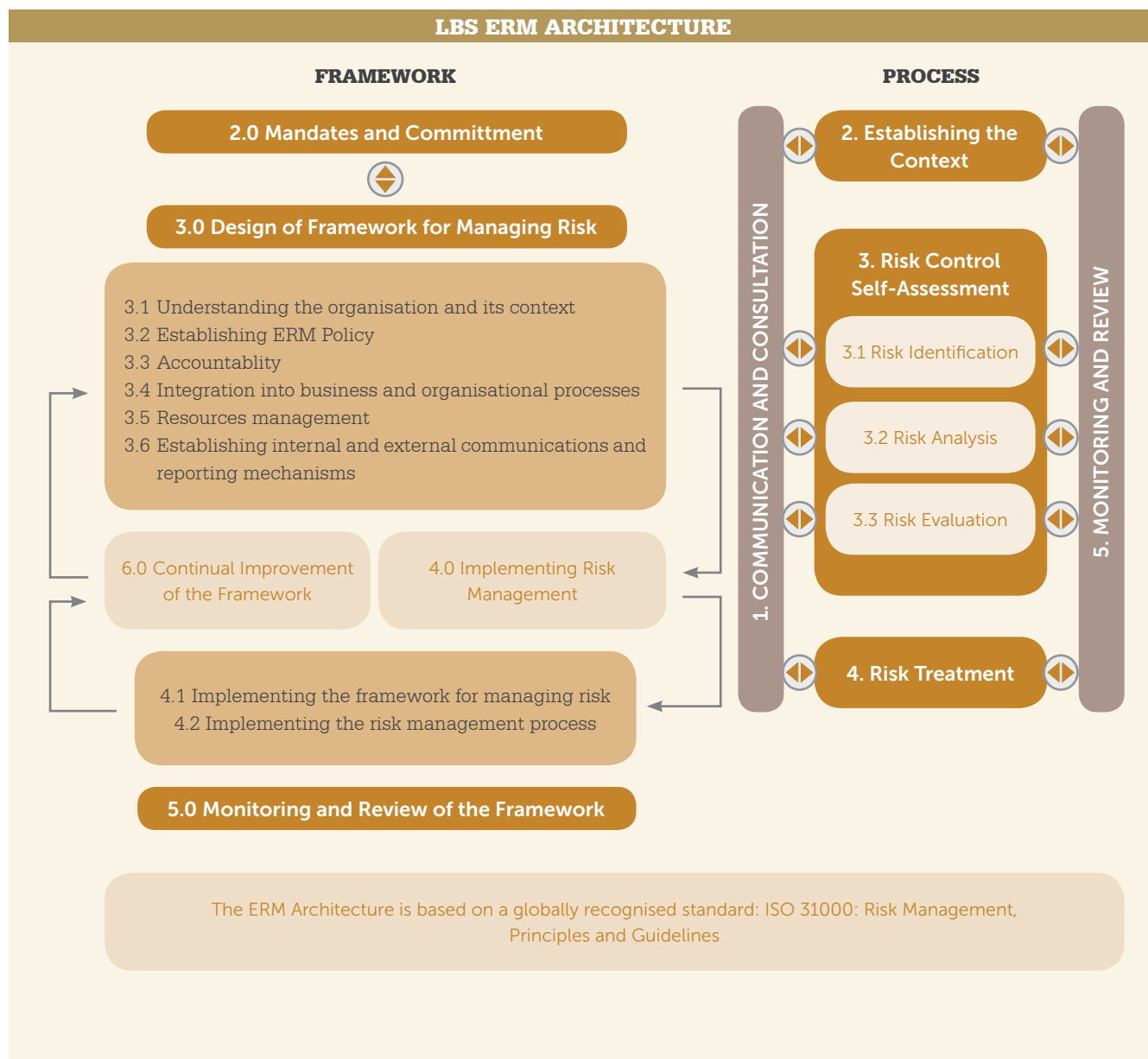
The Company adopts an Enterprise Risk Management ("ERM") framework, which is aligned with the framework and guidance issued by Committee of Sponsoring Organisation of the Treadway Commission ("COSO") and ISO 31000 – Risk Management Principles and Guidelines. This framework essentially links the Company's objectives and goals its principal risks.

During the FY2017, the Company has outsourced its entire ERM framework by engaging an external service provider, Deloitte Enterprise Risk Services Sdn Bhd to facilitate the risk control self-assessment exercise with various stakeholders. Risk analysis and evaluation were performed to update the existing risk registers. The Risk Management Committee revised the risk treatment plans along with the corresponding target risk level for any key residual risks highlighted.

## MANAGEMENT DISCUSSION AND ANALYSIS

Under the revised framework, we have further strengthened our risk management and 'three lines of defence' model throughout our simplified business was introduced. In particular, in implementing our strategy, we reviewed our operating processes in detail, developing risk and control matrices for each process that we considered.

This risk register would be reviewed on periodically as part of the management reporting system to the Risk Management Committee and later to Audit Committee and the Board after having discussed with the relevant operation units who have reviewed their own areas of operation. Thereafter, the assessment of each risk is monitored and where necessary, to improve the management action plans and mitigation measures.






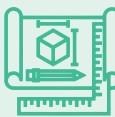
## MANAGEMENT DISCUSSION AND ANALYSIS



With periodical reviews and changes that are required under the changing business environment, they are then implemented by management to ensure, as far as possible, that the Group's risks are either eliminated or mitigated. More information on the risk management and internal control is included within in this Annual Report on pages 148 to 150.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group has identified, evaluated and put in place measures to mitigate the principal risks faced by the business operations. Below table shows how the major risks are affecting the strategies of the Group, its impacts and the mitigation actions:

Strategies	Area of risks	Impact towards strategies	Mitigation of risks
<b>Land banking</b> 	<p>The possibility that the Group is unable to source land or joint venture project that could generate reasonable project profit margin.</p> <p>The scarcity of land increases the cost of land banking.</p>	<p>Failure to obtain land or project that derives reasonable profit margin would have detrimental effects on future profitability.</p> <p>Insufficient land would affect the Group's growth targets.</p>	<ul style="list-style-type: none"> <li>Majority of the Group's land banks and projects are sourced via joint venture with landowners as this will reduce the upfront and holding cost.</li> <li>Major land acquisition process was done through careful due diligence, risk assessment and feasibility studies on the proposed land purchases.</li> <li>The Group's undeveloped land of about 3,816 acres shall suffice the supply of project development source for at least 10 years.</li> </ul>
<b>Designing</b> 	<p>Possibility that property design does not meet customers' demand</p> <p>Too complicated design that need more time and cost for construction.</p>	<p>Change in design subsequent to launching will cause time loss and incur extra cost.</p>	<ul style="list-style-type: none"> <li>Keep abreast with fast changing trend and preferences of different group of customers by constant communication with customers.</li> <li>Establish policy and procedures in selection of architects to ensure only qualify professional firms with proven track records are awarded with contracts.</li> </ul>





## MANAGEMENT DISCUSSION AND ANALYSIS

Strategies	Area of risks	Impact towards strategies	Mitigation of risks
<b>Building</b> 	<p>Prices increase in labour market and building materials.</p> <p>Shortage of appropriate skilled personnel at site.</p> <p>Non-performing contractors.</p> <p>There are significant risks in health and safety inherent in the construction industry.</p> <p>The climate change which lead to extreme rainfall, flood, land slide and heat wave.</p>	<p>Insufficient appropriate skilled personnel in place coupled with shortage of materials at competitive prices would delay the construction process. As a result, this will affect the Group's growth plan.</p> <p>Level of capacity and capability of contractor performs its contract would delay the progress of a project and complication of process.</p> <p>Injuries to staff, sub-contractor or even visitor at site could delay the construction process and may lead to criminal prosecution or civil litigation. These could have negative impact on LBS Brand, reputation and as a result, extra cost to the Group.</p> <p>Extreme rainfall, flood and land slide may cause damage to existing works at site while heat wave delays or even stops the progress at site.</p>	<ul style="list-style-type: none"> <li>Identify training needs and allocate appropriate resources for training.</li> <li>Consider outsourcing manpower recruitment.</li> <li>Ensure competitive remuneration policies are in place to retain staff.</li> <li>Improve forward planning in building material sourcing function.</li> <li>Invest in IBS precast and prefabrication building technology.</li> <li>Group purchasing function is in place to ensure competitive prices are obtained.</li> <li>Establish policy and procedures in selection of contractors to ensure only qualify contractors with proven track records are awarded with contracts.</li> <li>The Health and Safety Department review and monitor the health and safety issues on monthly basis.</li> <li>Regular site visits by Group Managing Director and Executive Directors as well as external consultants to monitor health and safety standard and implementation of the Health and Safety policies and procedures.</li> <li>The Environment Policy is in place and relevant procedures are implemented to address the relevant issues at site.</li> </ul>

## MANAGEMENT DISCUSSION AND ANALYSIS

Strategies	Area of risks	Impact towards strategies	Mitigation of risks
<b>Selling</b> 	<p>The risks that affect the sales of the Group include:</p> <ul style="list-style-type: none"> <li>• Interest rate increase</li> <li>• Stringent bank lending rules</li> <li>• Sales incentives</li> <li>• Change in housing policies by government</li> <li>• Low market sentiment in property market</li> <li>• Over promised by outsourced sales agent.</li> </ul>	<p>High interest rate and stringent bank lending rules would directly affect the property sales.</p> <p>Excessive incentives used to increase sales may affect the profit margin and cash flow.</p> <p>Change in interest rate and government policies may affect the entire plan or demand of an on-going project.</p> <p>External sales consultants may over promise customers in order to achieve higher sales commission. This would affect the reputation of the Group and also incur extra cost if such promises are to be fulfilled.</p>	<ul style="list-style-type: none"> <li>• Established financial assistant plan for selected projects and qualified applicants as an alternative to those who are unable to obtain bank loan.</li> <li>• Strengthen the determination process for pricing strategy and product range.</li> <li>• Strategise sale incentives to encourage sales, such as flexi down payment terms, interest free instalments for initial down payment.</li> <li>• Enhance customer care procedures to ensure customers are satisfied with sales services. The Customer Service Department has put implemented various communication channels for effective communication with different group of customers.</li> <li>• Strengthen the monitoring process of external sales agent and consultant including project briefing and training.</li> </ul>
<b>Delivering</b> 	<p>Timely delivering of completed units to purchasers may not be achieved due to delay in construction process.</p>	<p>Delay in delivering quality home that result in purchaser claiming Liquidated and Ascertained Damages (LAD) which affect reputation and cash flow of the Group.</p> <p>Complaints from unsatisfied customers may affect the reputation of the Group.</p>	<ul style="list-style-type: none"> <li>• Strengthen the construction process and procedures so that timely delivery of quality homes is achieved at all sites.</li> <li>• Special task force has been formed to check the quality of the completed units before hand over of vacant possession.</li> </ul>



# Portfolio 2017



## **BANDAR SAUJANA PUTRA** KLANG VALLEY

*Bandar Saujana Putra (BSP)*, an 850-acres award-winning township that continues to evolve and grow, is an integrated and self-contained township with individual neighbourhoods connected by a landscape boulevard with over 40 acres of open green space.

*BSP* offers an environment designed for families to be nurtured; community to be celebrated and lifelong memories to be made. It is an up and coming integrated township with 10,468 units of residential and commercials that had been completed and delivered to purchasers. Currently, 1,432 units of properties are being developed at various stages of construction progress. The extent of variety in the residential units will ensure that people from a wide range of income group and lifestyle will be equally accommodated. *BSP* boasts a seamless integration within the community by offering recreational parks, sporting facilities, clinic, bank, *surau*, shops, schools (under construction), multi-purpose hall (under construction) and bus service.

## PORTFOLIO 2017

### Superb Connectivity

This flagship project is strategically located within close proximity of the developing education hub, medical centres, police station and petrol station. It is also accessible and conveniently connected via major expressways, which includes the Damansara-Puchong Expressway (LDP), Elite Highway (ELITE), Shah Alam Expressway (KESAS), South Klang Valley Expressway (SKVE) and Maju Expressway (MEX). It is within minutes' drive from Petaling Jaya, Sunway, USJ, Subang Jaya, Seri Kembangan, Shah Alam, Cyberjaya and Putrajaya.

The superb connection through highways to Putrajaya, Malaysia's Government Administrative Centre and also where the Putrajaya International Convention Centre resides; Cyberjaya, the country's first intelligent city with world class IT infrastructure and the Multimedia Development Corporation or MDeC headquarter; KLIA, one of Southeast Asia's major aviation hubs; KLIA 2, the new mega terminal dedicated for low-cost carriers; Sepang International Circuit, the Malaysian Grand Prix and other nearby townships such as Taipan USJ, Putra Heights, Sunway, Puchong and et cetera, has further enhanced the strategic development of BSP.

Another convenient and fast alternative mode of transportation is available at Putra Heights, a nearby township that is connected by two LRT extensions. Putra Heights station serves as an interchange station between the Kelana Jaya line extension and the Ampang line extension.

### Comprehensive Development

BSP has contributed significantly towards the creation of self-contained township under the government blueprint, which supports the demand for property in Klang Valley. As planned, BSP is crafted as a mixed development township that comprises residential, commercial, sports arena, hotel and shopping mall. With the efficient interlinking systems and proximity to numerous cities, BSP is expected to become another pulsating town in the vicinity.

Communities' well-being is of a great importance, and thus BSP is well-equipped with amenities and utilities that one requires to lead an urban life. From restaurants, coffee joints, parks, football field, bank, clinic, gardens, to police station and *surau*, BSP will fulfill the communities' daily needs. The remaining development land in this township would form the heart of BSP where it would be developed into a mixed commercial and residential segment known as "*One BSP*" comprising shopping mall, service residences, retails, sports arena and hotel. The upcoming *One BSP* is envisioned to enhance the life in BSP enjoyable, pleasant with ease of mind, where residents will find everything they need conveniently close at hand. The remaining development in BSP township is expected to be completed in four to six years' time and has an estimated GDV of more than RM4.2 billion.

### Occupancy

The occupancy rate for *BSP* currently is more than 85% since its first launch in 2003. By witnessing the tremendous growth of the township, LBS is upbeat that the number of occupancy could be further augmented owing to its strategic location and the dynamic neighbourhood.

### Potential value

The value of properties in *BSP* continues to appreciate by leaps and bounds. For many properties within the residential segments such as *Saujana Business Park*, the value of the commercial units have appreciated more than 100%. As such, BSP has become a choice location for families and investors alike. And as BSP continues to grow in stature and value, many have and will recognize that BSP is an investment-worthy township, be it a financial investment or simply an investment into the family. Besides, new developments near BSP also provide more job opportunities and enhance the vibrancy of the township.

MAHSA University, which is just metres away, had their first intake of students in 2015. The 48-acre campus which could accommodate about 15,000 students in its faculties is expected to boost the liveliness of the township and transform the potential value on investment.





## PORTFOLIO 2017



### **BSP 21** BANDAR SAUJANA PUTRA

BSP 21 is a 21-acre award-winning development that consist of 10 blocks of residential towers comprising 2,602 units of serviced residences within 18-storey and 27-storey and 28 units of shops.

It is built on three separated podiums interconnected by sky bridges and green spaces. A lifestyle-focused development with over 70 amazing facilities organised into multiple active and quiet zone to ensure each dedicated are embodies the atmosphere of the allotted activities. The clubhouse, spreads 66,000 square feet over four levels, comes ready with kids-friendly putt-putt golf, indoor silver station, roller-skating rink, imagination room, dance studio, meditation room, ballroom, outdoor theatre, community meeting and etc.

This project is catered for first time homebuyers, young families and investors. Having affordable pricing, quality homes, better security system, ample conveniences and superb connectivity, *BSP 21* is expected to be a bold indication to the future growth of the BSP Township with a total GDV of RM1.4 billion. The first five blocks of 1,170 residential units with a total GDV of RM585 million have been completed and handed over the vacant possession to the purchasers in December 2017. The remaining 5 blocks comprising 1,432 residential units with total GDV of RM818 million are expected to handover in 2018.

## PORTFOLIO 2017



### BSP Village

*BSP Village* is the second wave of commercial and retail offerings to be launched in BSP Township. It is designed to fulfil the social and commercial needs of its residents. It comprises 164 units of two and three storey shop office units with total GDV of approximately RM236 million. This property has been launched in 2015 and received good response with 90% take-up rate.



### BSP Bayuanmas / Rumah Selangorku

*BSP Bayuanmas* is an affordable housing development project under the program of *Rumah Selangorku* comprising a total of 1,312 units of apartments with built-up area 800 and 900 square feet. This project comprises 4 blocks of 15-storey apartments with an estimated GDV of RM236 million.



### BSP 6

*BSP 6* comprises two blocks of 29-storey service apartments on a piece of 6-acre land next to *BSP Village*. It has a total 684 units with total estimated GDV of RM387 million. Its first launch is targeted to be in year 2018/2019.

**[FUTURE LAUNCHES]**





## PORTFOLIO 2017



### **D' ISLAND RESIDENCE**

**PUCHONG, SELANGOR**

*D' Island Residence* is an island paradise with 175 acres of land surrounded by 1,000-acre scenic lake with a small piece of land connecting to the mainland. This island-themed development in Puchong is transforming the island into a truly remarkable and exclusive mixed-residential neighbourhood, a truly unique experience – an exclusive island-living right in the heart of the city. *D' Island Residence*, luxury homes for a natural lifestyle with total peace of mind.

## PORTFOLIO 2017

This unique island living development is well connected to several highways such as LDP, KESAS, ELITE and MEX. It is also easily accessible from Puchong town center, Cyberjaya, Putrajaya, KLIA and is approximately 30km south-west to Kuala Lumpur City Center. Nearby amenities include Tesco Hypermarket, IOI Mall and Giant Hypermarket, which are approximately 5 to 15 minutes' drive away, depending on the driver's speed.

*D' Island Residence* is featured with wide range of outdoor amenities to encourage family interaction and healthy activities from jogging path near the lake, to the parks with latest playground equipment and lakeside outdoor gym. Lush greenery, clear water, fresh air and excellent recreational facilities make a perfect combination for promoting healthy lifestyle. All these are planned along with a 3-tier security system to ensure residents can engage in various activities with a total peace of mind. With the aim of offering an active, family-oriented environment, its landscaping has been upgraded to offer an ideal place to spend quality time with family and loved ones and to rediscover the pleasurable experience.

The residents of *D' Island Residence* can enjoy the beautiful sunrise and sunset views right within the island. While reaping the energy-saving benefits, the design of buildings in *D' Island Residence* also promotes cosy atmosphere where the environmentally friendly system is incorporated. Certain types of residential units come with private roof garden and/or equipped with private in-house lift.

The development in *D' Island Residence* comprises bungalows, semi-detached homes, luxury superlinks residences, condominiums, retails, offices and service apartments. In this unique island, we promote an island-lifestyle complete with modern conveniences as well as concept that is more sustainable and eco-conscious toward the environment. The development of *D' Island Residence* is expected to last for another five to seven years with a total GDV of more than RM2.3 billion.

*D' Island Residence* Club House features a host of first-class leisure and recreational for the adult and children. Residents with the membership of the Club House can enjoy the facilities at the club house such the café, pool, gymnasium, children playground, rooftop garden and etc.



CORALLIA

*Corallia* is a 2-storey semi-detached houses project that was launched in the year 2015, with a land area of 40 ft. by 80 ft. and gross built-up of about 3,968 square feet. The cul-de-sac concept creates a greater sense of exclusivity and privacy. *Corallia* Phase 1, 2 and 3 have a total of 172 residential units registering a total GDV of RM299.9 million. *Corallia* Phase 1 and 2 have been handed over the vacant possession to purchasers in 2017.



*Nautilus* is a series of 3-storey and 2-storey superlink homes that offer an exceptional modern touch inspired by nature. *Nautilus* 2 home was launched in 2016 which feature 14 feet ceiling height living area, split level on the first floor, huge glass door, framed large windows, which help create an open-ended interior to maximise space and nature lighting. The phase 1 of *Nautilus* consists of a total 60 units of 3-storey superlink home with a total GDV of RM124.9 million. The phase 2 of *Nautilus* was launched in 2016, consists of 53 units of 2-storey superlink houses and 2 units of 3-storey superlink houses with total GDV of approximately RM79.3 million.

SKYVILLA

*SKYVILLA* is the first high-rise project in *D' Island Residence*, with an estimated GDV of RM253 million, showcases two blocks of 17-storey buildings featuring 352 residential units with 13 units on each floor. With a distinct design that includes a wide range of facilities like pools, exercise and sports facilities, gyms and other leisure amenities, *SKYVILLA* has been handed over to purchasers in year 2017.

The second high-rise development named as *Harbour Front* is targeted to be launched in the year 2018/2019. It features one block of 6-storey resort office and two blocks of serviced apartments which comprises 1,064 units of serviced residences, 43 units of shops and 13 units of offices with total GDV of about RM646.4 million.





## PORTFOLIO 2017



### **SKYLAKE RESIDENCE** PUCHONG, SELANGOR

*Skylake Residence*, a lakeside residence strategically located in the heart of Puchong, comes with a fantastic view of the Puchong skyline and a breathtaking view of the lake. Combining nature and tranquillity through the concept of “Nature & Nurture, Created in Perfect Harmony”, *Skylake Residence* is the ideal home for those who seek tranquillity and melt away the stress of life.

Conveniently accessible via LDP, MEX and ELITE Expressway, *Skylake Residence* is situated 15 minutes from Bandar Puteri Puchong, 25 minutes to Sunway, Petaling Jaya, Bukit Jalil and 30 minutes to KLIA.

*Skylake Residence* is a getaway to a leisurely and family-oriented world of commercial, educational, healthcare and shopping amenities. It will be the new living milestone, bridging the serenity of nature with the nurturing comfort of modern facilities with focus on health, play, convenience and total relaxation.

*Skylake Residence* features two blocks of serviced apartment comprising 746 units of serviced residence and 1 unit of shop with combined GDV of about RM372 million.

## PORTFOLIO 2017

## Desiran Bayu

### DESIRAN BAYU

PUCHONG, SELANGOR



*Desiran Bayu* is residential homes on a Malay Reserve land in Puchong is located next to our premier development, D' Island Residence. The central attraction in the development is that homes and facilities are built around a 43-acre lake. With any water-side living, one experiences the beauty of water, breeze and rustling sounds from the surrounding lush greenery. Hence, the name, *Desiran Bayu* (meaning "Swishing Breeze").



The homes design was inspired by the concept of "A Living Tradition". Asian families especially the Malay ethnic groups stand strong on family values and communal livings are part of their daily life. The charm of this traditional value are incorporated and fused in today's urban living with all the expectations of modern city life. The concept is expressed through the traditional touches to the homes as well as bonding activities surrounding the development's main feature – the lake.

*Desiran Bayu* comprises 598 units of 2-storey terrace houses, 2-storey cluster linked houses and 2-storey semi-detached houses and priced from RM550,000 onward. It is located at Puchong South, 12km from IOI Mall, Tesco and Giant Hypermarket in the established township of Puchong. It is approximately 35km away from Kuala Lumpur city center.

*Desiran Bayu* is well connected to few highways such as MEX Highway to Putrajaya, Cyberjaya and KLIA, KL-Seremban Highway & Lebuhraya Bukit Jalil to Kuala Lumpur, Lebuhraya Damansara Puchong (LDP) to Petaling Jaya, Damansara and Sunway.

A total of 598 units were launched with take up rate of 94%.



## PORTFOLIO 2017



### ZENOPY RESIDENCES

#### **ZENOPY RESIDENCES** SERI KEMBANGAN, SELANGOR

*Zenopy* is a modern day hybrid name, coined from the words Zen & Canopy. Zen is about a state of mind often related to one's wellbeing, while Canopy is a shelter by definition, hence an analogy of home. When combined it's blend that is ideal in denoting a perfect space for perfect living. With the lifestyle of urban tranquility, this project is equipped to provide peaceful sheltered space with the unique design of canopy-like gazebo skewed towards the sense of Zen.

Located in the heart of Seri Kembangan, it is easily accessible and conveniently connected via LDP and MEX Expressway. It is merely minutes to Serdang town, Bukit Jalil, Puchong town, Putrajaya, Cyberjaya and KLIA.

*Zenopy Residences* project is a block of 32-storey mixed development comprises 398 units serviced apartment with built-up area from 823 sq. ft. to 1,522 sq. ft. and 74 units of shop. Priced affordably from RM459,000, it sets to attract the middle-income group. This project is developed by Delta Gallery Sdn. Bhd., a subsidiary of MGB Berhad (formerly known as ML Global Berhad) which in turn an indirect subsidiary of the Company. The estimated GDV for this project is RM312.9 million.

The project has achieved encouraging take up rate as at 31 December 2017. The construction progress also at its satisfactory level.



## PORTFOLIO 2017



# LBS ALAM PERDANA

## LBS ALAM PERDANA IJOK, SELANGOR

*LBS Alam Perdana* is a township development on 5 pieces of land totalling approximately 469.86 acres in area. Strategically located in Ijok, Selangor, this project is in the up-and-coming North West of Klang Valley, approximately 45 kilometres from Kuala Lumpur city centre, 40 kilometres from Petaling Jaya city centre and 18 kilometres from Sungai Buloh town centre.

It is well connected to established suburban centres such as Kota Damansara, Shah Alam and Sungai Buloh via major roads - Jalan Batu Arang, Persiaran Mokhtar Dahari, Jalan Meru Tambahan and Jalan Kuala Selangor as well as existing highways including the LATAR Expressway, North-South Expressway and Guthrie Expressway. The accessibility to the site is expected to be enhanced with new proposed expressways including the DASH Highway and West Coast Expressway.

It is a gated and guarded development that consists of landed residential development, commercial development, Rumah SelangorKu (RSK) and Perumahan Penjawat Awam 1Malaysia (PPA1M) development which suitable for the current market sentiment.

The development will cater several education hubs, community halls, private and public gardens, serenity lake and some exercise equipment for everyone. The development is highly focusing on the community engagement and security protection, there will be many private gardens and command facilities that allow residents to communicate with each other. Significant lake comes with jogging path allow everyone to exercise and enjoy outdoor activities with family members and friends. Nonetheless, LBS Alam Perdana will have beautiful and safe back-lane-garden, allowing children to enjoy their family time. Besides, residents will be secured by gated system and tight security system.

Phase 1 *Simfoni Perdana* and Phase 2 *Irama Perdana* have been launched in the fourth quarter of 2017. *Simfoni Perdana* (Phase 1) comprises 468 units of 2-storey townhouse on 22 ft. by 75 ft. pricing from RM342,240 (after 7% bumiputra discount) onward. *Irama Perdana* (Phase 2) comprises 673 units of 2-storey terrace houses on 20 ft. by 60 ft. land area priced from RM437,007 (after 7% bumiputra discount) onward. The combined GDV for both projects are RM517.6 million.

2018 would see the launch of townhouse, PPA1M units, double storey link houses and double storey semi-detached houses with total GDV of about RM598.7 million.





## PORTFOLIO 2017

**LBS CYBERSOUTH**  
DENGKIL, SELANGOR

*LBS CyberSouth* is situated in the up and coming Southern corridor of the Greater Klang Valley. Sited on three parcels of Malay reserved land contiguous with each other forming a huge land area of about 633 acres, the development is anticipated to comprise various types of properties including shops, commercial lots, terrace houses, town houses, apartments, etc.

Strategically located in Dengkil, the neighbourhood of Cybersouth City, this project is well connected by major highways including Elite Highway, Putrajaya-Cyberjaya Expressway, South Klang Valley Expressway (SKVE), Mex Expressway (MEX), Lebuhraya Damansara-Puchong (LDP) and Putrajaya-Cyberjaya Expressway.

Besides the amenities to be developed in the township, there are educational centres such as SRK Dengkil, SMK Dengkil, UiTM Dengkil Campus in the vicinity. As it is nearby Putrajaya and Cyberjaya, all the public amenities such as, police station, bomba, hospital, park, transportation hub and arena sports are conveniently available in these two nearby towns.

*LBS CyberSouth* would see its first launch in the second half of 2018, which includes 698 units of double storey town house (22 ft. by 75 ft.) to be priced at affordable range from RM399,900 onward and 379 units of double storey terrace house (20 ft. by 60 ft.) from RM530,000 onward.



## PORTFOLIO 2017



@Bukit Jalil

## RESIDENSI BINTANG BUKIT JALIL AND PPA1M MERCU JALIL KUALA LUMPUR

This project is situated at the heart of an internationally renowned neighbourhood vibrant with sports, education and leisure, a towering hillside community rises to mark its epicentre – *Residensi Bintang Bukit Jalil* and *PPA1M Mercu Jalil*.

It is strategically located in the heart of Bukit Jalil, Kuala Lumpur, well connected by 5 major expressways: LDP, MEX, KESAS, Bukit Jalil Highway and KL-Seremban Highway. Closed to all conveniences, where the pulse of vibrant metropolitan city places, from luxury indulgence to daily necessity, such as Pavillion 2, Bukit Jalil Recreation Park, Bukit Jalil Golf & Country Resort, Axiata Arena, all are merely few minutes' drive away. International Medical University (IMU) and Asia Pacific University of Technology and Information (APU) are just 7 kilometers away while the Tzu Chi International School is in its midst of development on the land next to the project.

*Residensi Bintang Bukit Jalil* features 2 blocks of residential tower of 47 & 50 storeys, comprising 1,342 units of serviced residences with total GDV of about RM954 million. The North Tower which consists of 730 units with GDV of approximately RM500 million has been launched in the final quarter of 2017.

*PPA1M Mercu Jalil* which consists of 2 blocks of 47-storey apartment, offers 1,360 units in 2 different built-up areas of 1,000 sq. ft. and 1,200 sq. ft. Both types are equipped with 3 bedrooms and 2 bathrooms. Tower A was launched in first quarter of 2018 with GDV of about RM177 million.



## PORTFOLIO 2017



### GOLDEN HILLS

Cameron Highlands. The way life should be.

#### MOMENTS OF BLISSFUL COMFORT

##### CAMERON HIGHLANDS, PAHANG

This is the place for those who are looking for the ideal country getaway. The township with its tagline, “*The Way Life Should Be*” is offering a wholesome lifestyle with the 59-acre of land sets 5,000 feet above sea level in a tranquil setting amidst nature’s own gift of green comfort between Brinchang and Tanah Rata of Cameron Highlands, Pahang. *Cameron Golden Hills* is approximately 4 km north of Tanah Rata town and 2 km south of Brinchang town.



In creating the concept for *Cameron Golden Hills*, we set out to preserve the lush and peaceful ambience of this culture rich highland, recapturing the prestige and cachet of this strategically located highland. Residents will be mesmerized by its charms surrounding each home and greeted with limitless fresh cool air and clear blue sky spotted with lovely white clouds.

With its unique natural green scenery and cooling climate, Cameron Highlands has evolved from a traditional farming economy into a famous tourist destination in Malaysia. To tap on this growing economic trend, this mixed development project has included in its upcoming plan, property types that are for hospitality industry, arcade market and shop apartments. *Cameron Golden Hills* which has a total GDV of approximately RM583 million is offering holiday apartments, double-storey terraced and semi-detached homes, bungalow lots and commercial developments, would be strategized based on elegant and contemporary designs.

*SomerSquare* featuring 2-blocks of shop apartments consisting of 156 apartment units and 36 shop units with a total GDV of approximately RM87 million were completed in the year 2015.



## PORTFOLIO 2017

*Barrington Square*, a 3-blocks shop apartment, was launched in 2013 with a GDV of approximately RM199 million. *Barrington Square* comprises 381 apartment units and 36 shop units, is set to offer an ideal getaway experience for homebuyers in the cool hills of Malaysia's popular holiday destination. It was completed in 2016.

*Barrington Homes* comprises 34 units of 2-storey semi-detached homes and 12 units of 3-storey semi-detached homes were launched in year 2014 with a total GDV of approximately RM59 million. It was completed in 2016.

*Somer Mansion* comprises 46 units of bungalow lot was launched in 2011 with a total estimated GDV of approximately RM50 million.

*Vine 2* comprises 77 units of double storey terraced homes was launched in 2017 with a total GDV of approximately RM59 million.

Upcoming launches in *Cameron Golden Hills* include 30 units of 2-storey semi-detached homes *SomerHomes* with a total GDV of approximately RM41 million, however this project still in planning stages.



### **CAMERON CENTRUM** BRINCHANG, PAHANG

Cameron Centrum is a mixed development comprises residential, commercial, hotel, retails, galleries and recreation facilities on a 86-acre land strategically located in Brinchang. Brinchang town is one of the major town in Cameron Highlands. It is a top tourist spot in Malaysia and is well known for its pleasant cool weather, food and the unique local lifestyle. Few popular destinations including Big Red Strawberry Farm, Cactus Valley and Time Tunnel Museum.

Precinct 1 is the first parcel launched in year 2017. Spanning over 5.66 acres of land, it offers a combination of 58 units shop lots and a 4-star hotel, with total estimated GDV of RM184 million. The 2-storey, 4-storey and 5-storey commercial units with sizes from 2,185 sq. ft. to 9,214 sq. ft., are priced from RM1.4 to RM5.5 million each.







## PORTFOLIO 2017



云顶翠苑  
**MIDHILLS**  
AT GENTING

**MIDHILLS**  
GENTING HIGHLANDS, PAHANG

*Midhills* is strategically located mid-way up the Genting Highlands which lies in a sweet spot where the natural energies of the land converge to promote health and wealth. *Midhills* is an unique resort-styled development graced with Feng Shui-friendly, naturally occurring elements, and well-planned facilities designed to complement these elements. It is advantageously positioned in the greatest and oldest countryside range in Malaysia. It is bordered by rainforest with rejuvenating cool fresh air and natural landscape. This is the place for those who want to discover the tranquillity of a wellness-inspired lifestyle and the excitement of a premier entertainment hub; enjoy a contemplative game of golf.

*Midhills* is just a stone's throw from Gohtong Jaya Township, a satellite town of Genting Highlands. Gohtong Jaya is the town visitors used to stop by to eat and shop enroute to the peak. Nestled on a plateau 5km before the resort on the highlands, Gohtong Jaya has several tourist attractions in the immediate surroundings such as the Mini Cameron Highlands Garden, Lim Goh Tong Memorial Hall and Genting Strawberry Leisure Farm. Other developments in the vicinity are Awana Golf & Country Resort, Genting Permai Resort, Genting View Resort and Genting Skyway cable car station. Gohtong Jaya has in recent years expanded its economic activities in education with several educational establishments including the reputable Genting Inti International College (GIIC), Highlands International Boarding School and Institute Aminuddin Baki (Ministry of Education).

Strategically located just 13km from Genting Highlands where the upcoming world's first 20th Century Fox World Genting themed park and 7km away from the Genting Premium Outlet are located, *Midhills* has a great potential for high rental yield and capital appreciation.

It is easily accessible from Kuala Lumpur by using KL-Karak Highway and North-South Expressway via Batang Kali. It is merely 45km from Kuala Lumpur city centre.

*Midhills* is a mixed development comprising 3 blocks of 610 units of furnished serviced apartment of various sizes with GDV of RM354.7 million; and a hotel block with 176 rooms. All the 3 blocks of the residential units have been launched with take up rate of more than 90%. Tower 1 has been completed in November 2017 and the remaining two towers are expected to be completed in the second half of 2018.

## PORTFOLIO 2017

### **BANDAR PUTERA INDAH** 皇子城

#### **BANDAR PUTERA INDAH** BATU PAHAT, JOHOR

LBS southern project - *Bandar Putera Indah* is a 1,288-acre fully integrated township situated in Batu Pahat, Johor, which comprises more than 11,000 units of mixed development of residential and commercial units with amenities such as commercial lots offering various choices of services such as supermarket, restaurants and food courts. In the pipeline are proposed schools to provide education for the children as well as proposed shopping complex to entertain the whole family. The township also includes proposed sports and recreational center providing a place of relaxation for the residents. A total of 2,117 units of properties in *Bandar Putera Indah* have been handed over to purchasers as at 31 March 2018.





## PORTFOLIO 2017



It is strategically located just 7 km from Batu Pahat town center and 17 km from Yong Peng toll, with easy access to the North-South Highway. Batu Pahat is 239 km from Kuala Lumpur. The next nearest town is Muar which is 50 km northwest of Batu Pahat whereas Kluang is located about 52 km to the northeast. Johor Bahru is located about 70km to the southeast of the town.

Kuala Lumpur-Singapore High Speed Rail (HSR) which connecting Singapore (Jurong East District) and Kuala Lumpur (Bandar Malaysia) in 90 minutes is scheduled to begin its services in year 2026. One of the stations of this HSR is situated in Batu Pahat. With this new mega infrastructure facility, Batu Pahat is expected to receive many spin-off benefits in terms of development potential around its vicinity.

In upholding its commitment to support both the Federal and Johor State Government's appeal for more affordable homes township, LBS has incorporated and built affordable homes project better known as Magma Garden comprising 933 units of single storey terrace houses with gross built-up area of 1,022 sq. ft. situated on a 20 ft. by 65 ft. land area. Magma Garden offers a 3-bedrooms, 2-bathrooms homes, which provides an ideal living space at an affordable price of RM150,000. The phase 1 of Magma Garden has been launched in 2013, consisting of 612 units of single storey terrace house with a total GDV of RM94.9 million. The phase 2 of Magma Garden with 321 units, which has a combined GDV of RM49.98 million, was launched in 2017.



*Ivory Garden* (Phase 1) comprises 207 units of 2-storey terraced houses with a total GDV of RM83.2 million which was launched in 2014. Another 44 units of *Ivory Garden2* (Phase 2) was launched in 2015 with a total GDV of RM20.1 million. Both phases were priced below RM500,000 per unit as such intention is to cater for the middle-income Malaysians to own a dream house in growing city, which are scheduled to be completed in 2016 and 2017 respectively.

*Royal Garden*, 34-units affordable luxurious 2-storey semi-detached homes was unveiled in 2015. And along with it, LBS has also launched 58 units of single storey low-cost shops to cater to the needs and to provide convenience to the residents of this township. Both projects launched in 2015 were targeted to contribute an estimated combined GDV of RM32.48 million and had completed in 2017.

*Emerald Garden 2* has been launched in early 2017. This project consists of 341 units of single storey terraced homes priced from RM322,900 each with gross built-up of 1,498 square feet.

Both *Ivory Garden* and *Emerald Garden* are priced below RM500,000 per unit as such intention is to make it affordable for the middle-income Malaysians to own a dream house in this growing city.





**Land Bank**

More than **3,816** Acres

**Total Assets**

**RM 3.95 BIL**

**+ 40%** from RM2.83 bil





CREATING  
COMMUNAL BONDS  
AMIDST THRIVING  
COMMUNITIES



# *Sustainability Report*

WE AT LBS BINA GROUP BERHAD BELIEVES THAT SOCIAL, ENVIRONMENT AND ECONOMIC (SEE) PERFORMANCES ARE EQUALLY IMPERATIVE TO THE BUSINESS MOVING FORWARD.

Our current business direction is therefore aligned to our stakeholder's sustainability concerns. We foresee the opportunities that are arising through sustainability practices, especially as we navigate through many emerging markets.





## SUSTAINABILITY REPORT ABOUT THIS REPORT

G4-17, G4-18, G4-23, G4-28, G4-29, G4-30, G4-31



### FEEDBACK FOR THE REPORT

We welcome your comments, thoughts and remarks, which can be directed to:

#### LBS Bina Group Berhad

Plaza Seri Setia Level 1-4  
No. 1 Jalan SS9/2  
47300 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

Tel : +603 7877 7333  
Fax : +603 7877 7111  
Email : [cs@lbs.com.my](mailto:cs@lbs.com.my)  
Website : [www.lbs.com.my](http://www.lbs.com.my)

### SCOPE OF THE REPORT

- LBS Bina Group Berhad ("LBS") has prepared the report in accordance with the Global Reporting Initiative, GRI G4 Guidelines to fulfil Bursa Malaysia's Main Market Listing Requirements.
- The report focuses on economic performance, environmental compliance, occupational health and safety, as well as training and education across the aspects of social, environment and economic.

### REPORTING PERIOD

This report content is from January 1, 2017 to December 31, 2017 for the selected indicators.

### AVAILABILITY AND COVERAGE

This report is published for our valued stakeholders including shareholders business partners, regulators, industry groups, media and the community. It is made publicly available online via our website.

### BOUNDARY

The report refers to:

- Selected activities within and outside the organisation of LBS including selected subsidiary mainly MGB Berhad, (formerly known as ML Global Berhad) ["MGB"]; and
- Contains performance data for selected indicators [refer to page 104].





## SUSTAINABILITY REPORT AWARDS AND RECOGNITION



◀ **THE BRANDLAUREATE  
BEST BRANDS AWARDS  
2016 – 2017**  
(LBS Bina Group Berhad)



◀ **STARPROPERTY.MY AWARDS 2017**  
Honours for the Poseidon Award  
(D' Island Residence)

▶ **ASIA CORPORATE  
EXCELLENCE AND  
SUSTAINABILITY  
AWARDS 2017**

Outstanding Leader  
in Asia  
(Tan Sri Lim Hock San)



▲ **QUEEN VICTORIA  
COMMEMORATIVE  
MEDAL 2017**  
(Tan Sri Lim Hock San)

Note: For further list of awards and recognition, please refer to the Annual Report 2017.

## SUSTAINABILITY COMMITTEE CHAIRPERSON'S MESSAGE

“AS A GROUP, WE ARE COMMITTED TO WALK OUR TALK TOWARDS REALISING OUR SUSTAINABILITY AGENDA”

At LBS, we value sustainability as part of our business DNA. We appreciate the growing concerns of our various stakeholders on matters of social, environment and economic matters. We continuously engage both our internal and external stakeholders through different mediums, in order to understand their concerns. Taking account of these concerns and adopting sustainability practices, we were able to recognise and minimise sustainability related risks. In some cases, even change these risks to opportunities that improves our overall business conduct.



**Dato' Cynthia Lim**

Sustainability Committee,  
Chairperson

### Governance

Good governance is the foundation of any successful business. This is what we strongly believe in LBS. Yearly, we evaluate our current practices and revisit available policies in order to strengthen our approach on governance. This prepares us to face new and emerging business needs and challenges. We ensure that all our Group business governance approaches mirror the requirements of Malaysian Code of Corporate Governance, Bursa's Listing Requirements, Securities Commission Act and other laws. We abide by all legislation requirements and support good business conduct.

### Employees

We at LBS always believe that our employees are the driving force of our business. Thus, it has been a great importance for us to care and grow our people together with the business. We are committed to provide our people a safe working environment. The Group also understands the needs for employee knowledge development and provides meaningful and impactful trainings. Throughout the reporting year, we have conducted about 44 professional learning and transition programmes that includes technical, soft skill, professional and safety trainings.



44

Recognising our employees' continuous efforts, we make sure that our people are recognised based on merit regardless of age, race, gender, religion, marital status or disabilities.

We value our planet and are consistently finding ways to reduce our environmental footprint. As our business expands, our environmental footprint extends equally. We are taking initial steps to minimise environmental impacts through close monitoring and implementing mitigation steps. We understand the nature of our business that opens to possible negative impact to the environment. Thus, we ensure that all environmental compliances are adhered to, at each level of our business. For year 2017, we have recorded zero cases of environmental non-compliance.

We are committed in extending our compassion on social needs where our business exist. We have helped impact the growth of local communities towards maintaining a sustainable harmonious relationship. LBS focuses on four pillars: Education, Community, Environment and Health. This is a move to consolidate and accelerate LBS on-going efforts to give back to the local communities.

We want sustainability practices to be our business norm, beyond compliance and reporting. LBS is committed to embrace the real meaning of sustainability by revisiting and including sustainability in our current policies and practices. We look forward to implement better tracking mediums to evaluate and consider valuable changes. I trust you will find this Sustainability Report informative and delivers a just and balanced interpretation of our position and performance on identified material matters.

Sustainability Committee, Chairperson

## SUSTAINABILITY REPORT

### STAKEHOLDER ENGAGEMENT

G4-24, G4-25, G4-26, G4-27

“WE VALUE THE VIEWS OF OUR STAKEHOLDERS. WE ENGAGE THEM THROUGH VARIOUS PLATFORMS PERIODICALLY. TAKING ACCOUNT OF THEIR CONCERNS, WE BELIEVE WE ARE DOING WHAT MATTERS TO OUR STAKEHOLDERS. GRI G4 FRAMEWORK GUIDED US IN TAKING A MORE SEAMLESS PATHWAY ENGAGING WITH OUR DIVERSE STAKEHOLDERS AND ESTABLISHING A TRAILBLAZING APPROACH FOR DERIVING SUSTAINABILITY CONCERNS.”

Stakeholder	Mode of Engagement	Frequency of Engagement
<b>Investors and Shareholders</b>	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Annual Report</li> <li>Quarterly Financial Report</li> <li>Analysts Briefing</li> <li>Extraordinary General Meeting</li> <li>Regular Shareholder Communication</li> <li>Announcement on Bursa Malaysia and Corporate Website</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Annually</li> <li>Quarterly</li> <li>As and when needed</li> <li>As and when needed</li> <li>Monthly, one-to-one and group</li> <li>As and when needed</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Annual Performance Appraisal</li> <li>Briefings and Trainings</li> <li>Event, Celebrations and Sporting Activities</li> <li>Management, Operational and Committee Meetings</li> <li>Town-hall Meeting</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Periodic</li> <li>Monthly and Periodic</li> <li>Weekly and Periodic</li> <li>Annually</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Feedback channels such as emails, phone calls and hotlines</li> <li>Website and Social Media</li> <li>Product Launches and Roadshows</li> <li>Marketing and Promotional Programmes and Events</li> </ul>	<ul style="list-style-type: none"> <li>As and when needed</li> <li>As and when needed</li> <li>As and when needed</li> <li>As and when needed</li> </ul>
<b>Government Authorities and Regulators</b>	<ul style="list-style-type: none"> <li>Income Tax Filing</li> <li>Annual Return</li> <li>GST Reporting</li> <li>Official Meetings and Visits</li> <li>Industry Events and Seminars</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Annually</li> <li>Monthly and Quarterly</li> <li>As and when needed</li> <li>As and when needed</li> </ul>
<b>Suppliers, Business Partners and Industry Group</b>	<ul style="list-style-type: none"> <li>Product Launches and Roadshows</li> <li>Meetings and Site Visits</li> <li>Supplier Assessment System</li> <li>Briefings and Trainings</li> </ul>	<ul style="list-style-type: none"> <li>As and when needed</li> <li>As and when needed</li> <li>As and when needed</li> <li>As and when needed</li> </ul>





# SUSTAINABILITY REPORT

## STAKEHOLDER ENGAGEMENT (CONT'D)

G4-24, G4-25, G4-26, G4-27

Stakeholder	Mode of Engagement	Frequency of Engagement
<b>Local Communities</b>	<ul style="list-style-type: none"> <li>• Community Outreach and Development Programmes</li> <li>• Strategic Partnerships</li> <li>• Charitable Contributions</li> <li>• Website and Social Media</li> </ul>	<ul style="list-style-type: none"> <li>• Periodic</li> <li>• Upon Mutual Agreement</li> <li>• As and when needed</li> <li>• As and when needed</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>• Press Releases</li> <li>• Site Visits</li> <li>• Events</li> <li>• Website and Social Media</li> </ul>	<ul style="list-style-type: none"> <li>• As and when needed</li> <li>• As and when needed</li> <li>• As and when needed</li> <li>• As and when needed</li> </ul>

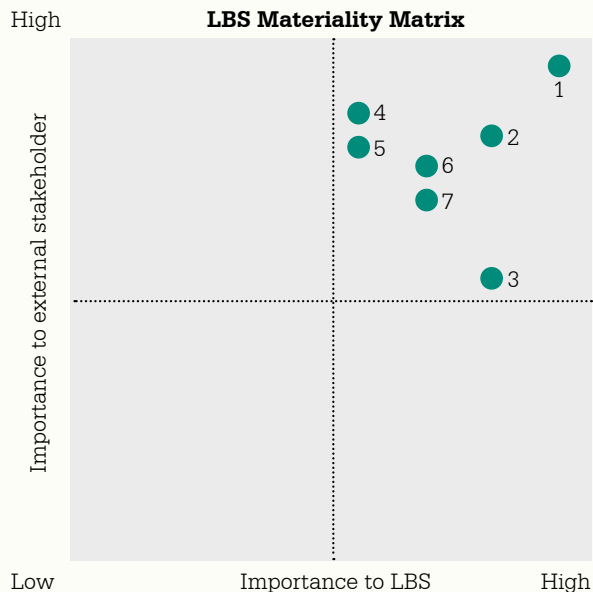
The table below illustrates the material sustainability aspects raised during stakeholder engagements.

Material Sustainability Aspects	
<ul style="list-style-type: none"> <li>• Economic Performance</li> <li>• Occupational Health and Safety</li> <li>• Labour Practices and Decent Work – Training and Education</li> <li>• Product Responsibility - Customer Satisfaction Assessment</li> <li>• Environmental Compliance</li> <li>• Energy</li> <li>• Water</li> <li>• Product Responsibility Compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement Practises</li> <li>• Emissions</li> <li>• Occupational Health and Safety</li> <li>• Indirect Economic Impacts</li> <li>• Anti-Corruption</li> <li>• Indirect Economic Impacts</li> <li>• Labour Practices and Decent Work – Training and Education</li> <li>• Human Rights – Local Communities</li> </ul>

## SUSTAINABILITY REPORT

### MATERIALITY

G4-1



It is important that LBS sustainability strategies and reports addresses the issues that are of great importance to the Group and our stakeholders. These material aspects have significant influence on social, economic and environment categories.

A robust approach on materiality process provides the foundation in developing the content of our sustainability disclosures. It also allows us to have meaningful discussions about how we approach key focus areas. We have endeavoured to create a methodical process for our materiality engagement.



G4-18, G4-19, G4-20, G4-21

Category	Sub-Category	Material Aspects	List of Indicators	Aspect Boundary	Materiality Matrix Reference
Economic	N/A	Economic Performance	• G4-EC1: Direct economic value generated and distributed	Within Organisation	1
Environment	N/A	Energy	• G4-EN3: Energy consumption within the organization	Within Organisation	6
	N/A	Water	• G4-EN8: Total water withdrawal by source	Within Organisation	7
	N/A	Compliance	• G4-EN29: Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Within and Outside Organisation	5
Social		Occupational Health and Safety	• G4-LA6: Type of injury and rates of injury, occupational disease, lost days, and absenteeism, and total number of work related to fatalities, by region and by gender	Within Organisation	2
	Labour Practices and Decent Work	Training and Education	• G4-LA10: Program for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Within Organisation	3
	Product Responsibility	Customer Health and Safety	• G4-PR5: Result of surveys measuring customer satisfaction	Within Organisation	4



## SUSTAINABILITY REPORT

### CORPORATE GOVERNANCE

G4-34, G4-56

SOUND CORPORATE GOVERNANCE IS THE KEY FOUNDATION OF OUR OPERATIONS. LBS GOVERNANCE FRAMEWORK CLOSELY FOLLOWS THE MALAYSIAN CODE ON CORPORATE GOVERNANCE (MCCG), THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD, AND OTHER APPLICABLE LOCAL REGULATIONS. WE ARE ALSO ALIGNED TO THE GLOBAL INDUSTRY BEST PRACTICES.

LBS SUSTAINABILITY GOVERNANCE FRAMEWORK IS PREMISED UPON THE FOLLOWING STATUTORY PROVISIONS, BEST PRACTICES AND GUIDELINES:



**Note:**  
For a list of selected policies and procedures that enable holistic implementation of sustainability at LBS, refer to our website or Annual Report 2017.

## SUSTAINABILITY REPORT

### CORPORATE GOVERNANCE (CONT'D)

G4-34, G4-56

#### Board Diversity Policy

With a view of achieving a sustainable and balanced development, the Company aims to increase diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In assessing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge.

The appointment process of Board members is based on merit that includes evaluating the future possible contribution to the Board. The appointed member are also considered against specified selection criteria, objectives and the contribution towards Board diversity.

#### Employee Code of Conduct

Employees are expected at all times to maintain the highest standards of professionalism and integrity in all that they do. This includes communications with colleagues, customers, clients, suppliers and the public. These standards apply to communications that are verbal, written (for example: memo, letter and report) and electronic (including but not limited to fax, email, mobile phone text messages, telephone, voicemail or internet).

Employees shall faithfully and diligently perform their duties and shall endeavour to the utmost of their abilities to promote the good standing and business interest, welfare and image of the Company and/or the Group in general.

Employees shall, apart from carrying out their respective job function, obey and comply with all reasonable and lawful orders and directives from the Company and to observe faithfully all rules, regulations and policies, which may be applicable to the Group in general.

#### Sexual Harassment Policy

This policy is intended to ensure that all employees are free from sexual harassment at the workplace. The aim of the Management is to provide a safe and conducive working environment. Sexual harassment of any nature at the workplace is prohibited and will not be tolerated or condoned by Management. Management will investigate all complaints of sexual harassment fairly and objectively. Appropriate action will be taken against the employee(s) concerned, based on the available evidence.

However, if the complaint is found to be falsely made, disciplinary action will be taken against the complainant. In this respect, if the punishment for sexual harassment is dismissal, the same will apply to the complainant who makes false accusations of such sexual harassment.

#### Privacy and Personal Data Protection Policy

All personal data will be kept and processed in a secured manner. Procedures are in place to ensure that all employees, contractors, agents, consultants and other parties who have access to any personal information held by or on behalf of us are fully aware of and abide by their duties and responsibilities under the Act. As such, all employees who have access to personal data defined in the Act must undertake to comply with the security measures implemented by the Group under our policy to ensure compliance with the Act.

Note: For further disclosure, please refer to the Statement on Corporate Governance in the Annual Report 2017.





## SUSTAINABILITY REPORT

### ENVIRONMENT

G4-DMA, G4-EN3, G4-EN8, G4-EN29



At LBS, we acknowledge our responsibility in managing the impacts of our operations on the environment. This is made evident by the way we designed our initiatives to conserve energy and reduce emissions. We believe such dedication towards environment as significant to long-term business success.

While our construction division, MGB is ISO 14001:2015 certified by Worldwide Quality Assurance – a certification body that provides various management system certifications to companies globally, our other business operations are subjected to extensive standards, for instance Environmental, Social and Governance (“ESG”) policy and Environmental Management System (“EMS”). In addition, platforms like the Environmental, Health and Safety (“EHS”) Committee as well as internal EHS audit on annual basis help to oversee our environmental performance and appropriately respond to any incidents of non-compliance.

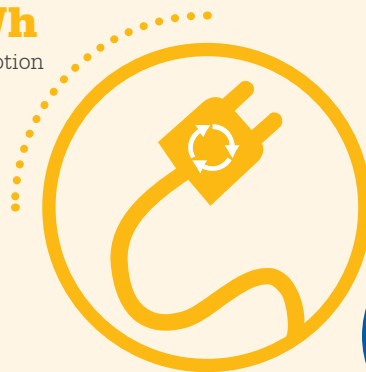
Being in an industry that has a robust governance supervision it encourages us to establish the most feasible means to manage our environmental footprint. Following our commitment to closely adhere to legal requirements and regulations, LBS has been embarking on independent measures to achieve

lower emissions and enhance energy efficiency by tracking our energy consumption and measuring our water usage. Among the efforts to improve our green credentials are the incorporation of Rainwater Harvesting system in D’ Island Residence project, a technique that collects and stores water from the rooftop to be reused on-site, which has been estimated to conserve up to 100,000 litres of water per household per year as well as the installation of LED street lights in both Bandar Saujana Putra and D’ Island Residence to underline our green and energy efficiency systems.

Through energy saving measures and proper monitoring of energy use, we at LBS intend to review our energy consumption on a regular basis and identify opportunities to achieve further improvements in energy efficiency.

**457,479 kWh**

Total electricity consumption

**Zero**

Fines for non-compliance with environment laws and regulations

**1,238 m<sup>3</sup>**

Total water consumption

## SUSTAINABILITY REPORT

### SOCIAL

G4-DMA, G4-LA6

#### Occupational Health and Safety ("OHS")

Our employees are an integral part of LBS ongoing success. The commitment towards them is apparent through the way we prioritise the development of a strong occupational health and safety ("OHS") culture within the organisation. We strive to steadily provide a healthy workplace with minimised risks and we believe this could be achieved through effective implementation of value-adding strategies, operational best practice as well as supervising and tracking performance.

We at LBS recognises its responsibility to comply with OHS regulations and manage intrinsic risks associated with our day-to-day decision-making processes and operations as a whole. Therefore, we govern our work practices and safety requirements through a robust Health and Safety Management System ("HSMS"). This comprehensive safety framework is aligned with internationally accepted standards and best practices. Besides aiming to reduce the level of risks and ensure an injury and incident-free workplace, HSMS also encourages our employees to play an active role in cultivating a healthy and safe work environment.

The management of OHS is given high priority at LBS as the responsibility is placed on the Board of Directors. With the objective to fortify OHS governance across our business, the Health and Safety Department promotes employee involvement in formal Operational Control Health and Safety Committee, a group which collaborates to set the tone for OHS direction and initiatives, such as risks mitigation and stakeholder



Total Number of Employees

**0** | Total Number of Work Related Fatalities

**2** | Total Number of Work Related Injuries

Note: Based on total number of cases recorded for the reporting year for Group Level



No. of Professional Learning and Transition Programme Organised

communication. This committee is divided into six teams, that oversee the following areas:

- Emergency response;
- Hazard Identification, Risk Assessment and Control (HIRADC);
- Internal audit;
- Operating machine;
- Legal; and
- Promotion publicity and awareness.

In recognition of LBS consistency for operating in accordance with the industry best standards in health and safety as well as for providing tailored solutions and delivery times, we have received certification of ISO 9001:2008 from Worldwide Quality Assurance ("WQA"). MGB, a subsidiary of LBS was accredited with OHSAS 18001:2007 for meeting the compliance of construction services in building and civil engineering works. We strive to create value for all stakeholders by implementing effective OHS management in our business operations. To strengthen our commitment, we will continue to pursue efforts in providing a safe and secure workplace.

#### Training and Education

We at LBS understand the importance of improving employees competencies through training, learning and development. We believe it is vital to provide an environment that offers our employees the opportunity to achieve their potential in order to deliver high service quality. This is an investment which would be beneficial for the performances of both employees and our business, allowing LBS to be set apart from our competitors.

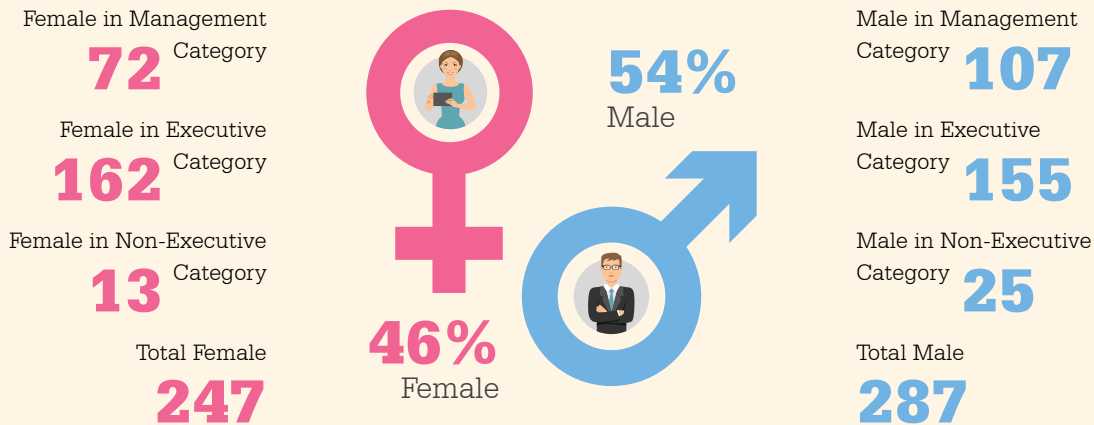


## SUSTAINABILITY REPORT

### SOCIAL (CONT'D)

G4-DMA, G4-LA10

#### EMPLOYEE BREAKDOWN | GROUP LEVEL



To foster a learning culture and developing leadership, managerial and technical skills of our employees, LBS provides training and education programmes which aim to deal with the needs of different employees' and forge the path for continuous learning and timely career progression. Among the technical, soft skill, professional and safety training programmes it includes the following:

- Bursa Malaysia Sustainability Reporting Workshop;
- Hiring Solutions Workshop;
- The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) Annual Conference 2017;
- Tax Audit Framework 2017 Seminar;
- Construction Industry and Payment Adjudication ACT (CIPAA) – The Impact For and Against Seminar;
- Critical Thinking and Problem Solving Skills Seminar; and
- Fire Evacuation Plan Training.

Besides that, LBS conducts several professional development programmes such as certification courses in Mall-

Property Management that includes marketing, leasing, mall operations and maintenance to expand our employees' skill-sets and improve their competency.

Oursubsidiary, MGB, also acknowledges the gravity of designing strategic Training and Development plans in order to develop human capital with specific knowledge and experience. The Human Resource division performs a crucial role by assessing and identifying the employees' growth and development needs. This approach is further enhanced through a deliberate collaboration with external consultants and subject matter experts to create a more structured and holistic training and developmental programmes for employees to successfully support MGB's Vision and Mission. Some of the initiatives consist of Master Builders Association Malaysia (MBAM) Annual Safety and Health Conference 2017, Quality, Safety and Health Briefing as well as First Aid and Fire Fighting Training.

We take pride in the professionalism and skills of our people. Aspiring to be a leader in the industry, LBS is relentless in our efforts to reflect our values across every activity concerning learning and development. We will continue to design innovative training platforms to meet our customer's needs and increase our market leadership in the industry.

#### Customer Satisfaction – Product and Service Labelling

For LBS, our customers' health, safety and satisfaction are essential in maintaining a thriving business. Therefore, we perceive customer satisfaction survey as a formal channel that enables us to thoroughly understand their expectations and go beyond the traditional notions of safety, schedule and cost. LBS maintains a strong focus on the quality of our products and services. We believe that the survey process provides a unique opportunity and venue for our business to coordinate with customers and identify areas that can be improved in delivering our product and services.

## SUSTAINABILITY REPORT

### SOCIAL (CONT'D)

G4-DMA, G4-PR5

The following are several courses of action that we have put in place to respond to customer's queries:

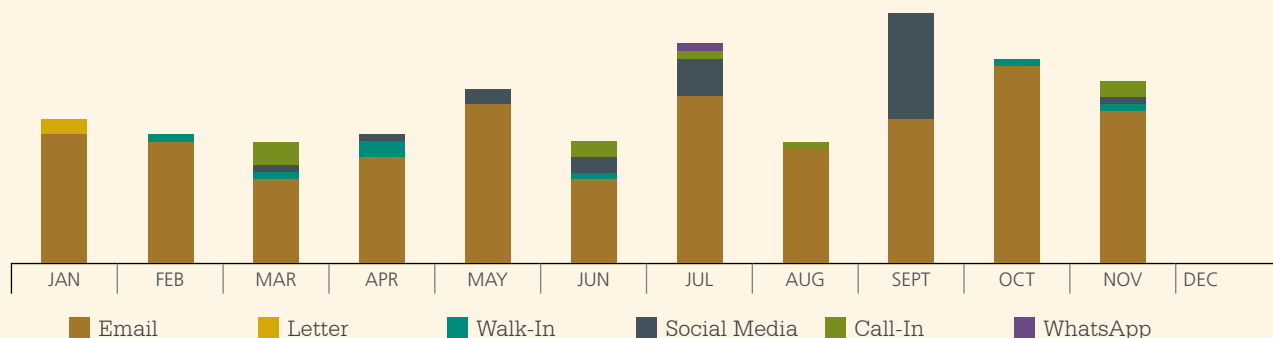
- Customer Service department attends to all complaints through phone, email, social media as well as walk-in and forward the complaints to the relevant departments within 24 hours;
- Resolves product and service issues by clarifying customer's complaint, identifying the cause of problem, selecting and explaining the best solution to address the problem, expediting correction or adjustment and following up to ensure resolution within 30 days after its submissions;
- Contacts customer via phone or email in order to respond and notify them of investigation results,
- Refers unresolved customer complaints of more than 30 days to Head of Department of designated departments for further investigation (for example Credit, Marketing, Maintenance and Project),
- Keeps all records regarding communications with customers, transactions, details of inquiries, complaints, comments as well as actions taken, and
- Compiles and provides updated report on both weekly and monthly basis.

In line with our efforts to respond effectively to customer's requests, we are committed to deliver safe and responsible products and services. As customer's interest in information transparency grows, we will continue to provide products and services that are in line with global regulations and customer's requirements.

### CUSTOMER COMPLAINTS RESOLVED IN 2017



**100%**  
**RESOLVED**  
237 TOTAL RESOLVED  
COMPLAINTS IN 2017.



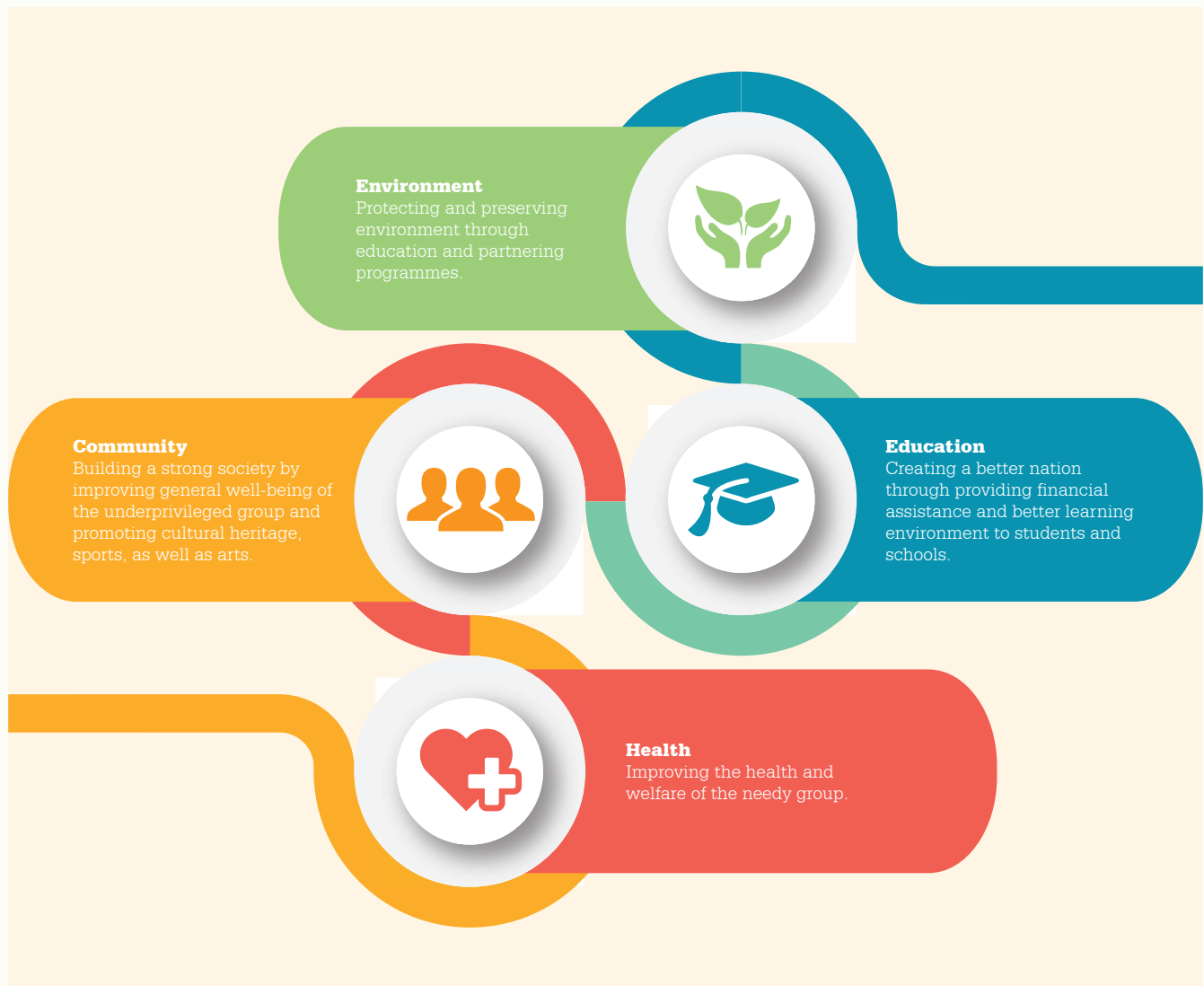




## SUSTAINABILITY REPORT COMMUNITY

### Corporate Social Responsibility

LBS aims to empower communities where we operate. We believe this can be realised through targeted efforts and partnerships. LBS Foundation was formed on 6 June 2015 with the vision to improve the community's quality of life and to embark on a sustainable approach towards corporate social responsibility ("CSR") via championing four key focus areas namely, health, community, environment and education initiatives. Information below illustrates the aim of these four key pillars and some key initiatives for the year 2017.



## SUSTAINABILITY REPORT COMMUNITY (CONT'D)



### Health

#### PROGRAM SEMARAK KEMERDEKAAN

In conjunction with the 60<sup>th</sup> National Independence Day, LBS sponsored a blood drive organised by South Klang Valley Expressway ("SKVE") toll plaza of Bandar Saujana Putra to foster the spirit of unity in the community. In addition, LBS also co-hosted a blood donation drive along with Selangor Petaling Business and Industry Association, Persatuan Hokkien Sungai Way Selangor and Persatuan Keturunan Lim Daerah Petaling, Selangor. This campaign is conducted with the goal of donating 200 blood bags to the local hospital.



### Community

#### 34<sup>th</sup> KIWANIS MOTOR TREASURE HUNT 2017

LBS is a long-term supporter of the Kiwanis Motor Treasure Hunt since 2007. In 2017, LBS sponsored RM120,000 to support the events which was organised by Kiwanis Club of Kuala Lumpur (KCKL) to raise funds for the operations and maintenance of Kiwanis Down Syndrome Foundation - National Centre (KDSF-NC). Aside from the sponsorship, LBS also encouraged employees to participate in the treasure hunt to support the cause.





## SUSTAINABILITY REPORT COMMUNITY (CONT'D)



### Community

#### APRON SPONSORSHIP FOR BSP BAZAAR

In conjunction with Ramadhan, LBS sponsored aprons to every stall at Bandar Saujana Putra ("BSP") bazaar to increase food safety awareness and promote personal hygiene practices among the stall owners.



#### 20<sup>th</sup> NATIONAL HOUSING AND PROPERTY SUMMIT 2017

The Asian Strategy and Leadership Institute (ASLI)'s National Housing and Property Summit brings together stakeholders in the industry to assess the direction of the property market over time, key strategies to adapt in a rapidly changing business landscape and new opportunities facing the industry.



#### 13<sup>th</sup> MALAYSIA FESTIVAL OF THE MIND

LBS sponsored the 13<sup>th</sup> Malaysia Festival of The Mind. This event is organised to instil awareness about human mind potential, to emphasise the importance of mental literacy, as well as to develop and to promote various techniques and skills pertaining to the advancement of mental literacy among Malaysians.

#### Event to boost mental literacy of Malaysians

By LINDA HOE  
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**KUALA LUMPUR:** The Malaysia Festival of the Mind (FoM) is back for the 13th year, aiming to boost the mental literacy of Malaysians.

Themed "Open Mind", the FoM will now be launched at Tunku Abdul Rahman University College (TARUC) and will be held from 21 to 23 July. Organised by the Malaysian Mental Literacy Movement (MMLM), Universiti Tunku Abdul Rahman (UTAR) and TARUC, the event aims to develop thinking, memory and creativity skills through the responsiveness of the mind.

MMLM chairman Tan Sri Ling Liong Sik said: "The FoM demonstrates brain skills and importantly,



Building blocks for Ling (left) and Ling (right) during the event at TARUC.

Students of Tunku Abdul Rahman University College (TARUC) and Universiti Tunku Abdul Rahman (UTAR) are participating in the event.

## SUSTAINABILITY REPORT

### COMMUNITY (CONT'D)



#### Education



#### STAR NIE STEP UP

For six years in a row, LBS sponsored The Star's Step Up and Newspaper-in-Education (NiE) programmes, which is aimed to assist both primary and secondary students, especially for those who will sit for Ujian Pencapaian Sekolah Rendah ("UPSR"), to get a good grasp of the English language.



#### 38<sup>th</sup> PESTA TANGLUNG UNIVERSITI KEBANGSAAN MALAYSIA (PTUKM 38)

LBS organised the 38<sup>th</sup> Pesta Tanglung Universiti Kebangsaan Malaysia Charity Run, known as HEARun and put together a stage show with the intention to increase awareness on bullying and suicide prevention. Part of the fund raised during the event was donated to Life Line Association Malaysia to further encourage the efforts in providing counseling for those in need of mental illness support.

#### THE STAR CORPORATE SPONSORS TO NATIONAL SERVICE CAMP

LBS provided print and digital copies of The Star to students from eight National Service Camps. This contribution was intended to be part of their English programmes at these selected camps. These National Service Camps also arranged reading sessions for the students on a weekly basis.





# SUSTAINABILITY REPORT

## GRI G4 CONTENT INDEX

GENERAL STANDARD DISCLOSURES		
General Standard Disclosures	Description	Page Reference or Explanation for Omissions
STRATEGY & ANALYSIS		
G4-1	Statement from the most senior decision maker of the organisation	Sustainability Committee Chairperson's Message (page 100-101)
ORGANISATIONAL PROFILE		
G4-3	Name of the organisation	AR
G4-4	Primary brands, products and services	AR
G4-5	Location of organisation's headquarters	AR
G4-6	Number and names of countries where the organisation operates	AR
G4-7	Nature of ownership and legal form	AR
G4-8	Markets served	AR
G4-9	Scale of organisation	AR
G4-10	Workforce	AR
G4-11	Percentage of employees covered by collective bargaining agreements	AR
G4-13	Significant changes during the reporting period	About This Report (page 98)
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	Entities included in the organisation's consolidated financial statements. Report whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report	About This Report (page 98)
G4-18	Process for defining report content and Aspect Boundaries, and how the organisation has implemented the Reporting Principles for Defining Report Content	About This Report (page 98), Materiality Matrix (page 104)
G4-19	List of all Material Aspects identified in the process for defining report content	Materiality Matrix (page 104)
G4-20	For each Material Aspect, report the Aspect Boundary within the organisation	Materiality Matrix (page 104)
G4-21	For each Material Aspect, report the Aspect Boundary outside the organisation	Materiality Matrix (page 104)
G4-23	Significant changes in Scope and Aspect Boundary	About This Report (page 98)

## SUSTAINABILITY REPORT

### GRI G4 CONTENT INDEX (CONT'D)

STAKEHOLDER ENGAGEMENT		
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G4-25	Basis for identification and selection of stakeholders	Stakeholder Engagement (page 102-103)
G4-26	Organisation's approach to stakeholder engagement	Stakeholder Engagement (page 102-103)
G4-27	Key topics raised through stakeholder engagement	Stakeholder Engagement (page 102-103)
REPORT PROFILE		
G4-28	Report profile	About This Report (page 98)
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G4-30	Reporting cycle	About This Report (page 98)
G4-31	Contact point	About This Report (page 98)
G4-32	GRI G4 Content Index	GRI G4 Content Index (page 115-117)
GOVERNANCE		
G4-34	Governance structure and composition	Corporate Governance (page 105-106)
ETHICS AND INTEGRITY		
G4-56	Values, principles, standards and codes of conduct and ethics	AR , Corporate Governance (page 105-106)
SPECIFIC STANDARD DISCLOSURES		
General Standard Disclosures	Description	Page Reference or Explanation for Omissions
CATEGORY: ECONOMIC		
MATERIAL ASPECT: ECONOMIC PERFORMANCE		
G4-DMA	Disclosures on Management Approach	AR
G4-EC1	Direct economic value generated and distributed	AR



# SUSTAINABILITY REPORT

## GRI G4 CONTENT INDEX (CONT'D)

CATEGORY: ENVIRONMENT		
MATERIAL ASPECT: ENERGY		
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G4-EN3	Energy consumption within the organisation	Environment (page 107)
MATERIAL ASPECT: WATER		
G4-DMA	Disclosures on Management Approach	Environment (page 107)
G4-EN8	Total water withdrawal by source	Environment (page 107)
MATERIAL ASPECT: COMPLIANCE		
G4-DMA	Disclosures on Management Approach	Environment (page 107)
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CATEGORY: SOCIAL		
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK		
MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY		
G4-DMA	Disclosures on Management Approach	Social (page 108-110)
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work related fatalities, by region and by gender	Social (page 108-110)
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G4-PR5	Results of surveys measuring customer satisfaction	Social (page 108-110)

# STATEMENT ON CORPORATE *Governance*

THE BOARD OF DIRECTORS ("BOARD") BELIEVES THAT GOOD GOVERNANCE SHOULD BE FOCUSED NOT ONLY ON HOW IT OPERATES EFFECTIVELY BUT ALSO, AND VERY IMPORTANTLY, ON THE CULTURE WITHIN WHICH ALL OF OUR BUSINESSES OPERATE AND CONDUCT THEMSELVES ON A DAY TO DAY BASIS. THE BOARD REMAINED STEADFAST IN ITS EFFORTS TO INSTILL AND MAINTAIN A STRONG CULTURE OF CORPORATE GOVERNANCE WITHIN THE GROUP.

IN APRIL 2017, SECURITIES COMMISSION MALAYSIA HAS RELEASED A NEW SET OF MALAYSIAN CODE ON CORPORATE GOVERNANCE ("MCCG"), SUPERCEDED ITS EARLIER EDITION, TOOK ON A NEW APPROACH TO PROMOTE GREATER INTERNATIONALISATION OF CORPORATE GOVERNANCE CULTURE.

The Board is pleased to report that this statement sets out the extent of the Group's compliance with the principles and practices of MCCG for the financial year ended 31 December 2017 ("FY 2017").

## **PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS**

### **I. BOARD RESPONSIBILITIES**

#### **Responsibilities of the Board**

The Board takes full responsibility in leading, governing, guiding and monitoring the entire performance and enforces standards of accountability including the process for financial reporting, risk management and compliance.

The Board assumes, amongst others, the following roles and responsibilities:-

- to formulate, implement and evaluate the strategic plans and direction of the Group;
- to oversee the conduct and performance of the Group's businesses;
- to identify principal risks affecting the Group, setting the risk appetites and to ensure the implementation of appropriate mitigation measures;
- to establish and review training programme and succession planning to the Board and all candidates appointed to senior management positions are of sufficient calibre;
- to approve the change of corporate organisation structure plan including new investments or divestments both locally or abroad;
- to oversee the development and implementation of shareholder communication policy for the Group; and
- to review the adequacy and the integrity of the Group's management information and internal control system.





## STATEMENT ON CORPORATE GOVERNANCE

### Separation of Positions of the Chairman and Group Managing Director

The roles of the Chairman and Group Managing Director are distinct and separate to ensure balance of power and authority. The Chairman is mainly responsible to provide leadership for the Board to perform effectively, lead the board to practise high standard of corporate governance, set the corporate cultural tone from the top, chairing Board meetings and setting Board agendas, and promoting effective Board relationships.

Dato' Seri Lim Bock Seng, is the founder of LBS Group of Companies who founded the construction business in 1960s. Under his vision and guidance, the business has grown into one of Malaysia's leading property developer. In appreciation of his contribution, the Company's name was named after each initial of his name, **L**im **B**ock **S**eng, in abbreviation LBS. He was appointed as Chairman & Non-Independent Non-Executive Director of the Company on 6 December 2001 prior to the listing of the Company on the Main Market of Bursa Securities on 30 January 2002.

The Group Managing Director Tan Sri Lim Hock San, who leads the Senior Management, is responsible for assisting the Board in implementing the policies and procedures adopted by the Board to achieve the Group's objectives. The Board delegates the resources management to the Senior Management and has unrestricted access to any information pertaining to the Company and the Group. As such, the Senior Management team would be invited to attend the Board Meetings as and when necessary, to furnish with explanations and comments on the relevant agenda items tabled at the Board Meetings or to provide clarification on issue(s) that may be raised by the Directors. The Board and the Senior Management team work together to make decisions that will result in growth of the Company.

The delegation of authority includes responsibility for:-

- Developing and implementing the strategies, business plans and budgets of the organisation.
- Identifying and managing operational risks on a daily basis where those risks could have a material impact on the businesses, formulating strategies to manage these risks including the preparation of Risk Assessment Reports and/or convening of Risk Management Committee ("RMC") Meeting for all major investments or divestments transactions prior to final decision being made.
- Managing the Company's current financial and other reporting mechanism as well as control and monitoring systems to ensure that these mechanism and systems capture all relevant material information on a timely basis and are functioning effectively.
- Ensuring that the Board and Board Committees are provided with sufficient and updated information on a timely basis in regard to the Group's businesses and, in particular, with respect to the performance, financial condition, operating results and prospect to enable the Board and Board Committees to fulfil their governance responsibilities.

The Group Managing Director also acts as the Group's official spokesperson.

### Qualified Company Secretary

The Board has appointed Ms. Lee Ching Ching, Doris as the Company Secretary responsible for providing advices to the Board regarding the performance of duties in corporate compliances. The Company Secretary acts as a central source of guidance, information and advice to the Board and Board Committees on issues relating to corporate compliance with the relevant laws, rules, regulations and procedures affecting the Board and the Group.

## STATEMENT ON CORPORATE GOVERNANCE

The Board members and Board Committees have unlimited access to the services of the Company Secretary and is updated with new regulatory, regulations or requirements of current developments in the regulatory framework and governance practice concerning their duties and responsibilities. The Company Secretary is responsible for the monitoring corporate governance compliances and assist the Board in applying governance practices. She also facilitates the organization of internal training programmes or external seminars and workshop for Directors and keeps record of the training attended by Directors.

The Company Secretary ensures meetings are properly convened and appropriate records of the deliberations and proceedings are accurately recorded and duly signed by the Chairman. The Company Secretary also facilitates the communications of decisions made and policies set by the Board to the Senior Management for action. She works closely with the Management to ensure that there are timely information flows within and to the Board and Board Committees, and between the Non-Executive Directors and Management.

The existing Company Secretary who is the General Manager of the Secretarial and Corporate Affairs Department, is also a member of the Key Senior Management, and report directly to the Board. The appointment and removal of the Company Secretary will be subjected to the approval of the Board. The shareholders' meeting would be managed by the Company Secretary. As a member of the Investor Relations team, the Company Secretary is one of the contact points for stakeholder's communication and engagement.

In year 2017, the Company Secretary has attended the following trainings, seminars and conference to keep abreast of relevant changes in laws and regulations:-

Date	Training
19/1/2017	Sustainability Reporting and Compliance
18/7/2017	Bursa Malaysia Sustainability Reporting Workshop for Company Secretaries for 2017
20/7/2017	Bursa Malaysia Focus Group for Bursa Malaysia CG & Sustainability Mircosite
12-19/8/2017	Critical Thinking & Problem Solving
17/8/2017	Technical Briefing for Company Secretaries of Listed Issuers
12-13/9/2017	Maicsa Annual Conference 2017 : Companies Act 2016 – A Paradigm Shift
9-10/10/2017	Companies Act 2016 – Mastering The Impact on Accounting Matters and Preparation of Financial Statements
20/10/2017	Fire Evacuation Plan

### Meeting Materials and Supply of Information

The Senior Management has an obligation to supply the Board and its Committees with adequate information, in a timely manner, to enable them to make informed decisions. Where more information is required than those voluntarily given by the Senior Management, all Directors are allowed to make further enquiries where necessary. Therefore, the Board and individual directors have separate and independent access to the Company's Senior Management for additional information and advice at all times.



## STATEMENT ON CORPORATE GOVERNANCE

The Board is supplied with financial and non-financial information in order for them to monitor the Company's performance against its strategic objectives. Information provided including, but not limited to:-

- quarterly financial performance report of the Group;
- risk assessment reports on major investments and divestments of the Group;
- major operational and financial report including sales analysis and debtor aging;
- Group's risk profile;
- updates on corporate exercises and significant compliances; and
- updates on regulatory and legislation changes.

Presentations on major proposals are made at meetings of the Board and Board Committees in a manner that ensures clear and adequate information on the subject matter is delivered. All Directors have the right and duty to make further enquiries where they consider necessary. Members of the Senior Management are invited to the meeting to provide insight and to furnish clarification on issues that may be raised by the Board.

To ensure that the Board receives information in a timely manner, the Company Secretary is responsible ensures notices of meetings are sent to the Directors at least 5 business days in advance. The Company Secretary shall compile all relevant meeting materials and deliver in an eBook format on the same day the notices are sent. This provides the Board with sufficient time to go through the meeting eBook and to raise questions or concerns during the meeting.

All Directors, whether as a full Board or individually, have full and unrestricted access to the advice and services of the Senior Management, Company Secretary, Internal Auditors and External Auditors in discharging their duties in accordance to the Term of Reference of the Board' Committee.

When necessary, the Board members may seek external professional advice, whether as a full Board or in their individual capacity, to enable them to discharge their duties with adequate knowledge at the expense of the Company. In addition, the Board has unrestricted access to the Company's information and receive regular information updates from the Management. All corporate announcements released to Bursa Securities are notified to all the Directors via email.

The Company Secretary who attend each Board Meeting play an important role to ensure that Board procedures are adhered to at all times during meetings and advised the Board on matters including corporate governance requirements and the Directors' responsibilities in complying with relevant legislation and regulations. During the year 2017, the Board was updated by the Company Secretary with new regulatory, regulations or requirements concerning their duties and responsibilities, mainly on the amendments in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), MCCG and Companies Act, 2016.

## STATEMENT ON CORPORATE GOVERNANCE

### Board Charter

The Board has adopted a Board Charter which sets how its roles, powers and responsibilities are exercised, having regard to principles of good governance, best practices and applicable laws.

The Board Charter upholds high standard of governance and clarifies, amongst others, the roles and responsibilities of the Board and serves as a general statement of intent and expectation in discharging its duties and responsibilities. The Board Charter will be reviewed and updated periodically as and when necessary to ensure its appropriateness and relevance to the Company from time to time and its compliance with the relevant laws, rules and regulations. The last review of the Board Charter has been made in April 2018. The Board Charter is available at the Company's website at [www.lbs.com.my](http://www.lbs.com.my).

The Board Charter comprises, amongst others, the following key areas:-

- Roles of the Board and Board Committees
- Roles of Chairman and Group Managing Director
- Board Size and Composition
- Code of Ethics for the Board
- Board Efficiency
- Stakeholder Communication
- Process of the Board
- Board Effectiveness Assessment
- Training and Development
- Directors' Selection Criteria
- Terms and Tenure of Appointment

The following are some of the major matters specifically reserved for the Board:-

- Review, debate and approval of corporate strategies, plans, targets and programmes proposed by Management prior to their implementation and execution;
- Approval and monitoring of the progress of material investments and divestments, mergers and acquisitions, corporate restructuring both local and abroad;
- appointment of new Directors and Chief Executive Officer/Group Managing Director based on recommendation of the Group's Nomination and Remuneration Committee ("NRC");
- annual financial statements and the quarterly financial results prior to releasing to Bursa Securities; and
- material related party transactions and capital financing.

### Board Committees

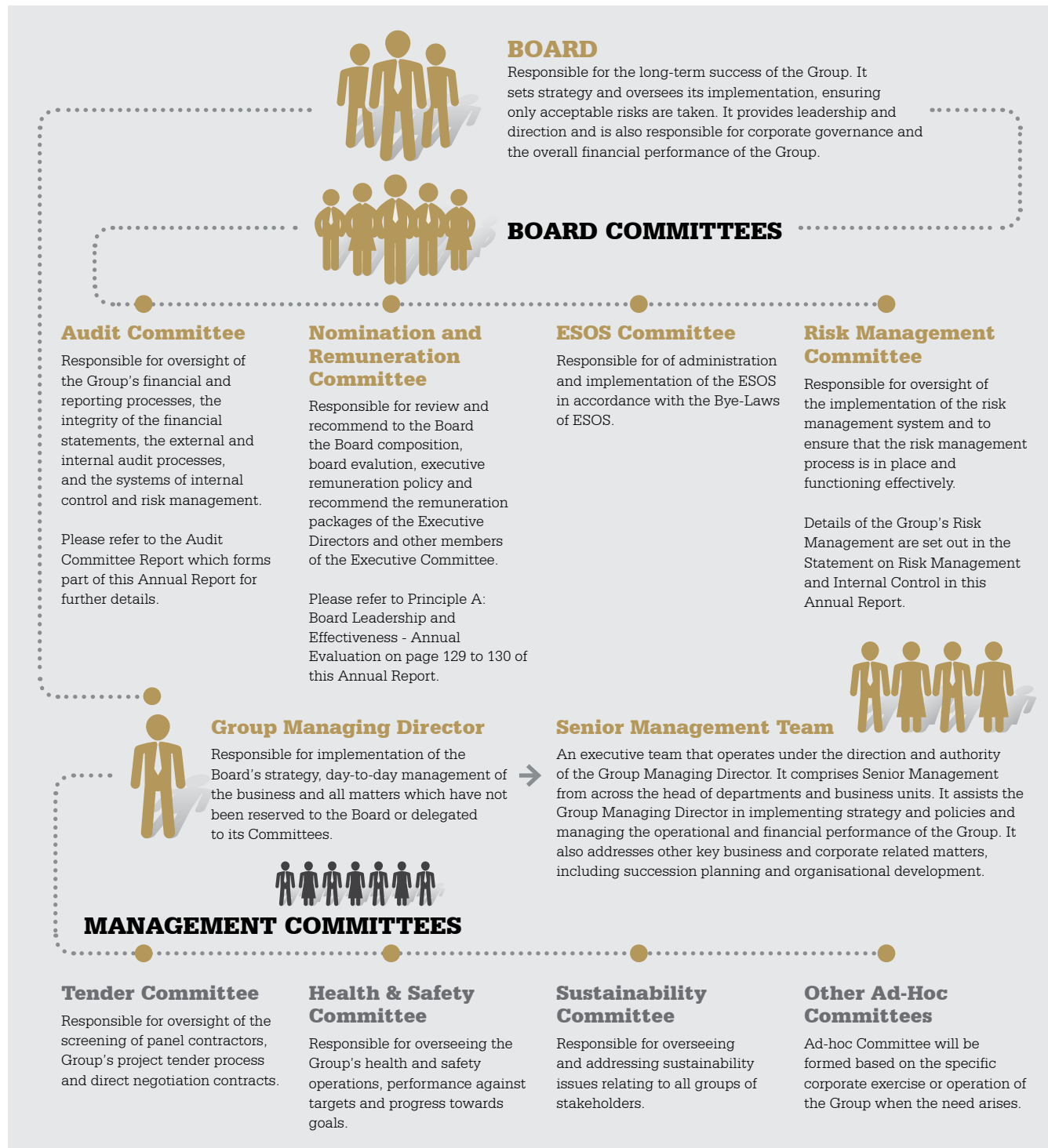
The Board delegates specific responsibilities to the respective committees of the Board, namely Audit Committee, NRC, Employee Share Option Scheme ("ESOS") Committee and RMC in order to enhance business and corporate efficiency and effectiveness. The Chairman of the respective Board Committee will brief the Board on the matters discussed at the respective Committees' meeting and minutes of these meetings are circulated to the Board. All Board Committees operate within their clearly defined terms of reference and operating procedures whereupon the Board receives reports of their proceedings and deliberations with their recommendations. The ultimate responsibility for decision making lies with the Board.





## STATEMENT ON CORPORATE GOVERNANCE

The following diagram shows a brief overview of the Board Committees of the Company:



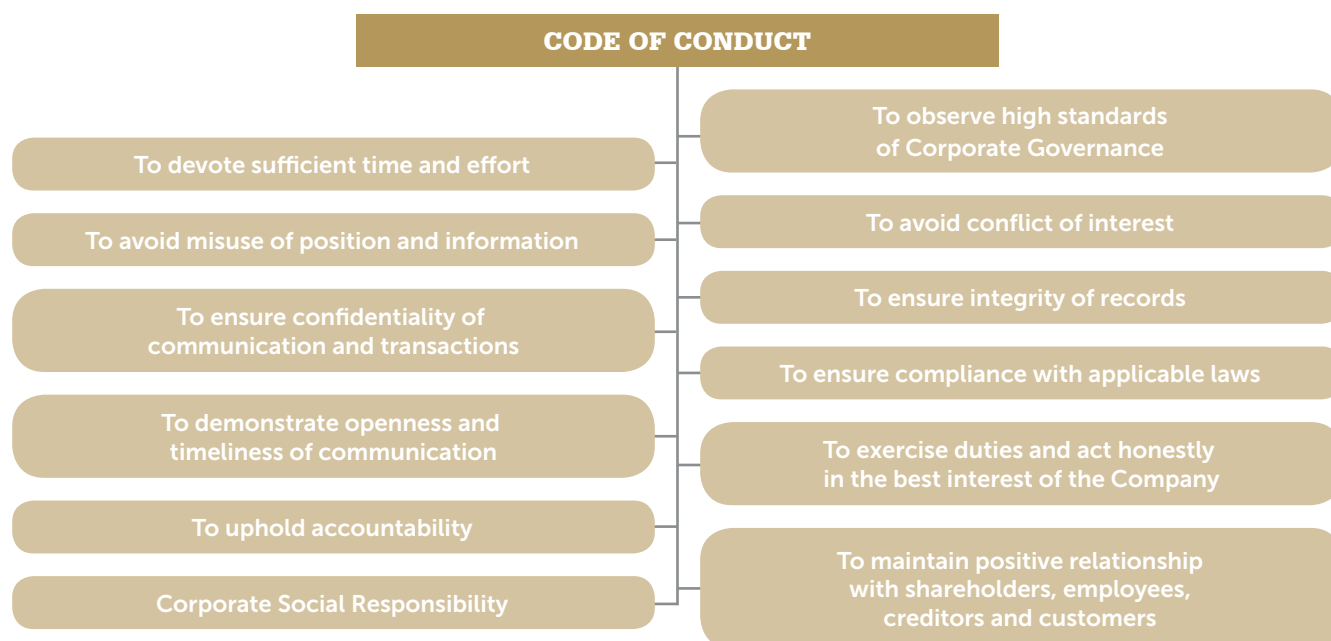
## STATEMENT ON CORPORATE GOVERNANCE

### Formalised Ethical Standards through Code of Conduct and Business Ethics

The Group's Code of Conduct and Business Ethics for Directors and employees continue to govern the standards of ethics and good conduct expected from the directors and employees.

#### **Directors' Code of Conduct**

The Board in discharging its functions, besides observed the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia, the provisions of Companies Act, 2016 and MCCG, has adopted its Directors' Code of Conduct which sets out twelve (12) principles as guidance for proper standards of conduct, sound and prudent business practices as well as standard of ethical behavior for Directors and employees, based on the principles of integrity, responsibility, sincerity and corporate social responsibility.



The Board will review the Directors' Code of Conduct when necessary to ensure it remains relevant and appropriate. The full version of the Directors' Code of Conduct is published on the Company's website at [www.lbs.com.my](http://www.lbs.com.my).

Employees are also expected at all times to maintain the highest standards of professionalism and integrity. The Company has set out various policies and procedures in relation to the code of conduct for the Directors and employees, such as:

#### **Insider Trading**

Directors and employees who possess price sensitive information which is not available to the public, are not allowed to trade in the Company's securities which is in consistent with Subdivision 2 – Insider Trading, Part V – Market Misconduct and Other Prohibited Conduct of the Capital Markets and Service Act, 2007 and Paragraph 14.04 of the MMLR of Bursa Securities.

Relevant notifications in relation to the dealings of the Company's securities during close period are sent to Directors and principal officers on a quarterly basis specifying the timeframe of close period and the day of which they are prohibited from dealing in the Company's securities.



## STATEMENT ON CORPORATE GOVERNANCE

### **Declaration of Interests**

The Directors acknowledge that by declaring their interest in any transaction with the Company and the Group, they will abstain themselves from deliberation and voting on the relevant resolutions at the Board Meetings or any general meeting to be convened to consider the matter. If a corporate proposal has to be approved by the shareholders, the Directors with any interest in the proposal will abstain from voting on the resolution and will further undertake to ensure that persons connected to them also will abstain from voting on the resolution.

### **Group IT Policies**

Under the Group IT Policies, staffs are strictly prohibited from installing, copying or downloading any illegal, unlicensed and unauthorised software onto their desktop PC and notebook, as these would constitute criminal offence under the Copyright Act, 1987. Stern disciplinary actions will be taken against any staff who found committed this offence.

### **Standard Operating Procedures ("SOPs")**

Well documented SOPs of major functions of the various key departments within the Group were established and approved as standard processes, procedures and responsibilities for employee. It provides as their key reference in maintaining efficiency and the uniformity of the performance of a specific function. These SOPs are made available to all staff at the internal computer network storage sharing folder of the Company which subject to review from time to time.

The Company has engaged the service of an external consultants to review and enhance the SOPs for the entire Group in end of 2015. The Company has formalised all the SOPs in 2017.

### **Corporate Disclosure Policy and Procedure**

The Company has adopted its Investor Relations Policy ("IR Policy") as its official corporate disclosure policy and procedure in disseminating corporate and material information to the investing public.

The Company is committed to provide accurate, balance, clear, timely, consistent and fair disclosure of corporate information with reference to its IR Policy and Corporate Disclosure Guide (Third Edition) introduced by Bursa Securities whilst adhering to the corporate disclosure requirements as set out in the MMLR of Bursa Securities, to enable informed and orderly market decisions by the investors.

### **Employee Code of Conduct**

Employees are expected at all times to maintain the highest standards of professionalism and integrity in all that they do. This includes communications with colleagues, customers, clients, suppliers and the public. These standards apply to communications that are verbal, written (for example: memo, letter and report) and electronic (including but not limited to fax, email, mobile phone text messages, telephone, voicemail or internet).

Employees shall, apart from carrying out their respective job function, obey and comply with all reasonable and lawful orders and directives from the Company and to observe faithfully all rules, regulations and policies, which may be applicable to the Group in general.

### **Sexual Harassment Policy**

This policy is intended to ensure that all employees are free from sexual harassment at the workplace. The aim of Management is to provide a safe and conducive working environment. Sexual harassment of any nature at the workplace is prohibited and will not be tolerated or condoned by Management. Management will investigate all complaints of sexual harassment fairly and objectively. Appropriate action will be taken against the employee(s) concerned, based on available evidence.

## STATEMENT ON CORPORATE GOVERNANCE

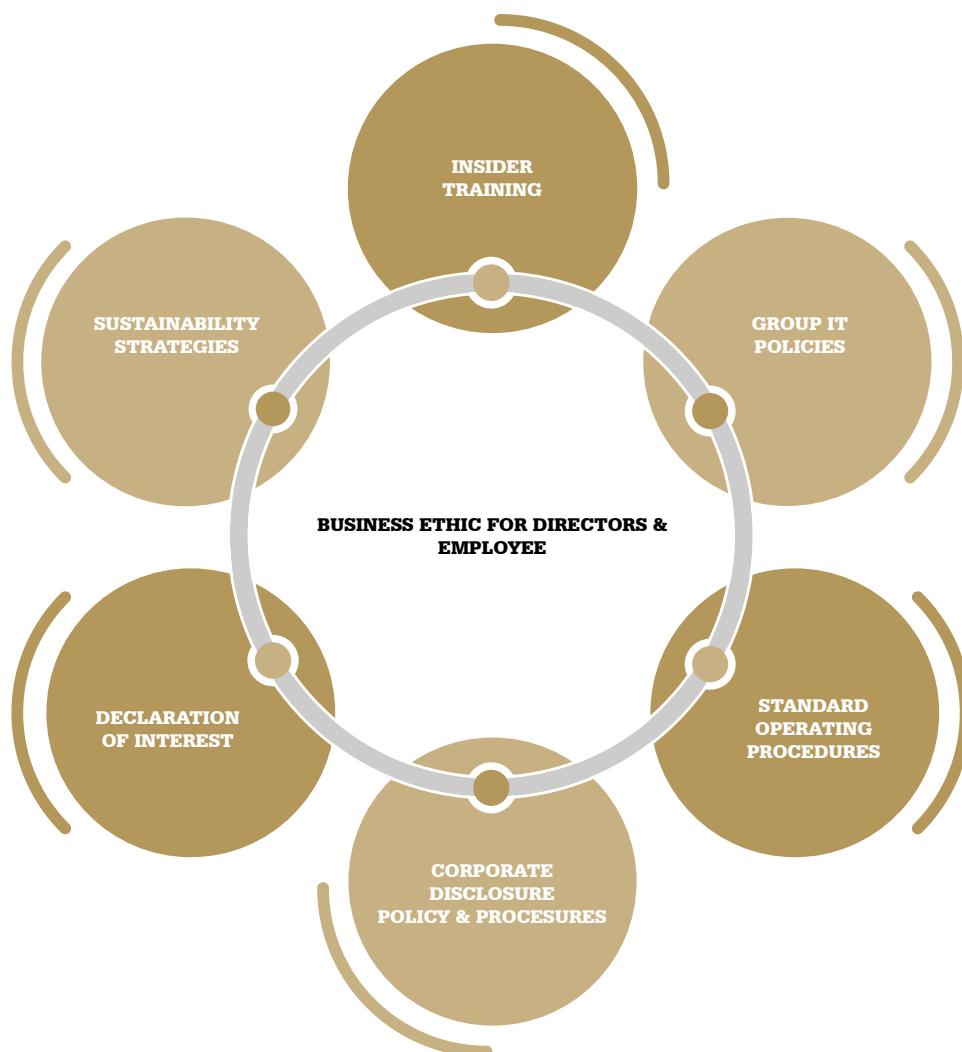
### **Privacy and Personal Data Protection Policy**

All personal data will be kept and processed in a secured manner. Procedures are in place to ensure that all employees, contractors, agents, consultants and other parties who have access to any personal information held by or on behalf of us are fully aware of and abide by their duties and responsibilities under the Act.

### **Whistleblowing Policy and Procedures**

The Board believes in promoting high standard of integrity and accountability in managing its day-to-day businesses and operations and aims to conduct its affairs in an ethical, responsible and transparent manner.

The Board has established a Whistleblowing Policy for the Group to encourage employees and stakeholders to report or disclose any improper conduct in accordance with the procedures and to provide protection to them from reprisal as consequences of making such disclosure. The full version of the Whistleblowing Policy is published on the Company's website at [www.lbs.com.my](http://www.lbs.com.my).







## STATEMENT ON CORPORATE GOVERNANCE

### II. BOARD COMPOSITION

The Board presently is having ten (10) members comprising three (3) Independent Non-Executive Directors (“INED”) and six (6) Executive Directors (including a Group Managing Director). The Board will review the Board composition to comply with the recommended practice of having at least half of the members are independent directors.

The Board consists of individual with diverse wealth of qualifications, experience, skills and knowledge in areas ranging from civil engineering, accountancy, banking and finance, business entrepreneurship, information technology and public service. The composition of the Board is deemed fairly balance to complement and provide clear and effective leadership to the Company and bring informed and independent judgement to various aspects of the Company’s strategies and performance.

A brief profile of each director is presented in the “Directors’ Profile” section of this Annual Report.

The Board also recognises the pivotal role of the INED in corporate accountability as they provide unbiased and independent views, advice and judgement to issues and decisions and act in the best interest of the Group and its shareholders.

#### Board Appointment Process

The Board has delegated the responsibility for recommending a potential candidate to fill a Board vacancy to the NRC. The Company has policy in place with regards to maintaining a formal and transparent process for Board appointments. The ultimate decision on the appointment of new director lies with the Board as a whole.

The NRC will perform initial process of review and selection of candidates identified for appointment to the Board. The Board leverages on the Directors’ network, shareholders’ recommendation, and industry database to source for potential candidates for appointment of director. There was no new appointment of director since 2013. However, when the need arises, the NRC will consider sourcing new candidates via diverse pool including independent recruitment agencies and database, in addition to the existing sources.

The list of candidates available will be assessed to determine whether they possess the appropriate skills, competencies, experience, integrity and time to effectively discharge their role as director before potential candidate is recommended to the Board for consideration and approval. Besides, the diversity of the Board’s composition which include, *inter-alia*, gender, ethnicity, age, cultural background will also be taken into consideration in the board appointment process. The Company Secretary will ensure that all appointments are properly made, all the necessary information is obtained as well as all legal and regulatory obligations are met.

#### Re-election of Directors

The NRC is responsible for making recommendations to the Board in relation to those Directors who are due for retirement by rotation and eligible to stand for re-election. The recommendation made in compliance with the MMLR of Bursa Securities and also in accordance with the Company’s Articles of Association where 1/3 of the Directors including the Group Managing Director shall retire from office at least once in every 3 years and shall be eligible for re-election at the Annual General Meeting (“AGM”). Directors who were appointed during the year are subject to retirement and re-election by the shareholders at the next AGM following their appointment.

The names of the 3 Directors seeking for re-election at the forthcoming 18th AGM are disclosed in the Notice of AGM. The Board, on the recommendation of the NRC, and with retiring Directors abstaining, had endorsed the re-election of the retiring Directors.

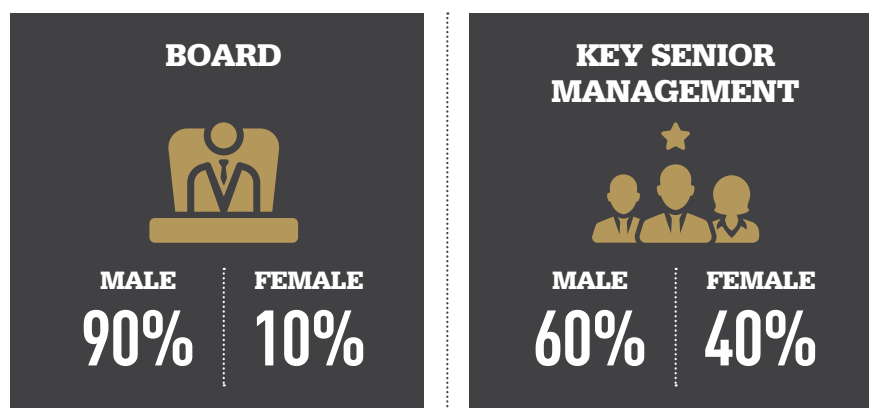
## STATEMENT ON CORPORATE GOVERNANCE

### Boardroom Diversity

The Board adopted a Board Diversity Policy which sets out the approaches approved by the Company to achieve diversity of the Board. Under this policy, the Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at Board as an essential element in maintaining its competitive advantage and supporting its sustainable development. In determining an optimum composition of the Board, the Company will consider all aspects of diversity and will also take into account factors based on its own business model and specific needs from time to time. The Human Resources Department adopted the similar criteria in its recommendation for selection and appointment process.

The appointment of Board members will be based on meritocracy and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, ethnicity, age, skills, regional and industry experience and exposure, cultural and educational background, and professional experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Company does not set any specific target for female directors and/or female Senior Management; however, it will actively work towards having more female on the Board and Key Senior Management. The Board recognises that the evolution of the diversity is a long-term process and will weigh the various factors relevant to board balance and diversity when vacancies arise.

The NRC is responsible in ensuring that diversity principles are adopted in the Board and Management appointments, Board performance evaluation and succession planning processes.



### Tenure of Independent Directors

In accordance with the Board Charter, the tenure of service of Independent Directors is capped at the maximum limit of 9 years as recommended by the MCCG. Upon completion of a 9 years' term, such independent director may continue to serve on the Board subject to his re-designation as a Non-Independent Director.

The summary of the Independent Directors' length of service as at 30 March 2018 is as follows:-

Years of Service	Less than 5
Number of Independent Directors	3

None of the INED's tenure has exceeded a cumulative term of nine (9) years for the FY 2017.



## STATEMENT ON CORPORATE GOVERNANCE

### Annual Assessment of Independence

Paragraph 1.01 of the MMLR of Bursa Securities provides that an INED is one who is independent of management and free from any business or other relationship that could interfere with the exercise of independent judgement or the ability to act in the best interest of a listed company.

The present composition of the Board is in compliance with Paragraph 15.02(1) of the MMLR of Bursa Securities where 3 out of its total 10 board members are independent directors. The Board assess the independence of its INED annually for appropriate proper functioning of the Board and provides effective check and balance in discharging its responsibilities. No individual or small group of individuals dominates the Board's decision making. For purpose of determination of independence, the INEDs who are not related to the substantial shareholders of the Company provide declarations regarding their independences.

When reviewing the independence of the INEDs, the NRC has considered their other directorships, annual declaration regarding their independence, disclosure of interest in transactions in which they have a direct or indirect interest, their ability to avoid any apparent conflicts of interests especially by abstaining from deliberation on such transactions and their ability to maintain objectivity in their conduct as Directors of the Company.

The Board is satisfied with the assessment of the INEDs especially with the level of independence demonstrated by all the INEDs of the Company and their ability to provide objective judgement to the Board, which mitigate conflict of interest and undue influence from interest parties.

### Annual Evaluation

NRC was established with defined terms of reference to assists the members of NRC in discharging their duties. The composition of NRC comprises three (3) members exclusively are INEDs pursuant to Paragraph 15.08A(1) of the MMLR of Bursa Securities. The Committee is chaired by Datuk Dr. Haji Baharum bin Haji Mohamed, Senior Independent Non-Executive Director of the Company.

The NRC has assessed the effectiveness of the Board as a whole and the Board Committees through the completion of assessment questionnaires. The assessment parameters included board structure, operations, tenure, roles and responsibilities, Chairman's roles and responsibilities and the effectiveness of the Board in its monitoring role.

Through Evaluation Panel comprising Chairman of the Board, Chairman of NRC and Chairman of Audit Committee, the NRC has assessed each Director's contribution to the effectiveness of the Board. The assessment parameters include attendance record, contribution to interaction, quality of input and understand of roles.

The evaluation process is a constructive mechanism for improving board effectiveness, maximising strengths and tackling weaknesses, leading to an immediate improvement of performance throughout the organisation. When assessing performance of board members, the assessment forms will be distributed to every member of the Evaluation Panel. Upon completion, the Company Secretary gathered the forms, summarised and presented the results of the performance assessment to the NRC. The assessment for the Board as a whole and Board Committees will be carried out by the NRC at the meeting. A questionnaire which forms part of the meeting documents will be completed by the NRC after discussion. The findings of the all evaluations later will be reported to the Board.

The NRC also reviews remuneration package comprising salaries, bonuses, benefits-in-kind and allowances of Executive Directors annually to ensure that the remuneration packages are fair and reasonable. The determination of the remuneration of the INEDs is a matter for the Board as a whole.

## STATEMENT ON CORPORATE GOVERNANCE

A summary of the activities of the NRC in discharging its duties during the year under review is as follows:-

- (a) Reviewed the composition of the Board in respect of its structure, size and the required mix of skills and experience;
- (b) Reviewed the re-election of directors retiring by rotation pursuant to the Company's Articles of Association at the Seventeenth AGM of the Company;
- (c) Assessed the independence of INEDs and external auditors;
- (d) Reviewed remuneration package comprising salaries, incentives, bonuses, benefits-in-kind and allowances of Executive Directors. The determination of the remuneration of the INEDs is a matter for the Board as a whole; and
- (e) Annual assessment and evaluation of the Board, Board Committees and the individual directors.

The NRC, upon its annual assessment, confirmed that the present size and composition of the Board has the requisite competencies and capacity to effectively oversee the overall businesses and handle all matters pertaining to the Group.

The Board is satisfied that the current function of NRC in respect of nomination and remuneration matters is in accordance with its terms of reference.

### **Time Commitment**

None of the members of the Board has more than 5 directorships in listed companies. This ensures that their commitment, resources and time are more focus and enables them to discharge their duties efficiently. All Directors are obliged to notify the Board before accepting any new directorships in other listed companies. The notification will include an indication of time that will be spent on the new appointments to ensure that the Directors have sufficient time to discharge their duties to the Board and the various committees on which they serve.

The Directors of the Company acknowledge the importance of allocating sufficient time to attend the affairs of the Company and at the same time ensure their full commitment towards the business needs of the Group.

Although there is no specified time commitment required of the Directors' in terms of number of days per year, 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. Besides attending Board, Board Committees and general meetings, the time spent by Directors also include attending informal meetings and discussions with Management relating to the Group's affairs, corporate events like project launching, project site visit, inhouse professional development and training and all other major corporate events, functions, briefing and dinners organised by the Company.

### **Board Meetings**

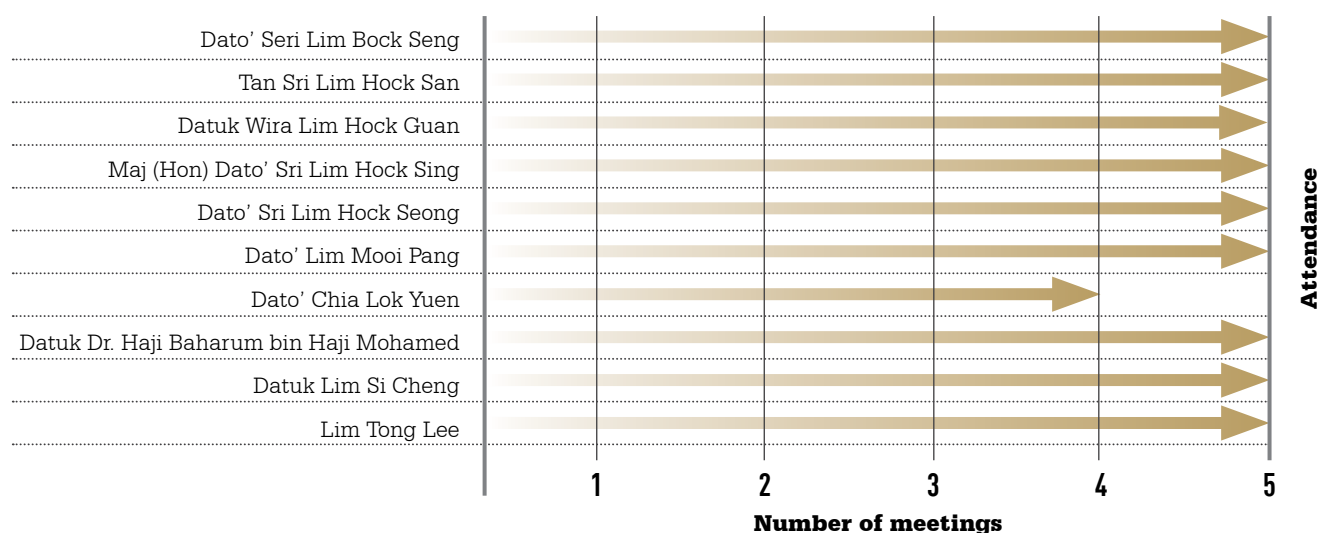
A pre-scheduled annual calendar of the Board Meetings is circulated to all the Board members at the beginning of each year to facilitate the Directors to plan their schedules. Board Meetings are usually held a minimum of 5 times in a year. Additional meetings would be convened as and when there are important and urgent decisions to be made, which required to be taken in between the scheduled meetings. Directors are allowed to participate in Board Meetings via tele-conference.





## STATEMENT ON CORPORATE GOVERNANCE

All the Directors have complied with the minimum 50% attendance requirement in respect of Board Meetings as stipulated in the MMLR of Bursa Securities. During the FY 2017, a total of 5 Board Meetings were held. The attendance of each Director is tabulated as below:



### Directors' Training and Induction

The Company has put in place "Directors' Induction Programme", a formal induction programme for the newly appointed Director. A formal letter detailing the general duties and obligations as a Director pursuant to the relevant legislations and regulations will be given to the new Director. The new Director will also be provided with books and printed materials relating to the roles and responsibilities of a director, the Group's principal businesses, corporate governance practices, company policies and procedures as well as a board meeting calendar for the year.

The Company Secretary would lead this comprehensive induction programme which includes meeting with members of Key Senior Management and their teams to allow the new Director to be acquainted with the Management and to facilitate their independent access in future to the Management. The programme also includes briefing by the Company Secretary on the Company's board processes, internal controls and governance practices and by the Management team on key areas of the Company's operations. Project site visits would be arranged for the new Director to view the developments of the Group.

For a first time Director, he or she would be attending the Mandatory Accreditation Programme as prescribed by the MMLR of Bursa Securities in order to acquire relevant knowledge of what is expected of a listed company director.

All Directors are also provided with updates and/or briefings from time to time by professional advisers, consultants, Management and the Company Secretary in areas such as corporate governance practices, relevant legislations and regulations and financial reporting standards. The Company Secretary has periodically informed the Directors of the availability of appropriate courses, conferences and seminars, and the Directors are encouraged to attend such training at the Company expense.

## STATEMENT ON CORPORATE GOVERNANCE

The Board attended training programmes, conferences, seminars, courses and/or workshops during the financial year. A summary of selected in-house education programmes and external training's attended by directors are set out as follows:-

Directors	Date	Topics
Dato' Seri Lim Bock Seng	19/01/2017	Sustainability Reporting and Compliance
Tan Sri Lim Hock San	19/01/2017	Sustainability Reporting and Compliance
	03/03/2017	The 5 <sup>th</sup> Session of The 12 <sup>th</sup> Chinese People's Political Consultative Conference
	20/07/2017	Guangdong Business Promotion Conference
	15/09/2017	Malaysia-Guangdong Bilateral Entrepreneur Executive Committee Meeting
	20/09/2017	Wish list for MALAYSIA PROPERTY INDUSTRY in Budget 2018
	26/09/2017	The 6 <sup>th</sup> China Overseas Exchange Association
	05/10/2017	The 20 <sup>th</sup> National Housing & Property Summit 2017
	13/11/2017	The 9 <sup>th</sup> World Chinese Economic Summit 2017
	05/12/2017	The 10 <sup>th</sup> World Anxi Folk Association Convention
Datuk Wira Lim Hock Guan	19/01/2017	Sustainability Reporting and Compliance
Maj (Hon) Dato' Sri Lim Hock Sing	19/01/2017	Sustainability Reporting and Compliance
Dato' Sri Lim Hock Seong	19/01/2017	Sustainability Reporting and Compliance
Dato' Chia Lok Yuen	19/01/2017	Sustainability Reporting and Compliance
Dato' Lim Mooi Pang	19/01/2017	Sustainability Reporting and Compliance
	13/03/2017	Sustainability Engagement Series for Directors / Chief Executive Officers 2017
Datuk Dr. Haji Baharum bin Haji Mohamed	23/02/2017	Companies Act 2016 : What Directors' & Management Need to know
Datuk Lim Si Cheng	19/01/2017	Sustainability Reporting and Compliance
Lim Tong Lee	14/11/2017	Securities Commission Malaysia's Conversation with Audit Committees of Public Listed Companies

With the assistance of the Company Secretary, the Board will continue to evaluate and determine the training needs of its members to assist them in discharging of their duties as Directors of the Company effectively.

### III. REMUNERATION

The Group is committed to achieve better performance and this depends crucially on the individual contributions made by the Board and employees at all levels. Accordingly, the Board believes that an effective remuneration policy plays an essential part in attracting, retaining and motivating talents of the Group.

In reviewing the remuneration of Executive Directors, the NRC, with the assistance of Human Resource Department, considers whether their remuneration have achieved the following main objectives of the Directors' remuneration:-

- to ensure remuneration package is competitive to attract and retain its Executive Directors, who are capable in meeting the Company's goal;



## STATEMENT ON CORPORATE GOVERNANCE

- to reward Executive Directors for achieving corporate and individual performance targets in a fair and equitable way;
- to ensure the remuneration package reflects the Executive Director's duties and responsibilities and contain incentives to motivate the Executive Director to deliver the Group's performance objectives without encouraging excessive risk taking; and
- the remuneration policy must be sufficiently flexible to take account of changes in the Group's business environment and market practices.

The remuneration package for Executive Directors comprises a fixed component (in the form of basic salary, contractual bonus and benefits-in-kind) and variable components (which includes variable year-end bonus and employee share options).

When reviewing and determining the structure of Directors' remuneration, the NRC takes into the following criteria:-

- Individual performance;
- Skills and knowledge;
- Involvement in the Group's affairs;
- Achievement of Group's internal targets; and
- Performance and profitability of the Group.

The NRC also considered other factors such as salary paid by comparable companies, time commitment, scope of duties and responsibilities. Relevant information on Directors' remuneration from independent consultant or survey data, when available, would also be used as reference by the NRC.

The Board as a whole recommends the proposed fees for the Non-Executive Directors with the individual directors concerned abstaining from decisions in respect of their individual remuneration. The payment of Directors' fees, allowances, benefits in kind to the Directors are subject to the approval of shareholders at the Company's AGM in accordance with the provisions of the Companies Act, 2016.

The remuneration of the Directors for the FY 2017 is set out below:-

- (a) The aggregate directors' remuneration received/receivable **from the Company** during the FY 2017 are as follows:-

Company only	Director's Fees (RM'000)	Salary, Bonuses, Allowances and Other Emoluments* (RM'000)	Benefits-In-Kind (RM'000)	Total (RM'000)
<b>Non-Executive Directors</b>				
Dato' Seri Lim Bock Seng	-	721	55	<b>776</b>
Datuk Dr. Haji Baharum Bin Haji Mohamed	50	64	-	<b>114</b>
Datuk Lim Si Cheng	50	64	32	<b>146</b>
Lim Tong Lee	50	65	-	<b>115</b>

\* Non-Executive Directors refers to 3 Independent Executive Directors and the Chairman.

## STATEMENT ON CORPORATE GOVERNANCE

(b) The aggregate directors' remuneration received/receivable **on a Group basis** during the FY 2017 are as follows:-

Category	Director's Fees (RM'000)	Salary, Bonuses, Allowances and Other Emoluments* (RM'000)	Benefits-In-Kind (RM'000)	Total (RM'000)
<b>Executive Directors</b>				
Tan Sri Lim Hock San	368	3,548	304	4,220
Datuk Wira Lim Hock Guan	272	2,942	221	3,435
Maj (Hon) Dato' Sri Lim Hock Sing	84	1,939	159	2,182
Dato' Sri Lim Hock Seong	0	1,937	104	2,041
Dato' Chia Lok Yuen	0	1,456	90	1,546
Dato' Lim Mooi Pang	0	1,935	92	2,027
<b>Non-Executive Directors</b>				
Dato' Seri Lim Bock Seng	-	721	55	776
Datuk Dr. Haji Baharum Bin Haji Mohamed	50	64	-	114
Datuk Lim Si Cheng	50	64	32	146
Lim Tong Lee	50	65	-	115

In determining the remuneration packages of the Key Senior Management, 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 talents. At the beginning of each year, the corporate level of Key Performance Indicators were set by the Top Management and cascaded to the Key Senior Management. The annual performance will then be assessed at the end of the year.

The remuneration of the Key Senior Management was not disclosed on named basis as the Board is of the opinion that such disclosure would not be in its interest of the Company in view of talent poaching is common in the highly competitive property industry.

Alternatively, the remuneration of the top 5 Key Senior Management for the FY 2017 are disclosed as follows:-

Name	Salary, Bonus, Allowances and Other Emoluments*	Benefits in Kind	Total
Top 5 Key Senior Management	93%	7%	100%
	95%	5%	100%
	94%	6%	100%
	95%	5%	100%
	99%	1%	100%
<b>Total (RM)</b>			<b>2,286,572.04</b>

\* Comprises insurance, medical, employer's provident fund and social welfare contributions.





## STATEMENT ON CORPORATE GOVERNANCE

### PRINCIPLE B : EFFECTIVENESS AUDIT AND RISK MANAGEMENT

#### I. AUDIT COMMITTEE

The Audit Committee assists the Board to oversee the integrity of the Group's financial reporting processes. The processes are aimed at providing assurance that the financial statements and related notes were prepared and drawn up in accordance with the provisions of the Companies Act, 2016 and the applicable approved accounting standards in Malaysia for the FY 2017. The quarterly financial results and audited financial statements were reviewed and recommended by the Audit Committee and approved by the Board before being released to Bursa Securities.

Details of Audit Committee's composition and activities during the FY 2017, please refer to the "Audit Committee Report" section in this Annual Report.

#### Assessment of Suitability and Independence of External Auditors

The Audit Committee carries out the assessment procedures annually to determine the suitability and independence of the external auditors including quality and performance of their audit to ensure the external auditors are free from any business or other relationships with the Group that could materially interfere with their ability to act with integrity and objectivity. The annual assessment also ensures that the provision of other non-audit services by the external auditors is not in conflict with their audit function. As an industry practice, the external auditors rotate their engaging partner in charge of audit of the Group's financial statements once every 5 years to maintain their independence from the Group.

The external auditors provide mainly audit-related services to the Company and also undertake certain non-audit services such as quarterly review, regulatory review and reporting, and other services as and when requested by the Group. The independence of external auditors can be impaired by the provision of non-audit services to the Company.

During the FY 2017, the Audit Committee undertook review of the independence of Messrs. UHY and gave careful consideration to the Group's relationships with them. In determining the independence of UHY, the Audit Committee reviewed various aspects of their relationships with them including the nature and amount of the non-audit services paid to UHY for the FY 2017 and the corresponding fees. The review showed that the non-audit fees did not impair or threaten the audit independence of UHY as such amount is not significant as compared to the total audit fees paid to UHY. Based on the review, the Audit Committee is of the opinion that UHY is, and is perceived to be, independent for the purpose of the Group statutory financial audit. UHY has declared its independence to the Group and its compliance pursuant to Paragraph 290.173 of the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

The Audit Committee has adopted the External Auditors Policy which outlines the guidelines and procedures for the Audit Committee to assess and monitor the external auditors. The Audit Committee has also adopted the recommended policy under MCCG which requires a former key audit partner to observe cooling-off period of at least 2 years before being appointed as the member of Audit Committee. The External Auditors Policy will be reviewed when necessary to ensure it remains relevant and appropriate.

In reviewing the nomination of UHY for re-appointment for the financial year 2018, the Audit Committee had considered the adequacy of the resources, experience and competence of UHY. Consideration was also given to the experience of the engagement partner and key team members in handling the audit of listed corporation with more than 90 subsidiaries and associated companies under different jurisdiction and business segments. The quality, size and complexity of the audit of the Group, and the number and experience of the supervisory and professional staff assigned were taken into consideration. Review was also on the level of co-operative manner with Management while maintaining integrity and objectivity and to deliver their services professionally and within stipulated time-lines.

## STATEMENT ON CORPORATE GOVERNANCE

The Audit Committee is satisfied with the competence and independence of the external auditors and had recommended to the Board the re-appointment of the external auditors, upon which the shareholders' approval will be sought at the forthcoming 18th Annual General Meeting.

### **Statement of Directors' Responsibility in respect of the Financial Statements**

The Directors are responsible to ensure the Company's financial statements are drawn up in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 2016 so as to give a true and fair view of the state of affairs, the results and cash flow of the Group and of the Company during the FY 2017. The Board is also responsible for ensuring that the financial results are released to Bursa Securities within the stipulated time frame.

In preparing the financial statements, the Directors have ensured compliance with the applicable approved accounting standards and applied consistently and made judgements and estimates that are reasonable and prudent. The Directors have also confirmed that the financial statements have been prepared on a going concern basis.

The Audit Committee had its annual private session with the external auditors during the FY 2017 to review the scope and adequacy of the audit planning memorandum, the audit findings and the annual financial statement in the absence of the Executive Directors and the Management representatives. The private session would allow the Audit Committee members and the external auditors to exchange independent views on matters which require Audit Committee's attention.

The external auditors attended all the Audit Committee's meetings held to review the quarterly results and the financial statements. They are also invited to attend the AGM of the Company and are available to answer shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of their audit report.

The Directors are responsible in ensuring the Group and the Company keep proper accounting records which disclose with reasonable accuracy the financial position of the Group and the Company at any time and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 2016 and the applicable approved accounting standards. It is the Board's general responsibility for taking reasonable steps to safeguard the assets of the Group and to detect as well as prevent any fraud and other irregularities to occur.

### **Relationship with External Auditors**

The Board maintains a formal and transparent relationship with its External Auditors in seeking valuable professional advice and in ensuring compliance with the applicable accounting standards. The External Auditors regularly bring up relevant matters that need to be addressed during the Audit Committee Meetings and Board Meetings.

The Audit Committee was accorded the power to communicate directly with both the External and Internal Auditors in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.

## **II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK**

### **Sound Risk Management Framework**

The Board is aware of the importance of establishing and maintaining a sound system of risk management framework and internal control in the Company and the Group to safeguard shareholders' interest and Group's assets. The Board continuously reviews and examines the effectiveness and efficiency of the risk management framework and internal control system on areas such as financial, operational and compliance, and seek alternative ways for improvement should any weakness be detected and identified.



## STATEMENT ON CORPORATE GOVERNANCE

### Internal Control

The Board has overall responsibility for maintaining sound internal control systems that cover financial controls, operational and compliance controls and risk management to ensure shareholders' investments, customers' interests and the Group's assets are safeguarded.

During the FY 2017, the Company has outsourced its entire ERM framework by engaging an external service provider, Deloitte Enterprise Risk Services Sdn Bhd to facilitate the risk control self-assessment exercise with various stakeholders. Risk analysis and evaluation were performed to update the existing risk registers. The Risk Management Committee revised the risk treatment plans along with the corresponding target risk level for any key residual risks highlighted.

The systems of internal controls are continuously reviewed to ensure that they are working via the on-going review through internal audit process. In the FY 2017, the Internal Audit function has been outsourced to Deloitte to provide independent assurance and consulting activities, which serves to assist the Company in achieving its objectives. The internal audit function conducted its works based on an annual Internal Audit Plan which was tabled before, and approved by, the Audit Committee.

All Internal Audit Reports were tabled and reviewed by the Audit Committee during meeting of the Audit Committee and the Board. Follow-up reviews would subsequently be performed to ascertain the extent of implementation of the recommended corrective actions for improvement.

Besides performing regular operational and compliance audit, the Internal Auditors may conduct investigation and any ad-hoc review upon the requisition from the Audit Committee or the Management.

The engagement of Internal Auditors is one of the many ways of reviewing and assessing the effectiveness of the risk management framework and internal control system of the Group. Both the Board and Management will rectify the weaknesses detected by the Internal Auditors through either adopting the recommendations made by the Internal Auditors or developing its own alternatives to eliminate such weaknesses.

More information on the risk management and internal control are disclosed in the sections entitled "Statement on Risk Management and Internal Control" and "Anticipated and Known Risks" of this Annual Report.

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

#### I. COMMUNICATION WITH SHAREHOLDERS

##### Corporate Disclosure Policies and Procedures

The Company recognises the importance of effective and timely disclosure of corporate and material information to ensure that shareholders, investors and general public make informed assessments of the Company's business value and prospect.

The Company has its IR Policy which serves as a guide to ensure broad dissemination of material information in a comprehensive, accurate and timely manner to the shareholders, stakeholders, investors and public.

All announcements for release to Bursa Securities are subject to approval by the Executive Directors. The Group Managing Director, Executive Directors, Head of IR Department and Company Secretary who are privy to the information, are obliged to maintain strict confidentiality of the information.

All information made available to Bursa Securities is immediately available to shareholders and the public at large on the Investors section of the Company's corporate website: [www.lbs.com.my](http://www.lbs.com.my).

## STATEMENT ON CORPORATE GOVERNANCE

### **Leverage on Information Technology for Effective Dissemination of Information**

The Board acknowledges the importance of communication with the shareholders and investors of the Group's businesses and corporate developments. The following various means of communication were utilised as channels for sharing of substantial information with its shareholders, investors and members of the public:-

#### **a) Investor Relations Department ("IR")**

The Company's IR actively involved in conducting regular briefings, dialogues and presentations with institutional investors, fund managers, analysts as well as financial institutions aimed at developing and maintaining a positive relation with all the shareholders and investors through active two-way communication, and to promote and demonstrate a high standard of integrity and transparency through timely, accurate and full disclosure and to enhance the shareholders and investors understanding of the Group, thereby enabling the shareholders and investors to make informed decisions in valuing the Company's shares.

The Company takes an active role in investor relations. The Head of Investor Relations Department is responsible for managing the Group's investor relations programmes, including the communications with the financial community, research analysts and relevant stakeholders. Meeting with local and foreign fund managers are conducted regularly on a group basis or one-on-one meeting. Participating in investor roadshows and conferences both locally and overseas are also actively carried out. In year 2017, the IR team has attended to 63 meetings with fund managers, analysts and institutional shareholders. LBS has participated in "Invest Malaysia 2017" in Shangri-la Hotel, Kuala Lumpur and "CIMB Malaysia Small/Mid Cap Corporate Access Day 2017" in Raffle Place, Singapore in the year 2017.

Currently, the Company is covered by 5 research houses.

#### **b) Annual Report**

Annual Report contains comprehensive and easy to understand details of the business, financial performance, direction and other activities of the Company. These contents are continually enhanced in order that shareholders and investing public are provided with clear and accurate information and are suitably briefed on matters that are to be discussed to enable their effective participation during AGM. An online version of the Annual Report is also available at the Company's corporate website.

#### **c) Website**

The Company's corporate website [www.lbs.com.my](http://www.lbs.com.my) also provides an avenue for accessing to the latest corporate information and development of the Company easily and immediately. It houses information of the Group which includes corporate profile, development products, financial results, press releases, corporate news and Company's newsletter – *Journey With LBS*. Alternatively, Bursa Securities' website [www.bursamalaysia.com](http://www.bursamalaysia.com) would be another source of information to the shareholders, investors and public community on the various announcements made by the Company from time to time in addition to the Annual Report, Circular to Shareholders and Annual Audited Accounts submitted to Bursa Securities.

#### **d) Newsletter**

The Group's newsletter which was introduced in 2011 has evolved into a magazine format with the new name of "*Journey With LBS*" which is issued half yearly. It was the Company's in-house corporate bilingual magazines serves as an internal communication device, it also engages shareholders, investors, media, fund managers, analysts and suppliers as an additional mode of communication and provides insightful information of the Company on latest corporate events and development (locally and internationally), projects events, products launched and to be launched, operations, directions, media coverage,





## STATEMENT ON CORPORATE GOVERNANCE

corporate social responsibility activities as well as employee welfare activities and lifestyle column. The publication of *Journey With LBS* is also available at the Company's corporate website.

### **e) Online Social Networking**

By recognising broader communication, the Company has embarked on its social media journey by registered itself with online social networking platform such as Facebook, Twitter, WeChat, Instagram and Youtube to serve as an alternate channel of communication in view of better engagement with the shareholders, investors and other stakeholders whereby all the real time status and updates of the Company is accessible at any point of time. All the corporate information will be synchronized across Facebook, Twitter, WeChat, Instagram and Youtube.

### **f) Marketing Communication Department**

The Marketing Communication Department of the Company or better known as MarCom, its primary role is to coordinate all the media interviews including one-on-one meetings with media either through print media or TV coverage at regular intervals to provide wider publicity and improve general understanding of the Group's businesses and operations.

MarCom also responsible for the issuance of press releases and uploading of corporate news and events onto the Company's website, Facebook, Twitter, WeChat, Instagram and Youtube to keep the public abreast with the latest information of the Group.

### **g) Senior Independent Non-Executive Director**

As there may be instance where investors and shareholders may prefer to express their concern to an Independent Director, the Board has appointed Datuk Dr. Haji Baharum bin Haji Mohamed, as the Senior Independent Non-Executive Director of the Company to whom the concerns pertaining to the Group may be directed.

## **II. CONDUCT OF GENERAL MEETING**

The Company's AGM remains the principal forum for dialogue and interaction with the shareholders. The Board regards the AGM as an important channel of communication, as it serves as a forum for direct two-way interaction between the shareholders, Board and Management on the Company's strategy, operations, performance and major developments.

The MMLR of Bursa Securities required the Company to issue Notice of AGM at least 21 days before the AGM. Notice of the 18th AGM was distributed 40 days ahead of the meeting date. This gives shareholders sufficient time to prepare themselves to attend the AGM or to appoint a proxy to attend and vote on their behalf.

The Board will ensure sufficient and relevant information are given for each agenda in the notice of meetings. Each item of special business included in the Notice of AGM is accompanied by an explanatory statement for the proposed resolution to facilitate the full understanding and evaluation of issues involved.

Extraordinary General Meeting is held as and when shareholders' approvals are required on specific matters. Relevant Advisors to the Board, lawyers and/or Reporting Accountants engaged in advising the Board on these specific matters would present to respond to the questions at raised by shareholders.

Shareholders are given the opportunity to participate in the question and answer session during the AGM on the proposed resolutions and the Group's operations. The Chairman of the Meeting will provide sufficient time to shareholders' questions on matters pertaining to the Company's performance and would respond to the shareholders with regards to their concern and question raised. Members of the Board, Chairman of Board Committees and Key Senior Management, as well as the External Auditors of the Company are present to respond to questions raised at the meeting.

## STATEMENT ON CORPORATE GOVERNANCE

### ADDITIONAL COMPLIANCE INFORMATION

In compliance with the MMLR of Bursa Securities, the following information is provided:-

#### Options

During the FY 2017, options were exercised pursuant to the Employees' Share Option Scheme ("ESOS") which was approved by the shareholders at the Extraordinary General Meeting held on 28 June 2012. Main features of the ESOS are stated in the Report of Directors on pages 283 to 291 of this Annual Report.

The Options applicable to Directors and Senior Management under the ESOS during the FY 2017 are as follows:-

Directors and Senior Management	During the financial year ended 31 December 2017	Since commencement on 18 September 2012 up to 31 December 2017
Aggregate maximum allocation	80%	80%
Actual percentage granted	0.30%	32.18%

During the FY 2017, Options granted to and exercised by Non-Executive Directors are as follows:-

No.	Name of Director	Number of Options as at 1.1.2016	Number of Options Granted in 2017	Number of Options Exercised	Number of Options Forfeited	Number of Options as at 31.12.2017
1.	Datuk Dr. Haji Baharum bin Haji Mohamed	238,000	119,000	119,000	-	238,000
2.	Datuk Lim Si Cheng	238,000	119,000	119,000	-	238,000
3.	Mr. Lim Tong Lee	238,000	119,000	-	-	357,000

#### Audit and Non-Audit Fees

- The amount of audit fees paid in the FY2017 to the external auditors, Messrs. UHY for services rendered to the Group and the Company amounted to RM507,900 and RM82,000 respectively.
- The amount of non-audit fees incurred in FY2017 to the external auditors, Messrs. UHY, and their affiliated companies for services rendered to the Group and the Company amounted to RM273,879 and RM149,000 respectively.

#### Utilisation of Proceeds from Disposal of 100% Equity Interests in Lamdeal Consolidated Development Limited and Lamdeal Golf & Country Club Limited

On 12 August 2013 ("Completion Date"), the Company has announced the completion of proposed disposal of 100% equity interests in Lamdeal Consolidated Development Ltd and Lamdeal Golf & Country Club Ltd to Jiuzhou Tourism Property Company Limited, a wholly-owned subsidiary company of Zhuhai Holdings Investment Group Limited ("Zhuhai Holdings") for an aggregate sale consideration of HKD1.65 billion.

Total sale consideration shall be satisfied by cash of HKD500 million, Zhuhai Holdings shares and deferred cash payment of HKD850 million from Promissory Note.



## STATEMENT ON CORPORATE GOVERNANCE

Cash proceeds of HKD500 million and Zhuhai Holdings shares have been received on the completion date. Cash proceeds of HKD500 million has been fully utilised in February 2015.

The details of deferred cash payment of HKD850 million from Promissory Note were as follows:-

	Amount HKD'000	Receipt Date	Full Utilisation Date
(a) Tranche 1	250,000	30-Dec-14	Feb-16
(b) Tranche 2	200,000	1-Sep-15	May-16
(c) Tranche 3	200,000	16-Mar-16	Dec-17
(d) Final tranche	200,000	3-Jun-16	Mar-18
	<u>850,000</u>		

As at 31 March 2018, the proceeds has ben fully utilised as follows :-

### (a) Tranche 1 of Promissory Note (HKD250 million)

	Note	Proposed Utilisation	Proposed Utilisation	Actual Utilisation	Proceeds Balance	Deviation		Timeframe for utilisation
		HKD'000	RM'000	RM'000	RM'000	RM'000	%	
Reduction of Bank Borrowings	1,2,3	121,951	54,976	(42,181)	12,795	-	0%	1 year
Special Dividend	1,2,3	78,049	35,184	(31,427)	3,757	-	0%	1 month
Payment for Trade and Other Payables	1,2,3	24,390	10,995	(36,837)	(25,842)	(25,842)	-235%	1 year
Operating Expenses	1,2,3	25,610	11,545	(2,255)	9,290	-	0%	1.5 years
		250,000	112,700	(112,700)	-	(25,842)	-235%	

### (b) Tranche 2 of Promissory Note (HKD200 million)

	Note	Proposed Utilisation	Proposed Utilisation	Actual Utilisation	Proceeds Balance	Deviation		Timeframe for utilisation	Explanations (deviation is 5% or more)
		HKD'000	RM'000	RM'000	RM'000	RM'000	%		
Reduction of Bank Borrowings	1,2,3	70,000	37,618	(21,867)	15,751	-	0%	1 year	N/A
Special Dividend	1,2,3	80,000	42,992	(31,931)	11,061	-	0%	1 year	N/A
Payment for Trade and Other Payables	1,2,3	30,000	16,122	(39,810)	(23,688)	(23,688)	-147%	1 year	Note 5
Operating Expenses	1,2,3	20,000	10,748	(13,872)	(3,124)	(3,124)	-29%	1 year	Note 5
		200,000	107,480	(107,480)	-	(26,812)	-176%		

## STATEMENT ON CORPORATE GOVERNANCE

**(c) Tranche 3 of Promissory Note (HKD200 million)**

	Note	Proposed Utilisation	Proposed Utilisation	Actual Utilisation	Proceeds Balance	Deviation		Timeframe for utilisation	Explanations (deviation is 5% or more)
		HKD'000	RM'000	RM'000	RM'000	RM'000	%		
Reduction of Bank Borrowings	1,2	100,000	53,270	(53,270)	-	-	0%	1 year	N/A
Special Dividend	1,2,4	80,000	42,616	(42,616)	-	-	0%	1.5 years	N/A
Payment for Trade and Other Payables	1,2	20,000	10,654	(10,654)	-	-	0%	1 year	N/A
		200,000	106,540	(106,540)	-	-	0%		

**(d) Final tranche of Promissory Note (HKD200 million)**

	Note	Proposed Utilisation	Proposed Utilisation	Actual Utilisation	Proceeds Balance	Deviation		Timeframe for utilisation	Explanations (deviation is 5% or more)
		HKD'000	RM'000	RM'000	RM'000	RM'000	%		
Reduction of Bank Borrowings	1,2	123,750	66,008	(66,008)	-	-	0%	1 year	N/A
Special Dividend	1,2,4	65,000	34,671	(34,671)	-	-	0%	2 years	N/A
Operating Expenses	1,2	11,250	6,001	(6,001)	-	-	0%	1 year	N/A
		200,000	106,680	(106,680)	-	-	0%		

**Note:-**

- 1) (a) HKD250 million  
Adopted the exchange rate of HKD1.00 : RM0.4510, being the closing rate as at 30 December 2014 published by Bank Negara.
- (b) HKD200 million  
Adopted the exchange rate of HKD1.00 : RM0.5374, being the closing rate as at 1 September 2015 published by Bank Negara.
- (c) HKD200 million  
Adopted the exchange rate of HKD1.00 : RM0.5327, being the closing rate as at 16 March 2016 published by Bank Negara.
- (d) HKD200 million  
Adopted the exchange rate of HKD1.00 : RM0.5334, being the closing rate as at 3 June 2016 published by Bank Negara.
- 2) The proceeds balance is expected to be utilised within the timeframe from the receipt of the proceeds.
- 3) Any shortfall in the funds allocated for specific purpose will be funded from the funds allocated for other approved purposes.
- 4) Any unutilised proceeds have been placed in short term deposits until such relevant expenses have been identified.
- 5) The excess fund arising after special dividend payment and settlement of bank borrowings which is no longer required subsequently, have been utilised for the Group's project and/or operating expenses.





## STATEMENT ON CORPORATE GOVERNANCE

### Utilisation of proceeds raised from corporate proposals

#### Issuance of Redeemable Convertible Preference Shares ("RCPS")

Proceeds totaling approximately RM127 million were raised under Renounceable Rights Issue of New RCPS which was completed on 8 August 2017.

As at 31 March 2018, proceeds has been fully utilised as follows :-

	Proposed Utilisation	Actual Utilisation	Proceeds Balance	Deviation		Timeframe for utilisation	Explanations (deviation is 5% or more)
				RM'000	%		
Bukit Jalil (Kuala Lumpur)	38,098	(38,098)	-	-	-	2.3 years	N/A
Alam Perdana (Ijok, Selangor)	25,399	(25,399)	-	-	-	1.3 years	N/A
Kota Tinggi (Johor)	12,699	(12,699)	-	-	-	1.3 years	N/A
Cybersouth (Dengkil, Selangor)	12,699	(12,699)	-	-	-	1.3 years	N/A
Midhills (Gohtong Jaya, Puchong)	12,699	(12,699)	-	-	-	2.3 years	N/A
Bandar Putera Indah (Batu Pahat, Johor)	12,699	(12,699)	-	-	-	1.3 years	N/A
Other projects	6,350	(6,350)	-	-	-	1.3 years	N/A
Working Capital	6,350	(6,350)	-	-	-	3.3 years	N/A
	126,993	(126,993)	-	-	-		

### Material Contracts

There was no material contract (not being contracts entered into the ordinary course of business) entered into by the Company or its subsidiary companies involving the interests of the directors, chief executive who is not a director or major shareholders, either still subsisting at the end of the financial year end under review or which were entered into since the end of the previous financial year.

# AUDIT COMMITTEE *Report*

The report of the Audit Committee ("Committee") of LBS Bina Group Berhad ("LBGB" or "Company" or "Group") for the financial year ended 31 December 2017 ("FY 2017") is presented as follows:

## A. COMPOSITION AND ATTENDANCE

The Committee comprises 3 members, all of whom are Independent Non-Executive Directors. Mr. Lim Tong Lee, the Chairman of the Committee is a Fellow Member of Association of Chartered Certified Accountants of United Kingdom, a member of Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.

During the FY 2017, the Committee held five (5) meetings. The details of the membership and record of attendance of these meetings are as follows:

Committee Member	Appointment	Attendance	
Lim Tong Lee* <i>Chairman, Independent Non-Executive Director</i>	04.06.2013	5	100%
Datuk Dr. Haji Baharum Bin Haji Mohamed <i>Member/Senior Independent Non-Executive Director</i>	20.08.2013	5	100%
Datuk Lim Si Cheng <i>Member/Independent Non-Executive Director</i>	20.08.2013	5	100%

Nomination and Remuneration Committee has reviewed and evaluated the performance of the Committee as a whole and its members individually through an Annual Board & Board Committees Performance Evaluation. All the deliberations, recommendations and discussions were recorded in the Minutes and Performance Evaluation Sheet. The same were tabled to the Board members for deliberations at the subsequent Board meeting. The Board is satisfied that the Committee has effectively discharged their functions, duties and responsibilities in accordance with its Terms of Reference.

The Committee has invited an Executive Director, whom responsible for the Group's corporate function in Accounts and Finance and General Manager of Account and Finance of the Company to Audit Committee meetings to provide clarification on accounting issue and audit issues at all the meetings. The Audit Committee meetings were also attended by the external and internal auditors, when necessary.

The full version of the Terms of Reference of the Audit Committee is published on the Company's website at [www.lbs.com.my](http://www.lbs.com.my).



## AUDIT COMMITTEE REPORT

### B. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The summary of the activities of the Audit Committee in discharging its functions and duties during the year under review are as follow:-

#### 1. Financial Reporting:

- Reviewed the unaudited quarterly results of the Group in respect of FY 2017 prior to recommending the same to the Board of Directors' ("Board") for approval and release to Bursa Malaysia Securities Berhad ("Bursa Securities"). The review included discussion on the Group's overall performance for the quarter and material changes in the quarter results compared with the immediate preceding quarter.
- Reviewed with the External Auditors, the audited financial statements of the Group for the year ended 31 December 2016 including the audit report, issues and reservations arising from statutory audit prior to recommending the same to the Board for approval.
- Reviewed the unaudited quarter financial results, audited financial statements and announcements of the Company, amongst others, any changes in accounting policies and practices, significant adjustments arising from the audit, major judgement areas, significant and unusual events, the going concern assumption and compliance with accounting standards and other legal requirements for the Board of Directors' approval before release to Bursa Securities.
- Reviewed the impact of any changes to the accounting standards and adoption of new accounting standards on the Group's Financial Statements.

#### 2. External Audit:

- Reviewed the External Auditors' scope of work and annual audit plan of the Company and the Group for the FY 2017 inclusive of audit approach, areas of audit emphasis, timeline for reporting and deliverables and audit fees prior to the commencement of the annual audit.
- Reviewed the verification on allocation of option to employees under LBGB Employees' Share Option Scheme ("ESOS").
- Reviewed the Company's Audit Committee Report and Statement on Risk Management and Internal Control before recommending the same to the Board for inclusion in the Company's Annual Report for 2016.
- Reviewed the extent of assistance rendered by management and issues and reservations arising from audits with the external auditors with the presence of management and the executive board members.
- Assessed and evaluated the performance, independence and suitability of the external auditors for re-appointment as Auditors of the Company and made recommendation to the Board with respect to their re-appointment and fees. The assessment was undertaken with written assurance from the External Auditors of their independence including policies and measures used to control their work quality.
- Reviewed the audit and non-audit fees of the external auditors for the financial year ended 31 December 2016.

## AUDIT COMMITTEE REPORT

### 3. Internal Audit:

- Reviewed and approved the risk-based Internal Audit Plan and its scope of work proposed by the Internal Audit Department and for the FY 2017.
- Reviewed the audit activities carried out by the Internal Audit Department on areas encompassing Insurance, Sales and Promotion, Time Management From Sales to Vacant Possession, Goods and Services Tax Policy and Control, Project Monitoring and Control and their relevant risks and audit findings and ensure corrective actions were taken in addressing the risk issues reported.
- Reviewed the progress and timeline of the external consultant in the project which involved the development and revamp of the Group's Standard Operating Procedures.
- Reviewed and revised the entire internal audit framework in order to enhance the effectiveness of the internal audit functions prior to the Board's adoption.

### 4. Risk Management:

- Reviewed the Risk Register to ensure that all major risks are well managed and reported to the Board.
- Reviewed the Risk Assessment Report on the investment of the Group for the year 2017.
- Reviewed and revised the risk management framework by combining the internal audit with the risk management in order to enhance the effectiveness of these two functions prior to the Board's adoption.

### 5. Related Party Transactions:

- Reviewed the procedures of the proposed renewal of general mandate for recurrent related party transactions ("RPTs") of a revenue or trading nature to ensure adequacy, appropriateness and compliance procedures are established to monitor the RPTs.

### 6. Other Matters

- Reported to the Board of Directors on significant issues and concerns discussed at the Committee's meetings together with the appropriate recommendations.
- Reviewed and approved the External Auditors Policy to be in line with the latest amendments to the Listing Requirements of Bursa Securities.

## C. STATEMENT BY COMMITTEE ON THE COMPANY'S ESOS

The Committee, with the assistance of verification work performed by the External Auditors, is satisfied that the allocation of options pursuant to the Company's ESOS during FY 2017, has complied with the criteria set out in the ESOS Bye-Laws.





## AUDIT COMMITTEE REPORT

### D. INTERNAL AUDIT FUNCTION

Reviewed and assessed the proposal in outsourcing the internal audit functions to an independent professional firm before proposed the same to the Board for approval.

The Internal Auditors adopt a risk-based auditing approach approved by the Audit Committee whilst taking into account of the standards set by recognised professional bodies, global best practices and industry standards.

During the financial year under review, the internal auditors have carried out audit review on the following areas in accordance with the Internal Audit Plan approved by the Audit Committee:-

- (i) Insurance;
- (ii) Sales and Promotion;
- (iii) Time Management From Sales to Vacant Possession;
- (iv) Goods and Services Tax Policy and Control;
- (v) Project Monitoring and Control;
- (vi) Credit Administration;
- (vii) Sales and Marketing and Customer Service; and
- (viii) Project Management, Project Procurement and Tender Review and Contract Management

Besides reviewing the findings of internal control system of the Group, the Internal Auditor also provides recommendations to improve such internal controls. The Internal Audit Reports and relevant follow-up reports together with management responses were circulated to all members of the Committee for review and discussion before the Committee Meeting on a quarterly basis. Upon the recommendation of the Committee, the said internal audit reports were tabled at the Committee Meeting for approval. The total cost incurred for maintaining the internal audit function for the FY 2017 was RM253,441.48.

The summary of the activities of the Internal Audit Work undertaken during the year under review are as follows:-

- i. Performed risk-based audit on the Group's business units or processes, which covered reviews of the internal control, accounting and management information systems and risk management;
- ii. Issued internal audit reports to the Audit Committee with weaknesses and issues identified;
- iii. made recommendations for improvement on processes where weaknesses and/or non-compliances were identified; and
- iv. Follow-up on matters or concerns raised by Audit Committee and reported on status periodically;
- v. Conducted follow-up reviews to determine adequacy, effectiveness and timeliness of actions taken by the Management on audit recommendation and provided updates on the status to the Audit Committee.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL

# Control

## INTRODUCTION

As stated in Paragraph 15.26 (b) of Bursa Malaysia Securities Berhad's ("Bursa Securities") Main Market Listing Requirements, the Board of Directors ("Board") of listed companies is required to include a "statement about the state of internal control of the listed issuer as a company" in their annual report. In addition, the Malaysian Code on Corporate Governance 2017 issued by Securities Commission Malaysia requires the Board to establish a sound risk management framework and internal control system. Accordingly, the Board of LBS Bina Group Berhad ("LBGB" or "the Company" or "the Group") is pleased to provide the following statement that is prepared in accordance with the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" endorsed by Bursa Securities, which outlines the nature and scope of the risk management and internal control of the Company during the financial year under review.

## RESPONSIBILITY OF THE BOARD

The Board acknowledges its overall responsibility in establishing a sound risk management framework and internal control system, as well as reviewing its adequacy, effectiveness and integrity. The Board recognises that there are inherent limitations to any system of internal control as it is designed to manage the Company's risk within the acceptable risk appetite, rather than to eliminate risks that may hinder the achievement of the Company's business objectives. It can therefore provide reasonable assurance, and not absolute assurance against material misstatement or loss.

The Board has established appropriate control structure and process for identifying, evaluating, monitoring, managing and responding to significant risks faced by the Group in its achievement of the business goals and objectives. The control structure and process which have been instituted throughout the Company are reviewed and updated from time to time in response to the changes in the business environment.

## RESPONSIBILITY OF THE AUDIT COMMITTEE

The Audit Committee is responsible for the following:

- Reviewing and approving the risk dashboard and risk-based Internal Audit Plan;
- Ensuring that the business objectives of the Company are achieved; and
- Reviewing and monitoring the internal audit function/ external service provider engaged to ensure timely completion of Internal Audit Plan and effectiveness and implementation of any corrective actions plans proposed.

## RESPONSIBILITY OF THE MANAGEMENT

The Board has delegated the responsibility of reviewing the effectiveness of risk management to the Risk Management Committee ("RMC"), which comprises LBGB's Directors and Heads of major operation units. The roles of RMC include the following:-

- Identifying and evaluating the risks faced by the respective departments, against the business objectives set out by the Company;
- Formulating relevant policies and procedures to manage these risks;
- Designing, implementing and monitoring the effectiveness of the risk management framework and internal control system; and
- Reporting to the Board and Audit Committee of any changes to the risks and corrective actions taken.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### RISK MANAGEMENT AND INTERNAL CONTROL STRUCTURE

The key processes that the Board has established in reviewing the adequacy and effectiveness of the risk management framework and internal control system include the following:-

#### **Risk Management Framework**

- The Company adopts an Enterprise Risk Management (“ERM”) framework, which is aligned with the framework and guidance issued by Committee of Sponsoring Organisation of the Treadway Commission (“COSO”) and ISO 31000 – Risk Management Principles and Guidelines. This framework essentially links the Company’s objectives and goals its principal risks.
- The Company engages an external service provider, Deloitte Enterprise Risk Services Sdn Bhd (“Deloitte”) to facilitate risk control self-assessment exercise with various stakeholders. Risk analysis and evaluation are performed by Deloitte to update the existing risk registers.
- The RMC establishes a set of risk treatment plans along with the corresponding target risk level for any key residual risks highlighted. The said risks are deliberated during the Audit Committee Meetings annually to review the status and effectiveness of the action plans.
- There are policies and procedures in place to ensure compliance with internal control and the prescribed laws and regulations. These policies and procedures are updated from time to time in tandem with changes to the business environment or regulatory guidelines.

#### **Internal Audit**

- The Internal Audit function has been outsourced to external service provider, Deloitte, to provide independent assurance and consulting activities, which serves to assist the Company in achieving its objectives.
- The areas reviewed by Deloitte during the financial year<sup>1</sup> are as follows:-
  - (i) Credit Administration;
  - (ii) Sales & Marketing and Customer Service;
  - (iii) Project Management (Project Skyvilla and Project Genting Midhills); and
  - (iv) Project Procurement and Tender Review.
- The Internal Auditors evaluate the efficiency of risk management, the system of internal control and governance process, and subsequently highlight any significant findings in respect of any non-compliance with policies and procedures and areas of improvement.
- The internal audit activities are carried out in accordance with the risk based Audit Plan approved by the Audit Committee. Follow up audits are performed to ensure the Management Action Plans for any observations identified are rectified timely. The resulting reports from the audits undertaken are presented to the Audit Committee at its regular meetings.

<sup>1</sup> Deloitte was engaged in June 2017.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- The Audit Committee meets to review, discuss and direct actions on matters pertaining to reports. The outcomes are then forwarded to the operational management for attention and necessary actions. The management is responsible for ensuring recommended corrective actions on reported weaknesses are taken within the required time frame.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review performed in accordance with Audit and Assurance Practice Guide 3 ("AAPG3") issued by the Malaysian Institute of Accountants. AAPG3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

### CONCLUSION

The Board has received reasonable assurance from the Group Managing Director and Executive Director, who are both responsible for the financial affairs of the Company, that the risk management framework and internal control system established are operating adequately and effectively, in all material respects, based on the risk management model adopted by the Company. There were no material control failures or adverse compliance events that have directly resulted in any material loss to the Company for the financial year under review.





# RECURRENT RELATED PARTY *Transactions*

The details of Recurrent Related Party Transactions of the Company entered into during the financial year ended 31 December 2017 pursuant to Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad were as follows:-

No.	Related Party	Nature of Recurrent Transactions	Value of Transactions (RM'000)	Nature of relationship between LBGB Group and the Related Party
1	Maj (Hon) Dato' Sri Lim Hock Sing	Purchase of properties	679	Maj (Hon) Dato' Sri Lim Hock Sing is the Executive Director of the Company.
2	Tan Sri Lim Hock San	Purchase of properties	1,310	Tan Sri Lim Hock San is the Group Managing Director of the Company.
3	Datin Sri Cheok Kim Lan	Purchase of properties	2,366	Datin Sri Cheok Kim Lan is spouse of Maj (Hon) Dato' Sri Lim Hock Sing, the Executive Director the Company.
4	Dato' Sri Adnan Bin Wan Mamat	Purchase of properties	4,633	Dato' Sri Adnan Bin Wan Mamat is a director of a subsidiary of the Company.
5	Cekap Motivasi Sdn. Bhd.	Purchase of properties	11,761	Maj (Hon) Dato' Sri Lim Hock Sing is the Executive Director of the Company and his spouse, Datin Sri Cheok Kim Lan are both the directors and shareholders of Cekap Motivasi Sdn. Bhd.
6	Lim Ee Jiun	Purchase of property	921	Lim Ee Jiun is the daughter of Maj (Hon) Dato' Sri Lim Hock Sing, the Executive Director the Company.
7	My Energy Sdn. Bhd. CLY Resource Holdings Sdn. Bhd. LY Innovation Sdn. Bhd. (collectively referred as "the Companies")	Purchase of property	2,910	Dato' Chia Lok Yuen is the Executive Director of the Company and his spouse, Datin Lum Sook Yin are both directors and shareholders of the Companies.
8	LBS Bina Holdings Sdn. Bhd. ("LBSH")	Purchase of property	2,136	LBSH is a wholly-owned subsidiary of the Company.

## FINANCIAL

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# DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiary companies. The principal activities of the subsidiary companies are disclosed in Note 51 to the financial statements.

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

## FINANCIAL RESULTS

	<b>Group RM</b>	<b>Company RM</b>
Net profit for the financial year	113,014,364	210,585,981
Attributable to:		
Owners of the Parent	103,361,064	210,585,981
Non-controlling interests	9,653,300	-
	113,014,364	210,585,981

## RESERVES AND PROVISIONS

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

## DIRECTORS' REPORT

### DIVIDENDS

Since the end of the last financial year, the Company paid:

	<b>RM</b>
<b>In respect of the financial year ended 31 December 2016:</b>	
A tax exempt special dividend of 2 sen per ordinary share on 637,337,773 ordinary shares, paid on 11 November 2016	12,746,756
A tax exempt special dividend of 2 sen per ordinary share on 651,391,198 ordinary shares, paid on 17 March 2017	13,027,823
A tax exempt special dividend of 2 sen per ordinary share on 672,941,998 ordinary shares, paid on 30 June 2017	13,458,840
A single-tier interim dividend of 2 sen per ordinary share on 675,291,557 ordinary shares, paid on 24 July 2017	13,505,831
A single-tier final dividend of 2 sen per ordinary share on 677,887,882 ordinary shares, paid on 30 August 2017	13,557,758
<b>In respect of the financial year ended 31 December 2017:</b>	
A tax exempt special dividend of 2 sen per ordinary share on 684,714,542 ordinary shares, paid on 29 December 2017	13,694,291
A tax exempt special dividend of 4 sen per ordinary share on 704,509,532 ordinary shares, paid on 20 March 2018	28,180,380
	<b>108,171,679</b>

On 12 April 2018, the Directors:

- (i) declared a single-tier interim dividend of 1 sen per ordinary share in respect of the financial year ended 31 December 2017. This interim dividend will be paid on 11 July 2018 to depositors registered in the Record of Depositors on 12 June 2018; and
- (ii) proposed a single-tier final dividend of 1.2 sen per ordinary share in respect of the financial year ended 31 December 2017. The proposed dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

The financial statements for the current financial year do not reflect the dividends declared or proposed on 12 April 2018. Such dividends will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2018.





## DIRECTORS' REPORT

### ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from 641,424,473 to 686,997,992 by way of issuance of 45,573,519 new ordinary shares as follows:

- (a) 7,901,400 new ordinary shares for cash arising from the exercise of share options under Employees' Share Option Scheme at a weighted average exercise price of RM1.34 per ordinary share;
- (b) 15,903,000 new ordinary shares for cash arising from the exercise of Warrants A at an exercise price of RM1.00 per Warrants A;
- (c) 21,276,084 new ordinary shares for cash arising from the exercise of Warrants B at an exercise price of RM1.25 per Warrants B; and
- (d) 493,035 new ordinary shares for cash arising from the conversion of 986,070 Redeemable Convertible Preference Shares ("RCPS") with conversion ratio of 1 new ordinary share for 2 RCPS.

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

There was no issuance of debentures during the financial year.

### TREASURY SHARES

The shareholders of the Company, by a resolution passed in the last Annual General Meeting held on 31 May 2017, renewed their approval for the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

As at 31 December 2017, the total number of treasury shares held by the Company was 60,000 out of the total 686,997,992 issued ordinary shares. Further relevant details are disclosed in Note 23 to the financial statements.

### WARRANTS

#### ***Warrants 2008/2018 ("Warrants A")***

The Warrants A were constituted under the Deed Poll dated 30 April 2008.

As at 31 December 2017, the total number of Warrants A that remain unexercised were 6,034,712.

The salient terms of the Warrants A are disclosed in Note 24(e)(i) to the financial statements.

## DIRECTORS' REPORT

### WARRANTS (CONT'D)

#### **Warrants 2015/2020 ("Warrants B")**

The Warrants B were constituted under the Deed Poll dated 3 September 2015.

As at 31 December 2017, the total number of Warrants B that remain unexercised were 52,825,663.

The salient terms of the Warrants B are disclosed in Note 24(e)(ii) to the financial statements.

Details of Warrants A and Warrants B issued to Directors are disclosed in the section of Directors' Interests in this report.

### OPTIONS GRANTED OVER UNISSUED SHARES

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

#### **EMPLOYEES' SHARE OPTION SCHEME ("ESOS")**

The Company has established an Employees' Share Option Scheme ("ESOS") of not more than 15% of the issued share capital of the Company at the point of time throughout the duration of the scheme to eligible Directors and employees of the Group, which was approved by shareholders at an Extraordinary General Meeting ("EGM") held on 28 June 2012.

The ESOS shall be in force for a period of 10 years from 18 September 2012 to 17 September 2022. The salient features and other terms of the ESOS and the movement of options over unissued shares of the Company granted under the ESOS during the financial year are disclosed in Note 38 to the financial statements.

Details of the options granted to Directors are disclosed in the section of Directors' Interests in this report.

### REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS")

On 8 August 2017, the Company issued renounceable rights issue of 115,448,037 RCPS on the conversion ratio of RCPS at 1 new ordinary share for every 2 RCPS held. The issue price of the RCPS has been fixed at RM1.10.

As at 31 December 2017, the total number of RCPS that remain unexercised were 114,461,967.

The salient terms of the RCPS are disclosed in Note 21 to the financial statements.

Details of RCPS issued to Directors are disclosed in the section of Directors' Interests in this report.



## DIRECTORS' REPORT

### DIRECTORS

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

Dato' Seri Lim Bock Seng, SSSA, DPMS, AMN

Tan Sri Lim Hock San, PSM, SSAP, DSSA, JP\*

Datuk Wira Lim Hock Guan, DCSM, DMSM, PJK, JP\*

Maj (Hon) Dato' Sri Lim Hock Sing, SSAP, DIMP, JP\*

Dato' Sri Lim Hock Seong, SSAP, DMSM\*

Dato' Chia Lok Yuen, DIMP\*

Dato' Lim Mooi Pang, DIMP\*

Datuk Dr. Haji Baharum Bin Haji Mohamed, DMSM, AMN, PIS\*

Datuk Lim Si Cheng, PJN, PIS

Lim Tong Lee

*\* Director of the Company and its subsidiary companies*

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) since the beginning of the current financial year to the date of this report are:

Azhar Bin Mohd Shariff

Chai Chee Seng

Chen Kaisheng

Cheng Hui

Datin Rose Aliza Binti Tok Muda Haji Ahmad Baharuddin

Dato' Mohd Abdah Bin Mohd Alif

Dato' Seri Iskandar Michael Bin Abdullah

Dato' Sri Adnan Bin Wan Mamat

Datuk Abdul Rashid Bin Asari

Datuk Azizulkhair Bin Abdul Wahab

Datuk Mohd Anis Hisham Bin Abdul Aziz

Datuk Yakubah Khan

Fauziah Binti Tak

Hazeman @ Hazman Bin Abdul Aziz

Hendri Bin Dahlan

Loh Kam Seng

Maj. Jen. Dato' Mohamed Isa Bin Che Kak (B)

## DIRECTORS' REPORT

### DIRECTORS (CONT'D)

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) since the beginning of the current financial year to the date of this report are: (cont'd)

Meo Mohd Ali @ Meor Mohd Alwi Bin Meo Yusop @ Meor Yusop

Mohamad Najib Bin Saad

Sham Saifful @ Hasnul Hadi Bin Mahari

Tan Boon Sang

Tan Seng Teong

Tan Sri Dato' Seri (Dr) Haji Abu Hassan Bin Haji Omar

Tong Teek Yam

Wong Kok Ching

Victor Gu Chiam Peow

Xia Zong Ming

Yeo Chee Chong

Zhan Jinyuan

Ab Hamid Bin Mohd Nazahar

(resigned on 30.01.2018)

Tan Meng Hui

(resigned on 30.01.2018)

Ahmad Fathil Bin Osman

(resigned on 29.11. 2017)

Idzuanuddin Bin Mohd Hashim

(resigned on 12.07.2017)

Muhammad Rahimi Bin Osman

(resigned on 12.07.2017)

Mohd Azharuddin Bin Shafee

(appointed on 23.05.2017, resigned on 07.07.2017)

The information required to be disclosed pursuant to Section 253 of the Companies Act, 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.



## DIRECTORS' REPORT

### DIRECTORS' INTERESTS

The interests and deemed interests in the ordinary shares, warrants, options over the shares and debentures of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At			At
	1.1.2017	Acquired	Disposed	31.12.2017
<b>Gaterich Sdn. Bhd.</b>				
Direct Interests				
Tan Sri Lim Hock San	2,500,000	-	-	2,500,000
Datuk Wira Lim Hock Guan	1,000,000	-	-	1,000,000
Maj (Hon) Dato’ Sri Lim Hock Sing	750,000	-	-	750,000
Dato’ Sri Lim Hock Seong	750,000	-	-	750,000
<b>LBS Bina Group Berhad</b>				
Direct Interests				
Dato’ Seri Lim Bock Seng	1,040,000	-	-	1,040,000
Tan Sri Lim Hock San	3,808,200	1,774,700	-	5,582,900
Datuk Wira Lim Hock Guan	7,868,360	3,004,000	-	10,872,360
Maj (Hon) Dato’ Sri Lim Hock Sing	25,000	-	-	25,000
Dato’ Sri Lim Hock Seong	109,500	152,375	-	261,875
Dato’ Chia Lok Yuen	1,030,000	699,500	-	1,729,500
Dato’ Lim Mooi Pang	1,059,900	320,000	-	1,379,900
Datuk Dr. Haji Baharum Bin Haji Mohamed	-	119,000	-	119,000
Datuk Lim Si Cheng	-	119,000	-	119,000
<b>LBS Bina Group Berhad</b>				
Indirect Interests				
Dato’ Seri Lim Bock Seng <sup>1</sup>	2,004,000	-	-	2,004,000
Tan Sri Lim Hock San <sup>2</sup>	328,986,806	968,300	40,000,000	289,955,106
Datuk Wira Lim Hock Guan <sup>2</sup>	328,818,106	-	40,000,000	288,818,106
Maj (Hon) Dato’ Sri Lim Hock Sing <sup>2</sup>	328,152,106	48,000	327,958,106*	242,000
Dato’ Sri Lim Hock Seong <sup>2</sup>	328,068,106	50,000	327,958,106*	160,000



# DIRECTORS' REPORT

## DIRECTORS' INTERESTS (CONT'D)

	Number of options over ordinary shares ("ESOS")			
	At 1.1.2017	Granted	Exercised	At 31.12.2017
<b>LBS Bina Group Berhad</b>				
Direct Interests				
Dato' Lim Mooi Pang	153,000	-	-	153,000
Lim Tong Lee	238,000	119,000	-	357,000
Datuk Dr. Haji Baharum Bin Haji Mohamed	238,000	119,000	119,000	238,000
Datuk Lim Si Cheng	238,000	119,000	119,000	238,000

	Number of Warrants A			
	At 1.1.2017	Acquired	Exercised	At 31.12.2017
<b>LBS Bina Group Berhad</b>				
Direct Interests				
Dato' Seri Lim Bock Seng	140,000	-	-	140,000
Tan Sri Lim Hock San	526,400	304,800	831,200	-
Dato' Chia Lok Yuen	500,000	55,000	555,000	-
Dato' Lim Mooi Pang	120,000	-	120,000	-
Indirect Interests				
Dato' Seri Lim Bock Seng <sup>1</sup>	404,000	-	-	404,000
Maj (Hon) Dato' Sri Lim Hock Sing <sup>1</sup>	68,800	-	48,000	20,800



## DIRECTORS' REPORT

### DIRECTORS' INTERESTS (CONT'D)

	Number of Warrants B		
	At 1.1.2017	Acquired	At 31.12.2017
<b>LBS Bina Group Berhad</b>			
Direct Interests			
Dato' Seri Lim Bock Seng	385,000	-	385,000
Tan Sri Lim Hock San	3,480,225	1,505,400	4,985,625
Datuk Wira Lim Hock Guan	1,967,090	-	1,967,090
Maj (Hon) Dato' Sri Lim Hock Sing	206,250	-	206,250
Dato' Sri Lim Hock Seong	152,375	-	152,375
Dato' Chia Lok Yuen	355,000	364,000	719,000
Dato' Lim Mooi Pang	239,975	-	239,975
Indirect Interests			
Dato' Seri Lim Bock Seng <sup>1</sup>	656,500	-	656,500
Tan Sri Lim Hock San <sup>2</sup>	16,236,964	-	16,236,964
Datuk Wira Lim Hock Guan <sup>2</sup>	16,359,789	-	16,359,789
Maj (Hon) Dato' Sri Lim Hock Sing <sup>2</sup>	16,193,289	-	16,144,789*
Dato' Sri Lim Hock Seong <sup>2</sup>	16,144,789	-	16,144,789*

	Number of RCPS		
	At 1.1.2017	Acquired	At 31.12.2017
<b>LBS Bina Group Berhad</b>			
Direct Interests			
Dato' Seri Lim Bock Seng	-	208,000	208,000
Tan Sri Lim Hock San	-	1,761,640	1,761,640
Datuk Wira Lim Hock Guan	-	2,174,472	2,174,472
Dato' Sri Lim Hock Seong	-	52,375	52,375
Dato' Chia Lok Yuen	-	309,000	169,000
Dato' Lim Mooi Pang	-	235,980	235,980
Datuk Dr. Haji Baharum bin Haji Mohamed	-	23,800	23,800
Datuk Lim Si Cheng	-	23,800	23,800

## DIRECTORS' REPORT

### DIRECTORS' INTERESTS (CONT'D)

		Number of RCPS (cont'd)		
	At			At
	1.1.2017	Acquired	Exercised	31.12.2017
<b>LBS Bina Group Berhad (cont'd)</b>				
Indirect Interests				
Dato' Seri Lim Bock Seng <sup>1</sup>	-	406,800	-	406,800
Tan Sri Lim Hock San <sup>2</sup>	-	59,320,620	-	59,320,620
Datuk Wira Lim Hock Guan <sup>2</sup>	-	59,162,620	-	59,162,620
Maj (Hon) Dato' Sri Lim Hock Sing <sup>1</sup>	-	38,800	-	38,800
Dato' Sri Lim Hock Seong <sup>1</sup>	-	22,000	-	22,000

Note:

<sup>1</sup> Deemed interests pursuant to Section 59(1)(c) of the Companies Act, 2016 by virtue of his spouse's and/or child's direct interests in the Company.

<sup>2</sup> Deemed interests pursuant to Section 59(1)(c) of the Companies Act, 2016 by virtue of his spouse's and/or child's direct interests in the Company and Section 8 of the Companies Act, 2016 by virtue of his direct interests in Gaterich Sdn. Bhd.

\* Ceased to be substantial shareholder pursuant to Section 8 of the Companies Act, 2016.

By virtue of their interests in the shares of the Company, Tan Sri Lim Hock San and Datuk Wira Lim Hock Guan are also deemed to have interests in the shares of all the subsidiary companies to the extent that the Company has an interest under Section 8 of the Companies Act, 2016.

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Notes 35 and 39 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in the companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 42 to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate, other than the issue of ESOS.

### INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM20 million and RM32,000 respectively. No indemnity was given to or insurance effected for auditors of the Company.



## DIRECTORS' REPORT

### OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
  - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
  - (ii) the 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; and
  - (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

## DIRECTORS' REPORT

### SIGNIFICANT EVENTS

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

### SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 47 to the financial statements.

### HOLDING COMPANY

The holding company is Gaterich Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia.

### AUDITORS' REMUNERATION

Details of auditors' remuneration are disclosed in Note 35 to the financial statements.

### AUDITORS

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 12 April 2018.

**TAN SRI LIM HOCK SAN**

KUALA LUMPUR

**MAJ (HON) DATO' SRI LIM HOCK SING**





# STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 173 to 330 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 12 April 2018.

**TAN SRI LIM HOCK SAN**

**MAJ (HON) DATO' SRI LIM HOCK SING**

KUALA LUMPUR

# STATUTORY DECLARATION

PURSUANT TO SECTION 251(D)(b) OF THE COMPANIES ACT, 2016

I, Dato' Lim Mooi Pang, being the Director primarily responsible for the financial management of LBS Bina Group Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 173 to 330 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the  
abovenamed at Kuala Lumpur in the  
Federal Territory on 12 April 2018

)  
)  
)

**DATO' LIM MOOI PANG**

Before me,

NO.W 710

**MOHAN A.S. MANIAM**

COMMISSIONER FOR OATHS



# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LBS BINA GROUP BERHAD  
(COMPANY NO.: 518482-H) (INCORPORATED IN MALAYSIA)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of LBS Bina Group Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit and loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 173 to 330.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

### Basis for Opinion

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

### Independence and Other Ethical Requirements

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

### Key Audit Matters

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

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LBS BINA GROUP BERHAD  
(COMPANY NO.: 518482-H) (INCORPORATED IN MALAYSIA)

## Key Audit Matters (cont'd)

### Key audit matters

#### 1. Carrying amount of land and property development costs and revenue recognition

The Group's assessment of the carrying amount of land and property development costs, being the lower of cost and net realisable value, is a judgemental process. This requires the estimation of selling prices, sales rates and costs to complete, determined on a project by project basis. These factors drive the gross margin for each project and hence the profit recognised at the point of sale.

There is a risk that the actual revenue and costs are different to those forecast across the whole projects resulting in material misstatement of land and property development costs and gross profit recognised.

There is also a risk that costs are inappropriately recognised within land and property development costs or that the allocation of costs that relate to the whole projects, such as land and infrastructure, is inappropriate across development phases, resulting in a material misstatement of land and property development or gross profit of each project.

### How we addressed the key audit matters

We conducted testing in relation to the revenue recognised under FRS 201<sub>2004</sub> *Property Development Activities*. This testing involved both tests of detail and analytical procedures.

We have performed the following audit procedures:

- we assessed the judgements in relation to the future profitability of the project with reference to the project budget; and
- we recalculated the percentage of completion as at the reporting date. We assessed the management's assumption in estimating the costs to completion and verified the budgeted cost to suppliers' contracts and sub-contractors' contracts. We verified the costs to work certifications and the total sales value agreed to contracts.

At the analytical level, we developed an expectation of the income that should be recognised in the financial year from this revenue stream, with reference to the level of completion.

We assessed the competence and objectivity of the qualified surveyors employed by the Group and the use of these experts to estimate the level of completion.

We visited a sample of sites to verify how surveyors measure the degree of build completion of the developments.

We inspected the sales and purchase contracts for all significant new land acquisitions to understand the terms and identify any deferred or contingent payments therein.

We have considered the adequacy of the Group's disclosures regarding this revenue stream and whether they are in accordance with FRS 201<sub>2004</sub> *Property Development Activities*.

Based on the procedures performed, we noted no significant exceptions.



# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LBS BINA GROUP BERHAD  
(COMPANY NO.: 518482-H) (INCORPORATED IN MALAYSIA)

## Key Audit Matters (cont'd)

### Key audit matters

### How we addressed the key audit matters

#### 2. Goodwill impairment review

The Group has significant goodwill allocated to the property development cash generating units ("CGUs"). Goodwill shall be tested for impairment annually in accordance to FRS 136 *Impairment of Assets*. The estimation of recoverable amount is complex and significant judgement is required for estimates, specifically cashflows projections, discount rates and short term growth rates. Due to the inherent uncertainty involved in forecasting and discounting future cash flows, this is the key judgemental area that our audit was concentrated on.

We assessed the reasonableness of the cash flows forecasts and supporting evidence of the underlying assumptions, by checking to approved budgets and comparing expected growth rates to relevant market expectations.

We performed sensitivity analysis on the key inputs (including discount rates and long term growth rates) to the impairment model, to understand the impact that reasonably possible changes to key assumptions would have on the overall carrying amount of the goodwill at the end of the reporting period.

We tested the discount rates assigned to the cash generating units, as well as the long-term growth rates, with reference to our understanding of the business, comparisons to other similar companies, economic and industry forecasts where appropriate. We considered evidence available to support the discount rates used, and consistency with findings from other areas of the audit.

We considered the adequacy of management's disclosures in respect of impairment testing and whether the disclosures appropriately communicate the underlying sensitivities.

Based on the procedures performed, we noted no significant exceptions.



# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LBS BINA GROUP BERHAD  
(COMPANY NO.: 518482-H) (INCORPORATED IN MALAYSIA)

## Key Audit Matters (cont'd)

### Key audit matters

### How we addressed the key audit matters

#### 3. Purchase price allocation acquisition of MGB Berhad (formerly known as ("f.k.a") ML Global Berhad) and carrying amount of goodwill and intangible assets arising from purchase price allocation

In January 2017, the Company completed the purchase price allocation exercise to determine the fair value of the net assets of MGB Berhad.

FRS 3 *Business Combinations* requires the Company to recognise the identifiable assets, liabilities and contingent liabilities at fair value at the date of acquisition, with the excess of the acquisition cost over the identified fair values recognised as goodwill.

This requires a significant amount of management estimation, particularly in relation to the identification and valuation of intangible assets and assignment of their useful lives. The intangible assets and goodwill recognised amounted to RM2.51 million and RM6.26 million respectively.

We have reviewed the valuation report prepared by the external specialists on the purchase price allocation.

Based on our review, we noted that the purchase price allocation has been performed in accordance with FRS 3 *Business Combinations*, including the disclosures thereon, and that the intangible assets identified are appropriate and within a reasonable range of our audit expectations.

We also noted management's key assumptions applied in the purchase price allocation in arriving at the fair value of the assets acquired and liabilities assumed, including the fair valuation of identified intangible assets, to be within a reasonable range of our audit expectations.

Based on the procedures performed, we noted no significant exceptions.

## Information Other Than the Financial Statements and Auditors' Report Thereon

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

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

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

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



## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LBS BINA GROUP BERHAD  
(COMPANY NO.: 518482-H) (INCORPORATED IN MALAYSIA)

### Responsibilities of the Directors for the Financial Statements

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

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

### Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LBS BINA GROUP BERHAD  
(COMPANY NO.: 518482-H) (INCORPORATED IN MALAYSIA)

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors, are disclosed in Note 51 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.

## UHY

Firm Number: AF 1411

Chartered Accountants

## LIM BEE PENG

Approved Number: 03307/06/2019 J

Chartered Accountant

KUALA LUMPUR

12 April 2018



# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	Group		Company	
		2017	2016	2017	2016
		RM	RM	RM	RM
			Restated		
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	4	256,610,782	261,064,455	4,275	-
Capital work-in-progress	5	17,002,938	5,368,273	-	-
Land and property development costs	6	1,334,055,145	730,525,633	-	-
Investment properties	7	60,881,282	61,469,204	-	-
Investment in subsidiary companies	8	-	-	614,336,259	614,931,383
Investment in associated companies	9	2,373,573	2,635,882	-	-
Other investments	10	83,004,390	99,949,920	-	-
Intangible assets	11	-	589,675	-	-
Goodwill on consolidation	12	114,611,991	126,390,193	-	-
<b>Total Non-Current Assets</b>		<b>1,868,540,101</b>	<b>1,287,993,235</b>	<b>614,340,534</b>	<b>614,931,383</b>
<b>Current Assets</b>					
Land and property development costs	6	468,964,882	359,130,876	-	-
Inventories	13	263,646,317	187,867,294	-	-
Amount due from customers on contracts	14	6,959,463	206,607	-	-
Accrued billings in respect of land and property development costs		346,505,955	326,708,441	-	-
Trade receivables	15	599,512,930	315,463,599	-	-
Other receivables	16	111,198,950	110,490,839	3,383,022	340,736
Other investments	10	2,021,136	-	2,021,136	-
Amount due from subsidiary companies	17	-	-	489,791,340	186,165,269
Tax recoverable		2,942,557	6,844,123	-	-
Fixed deposits with licensed banks	18	29,700,236	49,079,352	12,328,047	31,442,414
Cash held under Housing Development Accounts	19	147,644,802	74,387,290	-	-
Cash and bank balances	20	103,841,120	107,332,047	14,825,891	23,577,418
<b>Total Current Assets</b>		<b>2,082,938,348</b>	<b>1,537,510,468</b>	<b>522,349,436</b>	<b>241,525,837</b>
<b>Total Assets</b>		<b>3,951,478,449</b>	<b>2,825,503,703</b>	<b>1,136,689,970</b>	<b>856,457,220</b>

## STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	Group		Company	
		2017	2016	2017	2016
		RM	RM	RM	RM
			Restated		
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	21	901,193,289	641,424,473	901,193,289	641,424,473
Share premium	22	-	74,235,266	-	74,235,266
Treasury shares	23	(88,081)	(88,081)	(88,081)	(88,081)
Other reserves	24	(141,436,858)	(53,214,326)	7,130,705	10,153,615
Retained earnings/(Accumulated losses)		524,651,319	503,461,661	61,351,685	(67,062,890)
Equity attributable to owners of the Parent		1,284,319,669	1,165,818,993	969,587,598	658,662,383
Non-controlling interests		89,582,253	41,204,571	-	-
<b>Total Equity</b>		<b>1,373,901,922</b>	<b>1,207,023,564</b>	<b>969,587,598</b>	<b>658,662,383</b>
<b>Non-Current Liabilities</b>					
Trade payables	25	457,872,893	248,138,494	-	-
Other payables	26	65,861,059	54,991,839	-	-
Amount due to a subsidiary company	17	-	-	-	62,411,867
Finance lease payables	27	8,743,082	4,126,928	-	-
Bank borrowings	28	511,291,062	314,144,391	33,850,000	18,390,117
Deferred tax liabilities	29	7,586,543	18,232,322	-	-
<b>Total Non-Current Liabilities</b>		<b>1,051,354,639</b>	<b>639,633,974</b>	<b>33,850,000</b>	<b>80,801,984</b>
<b>Current Liabilities</b>					
Amount due to customers on contracts	14	11,048,273	11,841,075	-	-
Progress billings in respect of land and property development costs		23,540,381	13,299,227	-	-
Trade payables	25	547,751,091	314,376,329	-	-
Other payables	26	553,778,620	318,287,973	28,967,550	14,436,686
Bank overdrafts	30	70,738,670	100,901,943	6,335,002	42,650,845
Finance lease payables	27	3,833,619	2,107,504	-	-
Bank borrowings	28	268,792,584	195,544,663	96,182,917	57,579,230
Amount due to holding company	31	10,267,008	-	-	-
Amount due to subsidiary companies	17	-	-	149,036	2,236,183
Tax payable		36,471,642	22,487,451	1,617,867	89,909
<b>Total Current Liabilities</b>		<b>1,526,221,888</b>	<b>978,846,165</b>	<b>133,252,372</b>	<b>116,992,853</b>
<b>Total Liabilities</b>		<b>2,577,576,527</b>	<b>1,618,480,139</b>	<b>167,102,372</b>	<b>197,794,837</b>
<b>Total Equity and Liabilities</b>		<b>3,951,478,449</b>	<b>2,825,503,703</b>	<b>1,136,689,970</b>	<b>856,457,220</b>

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





# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Revenue	32	1,362,286,142	993,619,057	205,626,160	80,841,184
Cost of sales	33	(931,501,420)	(673,997,786)	-	-
<b>Gross profit</b>		430,784,722	319,621,271	205,626,160	80,841,184
Other income		19,268,052	53,690,034	34,211,320	22,803,211
Administrative and operating expenses		(231,187,470)	(204,520,156)	(13,817,343)	(17,416,642)
<b>Profit from operations</b>		218,865,304	168,791,149	226,020,137	86,227,753
Finance costs	34	(28,494,950)	(23,625,102)	(11,653,504)	(7,346,121)
Share of losses in associated companies		(58,884)	(1,211,779)	-	-
<b>Profit before tax</b>	35	190,311,470	143,954,268	214,366,633	78,881,632
Taxation	36	(77,297,106)	(58,752,700)	(3,780,652)	(3,226,216)
<b>Net profit for the financial year</b>		113,014,364	85,201,568	210,585,981	75,655,416
<b>Other comprehensive income, net of tax:</b>					
Change of stakes in a subsidiary company		6,560,000	-	-	-
Exchange translation differences for foreign operations		(6,169,435)	(2,101,650)	-	-
(Loss) / Gain on revaluation of available-for-sale financial assets		(5,396,126)	752,318	-	-
Reclassification adjustment for impairment loss on available-for-sale financial assets		-	27,025,897	-	-
Reclassification adjustment for disposal of available-for-sale financial assets		31,915	-	-	-
		(4,973,646)	25,676,565	-	-
<b>Total comprehensive income for the financial year</b>		108,040,718	110,878,133	210,585,981	75,655,416

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
<b>Net profit for the financial year attributable to:</b>					
Owners of the Parent		103,361,064	85,300,772	210,585,981	75,655,416
Non-controlling interests		9,653,300	(99,204)	-	-
		113,014,364	85,201,568	210,585,981	75,655,416
<b>Total comprehensive income for the financial year attributable to:</b>					
Owners of the Parent		89,934,044	112,712,168	210,585,981	75,655,416
Non-controlling interests		18,106,674	(1,834,035)	-	-
		108,040,718	110,878,133	210,585,981	75,655,416
<b>Earnings per share attributable to owners of the Parent (sen)</b>					
Basic earnings per share	37(a)	7.04	6.58		
Diluted earnings per share	37(b)	6.77	6.30		

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



# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Group	Attributable to owners of the Parent					Total RM	Non- Controlling Interests RM	Total Equity RM
	Share Capital RM	Share Premium RM	Other Reserves RM	Treasury Shares RM	Retained Earnings RM			
At 1 January 2016	551,437,117	48,298,035	(24,605,115)	(8,634,411)	465,165,545	1,031,661,171	(19,288,472)	1,012,372,699
Net profit for the financial year	-	-	-	-	85,300,772	85,300,772	(99,204)	85,201,568
Foreign currency translation	-	-	(366,819)	-	-	(366,819)	(1,734,831)	(2,101,650)
Gain on revaluation of available-for-sale financial assets	-	-	752,318	-	-	752,318	-	752,318
Reclassification adjustment for impairment loss on available-for-sale financial assets	-	-	27,025,897	-	-	27,025,897	-	27,025,897
Total comprehensive income for the financial year	-	-	27,411,396	-	85,300,772	112,712,168	(1,834,035)	110,878,133

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Attributable to owners of the Parent							
		Non-distributable			Distributable				
Group	Note	Share Capital RM	Share Premium RM	Other Reserves RM	Treasury Shares RM	Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
Transactions with owners:									
Changes in ownership interest in subsidiary companies	8(c)	-	-	(49,174,296)	-	-	(49,174,296)	58,204,139	9,029,843
Net changes of non-controlling interests	8(b)	-	-	-	-	-	-	16,106,921	16,106,921
Realisation of subsidiary company's reserve		-	-	-	-	-	-	(9,983,982)	(9,983,982)
Dividends paid / payable	40	-	-	-	-	(47,226,064)	(47,226,064)	-	(47,226,064)
Dividends paid to non-controlling interests		-	-	-	-	-	-	(2,000,000)	(2,000,000)
Issuance of ordinary shares:									
- Exercise of ESOS	21, 22, 24(b)	2,997,900	7,626,285	(6,730,885)	-	-	3,893,300	-	3,893,300
- Exercise of warrants	21, 22, 24(e)	86,989,456	18,045,919	(2,467,631)	-	-	102,567,744	-	102,567,744
Own shares sold	22, 23	-	265,027	-	8,570,515	-	8,835,542	-	8,835,542
Realisation of ESOS reserve	24(b)	-	-	(221,408)	-	221,408	-	-	-
Share-based payment	24(b)	-	-	2,573,613	-	-	2,573,613	-	2,573,613
Shares repurchased	23	-	-	-	(24,185)	-	(24,185)	-	(24,185)
		89,987,356	25,937,231	(56,020,607)	8,546,330	(47,004,656)	21,445,654	62,327,078	83,772,732
At 31 December 2016		641,424,473	74,235,266	(53,214,326)	(88,081)	503,461,661	1,165,818,993	41,204,571	1,207,023,564



## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Group	Attributable to owners of the Parent								Non-Controlling Interests RM	Total Equity RM
	Non-distributable					Distributable				
	Share Capital RM	RCPS RM	Share Premium RM	Other Reserves RM	Treasury Shares RM	Retained Earnings RM	Total RM			
At 1 January 2017	641,424,473	-	74,235,266	(53,214,326)	(88,081)	503,461,661	1,165,818,993	41,204,571	1,207,023,564	
Net profit for the financial year	-	-	-	-	-	103,361,064	103,361,064	9,653,300	113,014,364	
Change of stakes in a subsidiary company	-	-	-	1,746,837	-	-	1,746,837	4,813,163	6,560,000	
Foreign currency translation	-	-	-	(9,809,646)	-	-	(9,809,646)	3,640,211	(6,169,435)	
Loss on revaluation of available-for-sale financial assets	-	-	-	(5,396,126)	-	-	(5,396,126)	-	(5,396,126)	
Reclassification adjustment for impairment loss on disposal of available-for-sale financial assets	-	-	-	31,915	-	-	31,915	-	31,915	
Total comprehensive income for the financial year	-	-	-	(13,427,020)	-	103,361,064	89,934,044	18,106,674	108,040,718	



# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Group	Note	Attributable to owners of the Parent								Total Equity RM
		Non-distributable					Distributable		Non-Controlling Interests RM	
		Share Capital RM	RCPS RM	Share Premium RM	Other Reserves RM	Treasury Shares RM	Retained Earnings RM	Total RM		
Transactions with owners:										
Changes in ownership interest in subsidiary companies	8(c)	-	-	-	(71,772,602)	-	-	(71,772,602)	28,280,689	(43,491,913)
Net changes of non-controlling interests	8(b)	-	-	-	-	-	-	-	2,300,319	2,300,319
Dividends paid / payable	40	-	-	-	-	-	(82,397,100)	(82,397,100)	-	(82,397,100)
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	(310,000)	(310,000)
Issuance of ordinary shares:										
- Exercise of ESOS	21, 22, 24(b)	14,331,093	-	121,211	(3,901,211)	-	-	10,551,093	-	10,551,093
- Exercise of RCPS	21	1,084,677	(1,084,677)	-	-	-	-	-	-	-
- Exercise of warrants	21, 22, 24(e)	42,807,515	-	1,280,890	(1,590,300)	-	-	42,498,105	-	42,498,105
Issuance of RCPS	21	-	126,992,841	-	-	-	-	126,992,841	-	126,992,841
Realisation of ESOS reserve	24(b)	-	-	-	(225,694)	-	225,694	-	-	-
Share-based payment	24(b)	-	-	-	2,694,295	-	-	2,694,295	-	2,694,295
		58,223,285	125,908,164	1,402,101	(74,795,512)	-	(82,171,406)	28,566,632	30,271,008	58,837,640
Transition to no-par value regime on 31 January 2017	21, 22	75,637,367	-	(75,637,367)	-	-	-	-	-	-
At 31 December 2017		775,285,125	125,908,164	-	(141,436,858)	(88,081)	524,651,319	1,284,319,669	89,582,253	1,373,901,922



## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Company	Note	Non-distributable						Accumulated Losses RM	Total RM
		Share Capital RM	Share Premium RM	ESOS Reserves RM	Warrants Reserves RM	Treasury Shares RM	Fair value Reserves RM		
At 1 January 2016		551,437,117	48,298,035	12,793,610	68,321,318	(8,634,411)	(64,115,002)	(95,713,650)	512,387,017
Net profit for the financial year		-	-	-	-	-	-	75,655,416	75,655,416
Total comprehensive income for the financial year		-	-	-	-	-	-	75,655,416	75,655,416
<b>Transactions with owners:</b>									
Dividends paid / payable	40	-	-	-	-	-	-	(47,226,064)	(47,226,064)
Issuance of shares:									
- Exercise of ESOS	21, 22, 24(b)	2,997,900	7,626,285	(6,730,885)	-	-	-	-	3,893,300
- Exercise of warrants	21, 22, 24(e)	86,989,456	18,045,919	-	(2,467,631)	-	-	-	102,567,744
Own shares sold	22, 23	-	265,027	-	-	8,570,515	-	-	8,835,542
Realisation of warrants reserves	24(e)	-	-	-	(29,287,181)	-	29,287,181	-	-
Realisation of ESOS reserve	24(b)	-	-	(221,408)	-	-	-	221,408	-
Share-based payment	24(b)	-	-	2,573,613	-	-	-	-	2,573,613
Shares repurchased	23	-	-	-	-	(24,185)	-	-	(24,185)
		89,987,356	25,937,231	(4,378,680)	(31,754,812)	8,546,330	29,287,181	(47,004,656)	70,619,950
At 31 December 2016		641,424,473	74,235,266	8,414,930	36,566,506	(88,081)	(34,827,821)	(67,062,890)	658,662,383

## STATEMENTS OF CHANGES IN EQUITY

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Company	Note	Non-distributable						Distributable		Total RM
		Share Capital RM	RCPS RM	Share Premium RM	ESOS Reserves RM	Warrants Reserves RM	Treasury Shares RM	Fair value Reserves RM	Retained Earnings RM	
At 1 January 2017		641,424,473	-	74,235,266	8,414,930	36,566,506	(88,081)	(34,827,821)	(67,062,890)	658,662,383
Net profit for the financial year		-	-	-	-	-	-	-	210,585,981	210,585,981
Total comprehensive income for the financial year		-	-	-	-	-	-	-	210,585,981	210,585,981
<b>Transactions with owners:</b>										
Dividends paid / payable	40	-	-	-	-	-	-	-	(82,397,100)	(82,397,100)
Issuance of ordinary shares:										
- Exercise of ESOS	21, 22, 24(b)	14,331,093	-	121,211	(3,901,211)	-	-	-	-	10,551,093
- Exercise of RCPS	21	1,084,677	(1,084,677)	-	-	-	-	-	-	-
- Exercise of warrants	21, 22, 24(e)	42,807,515	-	1,280,890	-	(1,590,300)	-	-	-	42,498,105
Issuance of RCPS	21	-	126,992,841	-	-	-	-	-	-	126,992,841
Realisation of warrants reserves	24(e)	-	-	-	-	(9,999,759)	-	9,999,759	-	-
Realisation of ESOS reserve	24(b)	-	-	-	(225,694)	-	-	-	225,694	-
Share-based payment	24(b)	-	-	-	2,694,295	-	-	-	-	2,694,295
		58,223,285	125,908,164	1,402,101	(1,432,610)	(11,590,059)	-	9,999,759	(82,171,406)	100,339,234
Transition to no-par value regime on 31 January 2017	21, 22	75,637,367	-	(75,637,367)	-	-	-	-	-	-
At 31 December 2017		775,285,125	125,908,164	-	6,982,320	24,976,447	(88,081)	(24,828,062)	61,351,685	969,587,598

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



# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
		<b>Restated</b>
<b>Cash Flows From Operating Activities</b>		
Profit before tax:	190,311,470	143,954,268
Adjustments for:		
Allowance for impairment losses on:		
- Available-for-sale financial assets	-	27,025,897
- Goodwill arising on consolidation	12,038,397	4,118,286
- Intangible assets	-	1,828,704
- Investment in an associated company	34,315	-
- Investment properties	24,000	-
- Other investments	185,001	-
- Trade and other receivables	2,673,881	651,782
Amortisation of intangible assets	589,675	93,352
Bad debts written off	1,314,851	313,971
Depreciation of:		
- Investment properties	1,357,442	796,128
- Property, plant and equipment	18,408,375	16,371,172
Deposits written off	-	124,617
Finance costs	28,494,950	23,625,102
Inventories written down	104,674	-
Inventories written off	48,027	-
Property, plant and equipment written off	277,252	381,496
Property development cost written off	191,324	210,009
Share-based payment	2,694,295	2,573,613
Fair value loss on revaluation of financial assets at fair value through profit or loss	-	32,067
Share of losses in associated companies	58,884	1,211,779
Unrealised loss / (gain) on foreign exchange	226,423	(2,276,457)
Dividend income from:		
- Available-for-sale financial assets	(3,869,570)	(1,478,101)
- Financial assets at fair value through profit or loss	(59,051)	(471,586)
(Gain) / Loss on disposal of:		
- Available-for-sale financial assets	(41,082)	(3,420,254)
- Financial assets at fair value through profit or loss	10,444	(36,730)
- Investment properties	71,833	(1,427,482)
- Investment in subsidiary company	(1,364)	-
- Non-current assets classified as held for sale	-	(4,963,823)
- Property, plant and equipment	392,519	(286,796)
<b>Balance carried down</b>	<b>255,536,965</b>	<b>208,951,014</b>

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
		<b>Restated</b>
<b>Balance brought down</b>	255,536,965	208,951,014
Contingency sum provided in prior years no longer required	(10,494,292)	-
Gain on remeasurement of previously held equity interest	-	(2,928,131)
Grant income	(3,572,197)	(21,665,128)
Interest income	(4,889,426)	(10,052,298)
Interest income from financial assets measured at amortised cost	-	(1,490,070)
Provision for staff economic compensation written back	-	(3,475,201)
Reversal of allowance for impairment losses on:		
- Investment properties	(83,333)	-
- Property, plant and equipment	(6,053)	-
- Trade and other receivables	(672,247)	(1,522)
Waiver of debts	(278,654)	(7)
<b>Operating profit before working capital changes</b>	235,540,763	169,338,657
<b>Changes in working capital</b>		
Land and property development costs	(697,052,002)	(116,674,564)
Inventories	(75,938,792)	(110,687,600)
Amount due from / to customers on contracts	(7,545,658)	6,087,685
Accrued / Progress billings in respect of land and property development costs	(9,556,360)	(209,537,756)
Trade receivables	(284,456,923)	(112,756,211)
Other receivables	(2,367,666)	157,827,544
Trade payables	618,168,096	234,907,116
Other payables	238,599,084	(58,466,803)
Foreign exchange reserve	10,913,414	1,979,787
	(209,236,807)	(207,320,802)
<b>Cash generated from / (used in) operations</b>	26,303,956	(37,982,145)
Dividends received	3,869,570	1,478,101
Interest received	4,889,426	10,052,298
Interest paid	(51,748,695)	(44,056,003)
Grant income received	3,572,197	20,424,317
Tax paid	(74,012,347)	(60,099,885)
Tax refunded	5,560,501	1,212,276
	(107,869,348)	(70,988,896)
<b>Net cash used in operating activities</b>	(81,565,392)	(108,971,041)





## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
		<b>Restated</b>
<b>Cash Flows From Financing Activities</b>		
Decrease / (Increase) in fixed deposits pledged	15,388,418	(19,769,355)
Decrease / (Increase) in cash and bank balances pledged	2,822,332	(764,684)
Drawdown of bank borrowings	563,749,921	351,813,173
Repayment of bank borrowings	(293,250,309)	(375,731,489)
Dividends paid	(67,244,543)	(66,917,460)
Dividends paid to non-controlling interests	(310,000)	(2,000,000)
Net movement of amount due to holding company	10,267,008	-
Purchase of treasury shares	-	(24,185)
Proceeds from:		
- Exercise of ESOS	10,551,093	3,893,300
- Exercise of warrants	42,498,105	102,567,744
- Exercise of warrants in a subsidiary company by non-controlling interests	3,630,090	-
- Disposal of treasury shares	-	8,835,542
- Issuance of ordinary shares ("Placement Shares") to non-controlling interests arising from Private Placement	30,240,000	-
- Issuance of RCPS	126,992,841	-
Repayment of finance lease payables	(3,138,721)	(2,062,384)
<b>Net cash generated from / (used in) financing activities</b>	<b>442,196,235</b>	<b>(159,798)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>103,379,049</b>	<b>(76,536,101)</b>
<b>Effects of exchange translation differences on cash and cash equivalents</b>	<b>(4,617,557)</b>	<b>1,972,492</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>79,796,185</b>	<b>154,359,794</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>178,557,677</b>	<b>79,796,185</b>
<b>Cash and cash equivalents at the end of the financial year comprises:</b>		
Fixed deposits with licensed banks	29,700,236	49,079,352
Cash held under Housing Development Accounts	147,644,802	74,387,290
Cash and bank balances	103,841,120	107,332,047
Bank overdrafts	(70,738,670)	(100,901,943)
	210,447,488	129,896,746
Less: Fixed deposits pledged to licensed banks	(24,833,340)	(40,221,758)
Cash and bank balances pledged	(7,056,471)	(9,878,803)
	178,557,677	79,796,185



## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	<b>Company</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
<b>Cash Flows From Operating Activities</b>		
Profit before tax	214,366,633	78,881,632
Adjustments for:		
Dividend income from financial assets at fair value through profit or loss	(59,051)	(122,938)
Waiver of debt	(5,707,690)	-
Depreciation of property, plant and equipment	225	-
Finance costs	11,653,504	7,346,121
Share-based payment	2,694,295	2,573,613
Unrealised (gain) / loss on foreign exchange	(7,342,241)	5,495,212
Reversal of allowance for impairment losses on investment in subsidiary companies	(99,999)	(4,072)
Loss / (Gain) on disposal of financial assets at fair value through profit or loss	10,444	(27,602)
Gain on remeasurement of previously held equity interest	-	(5,602,897)
Gain on disposal of subsidiary companies	(1,356,307)	-
Interest income	(18,530,239)	(14,980,963)
Dividend income	(205,062,160)	(80,277,184)
<b>Operating loss before working capital changes</b>	(9,432,586)	(6,719,078)
<b>Changes in working capital</b>		
Other receivables	(3,042,284)	(222,518)
Other payables	(633,387)	1,284
Amount due to subsidiary companies	47,758	(199,281)
	(3,627,913)	(420,515)
<b>Cash used in operations</b>	(13,060,499)	(7,139,593)
Dividends received	205,062,160	83,477,184
Interest received	18,530,239	14,980,963
Interest paid	(11,653,504)	(7,346,121)
Tax paid	(2,252,694)	(2,975,526)
	209,686,201	88,136,500
<b>Net cash generated from operating activities</b>	196,625,702	80,996,907

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Company	
		2017 RM	2016 RM
<b>Cash Flows From Investing Activities</b>			
Additional investment in:			
- Financial assets at fair value through profit or loss		(14,500,000)	(7,000,000)
- Subsidiary companies		(4,596,880)	(13,147,672)
Net movement of amount due from subsidiary companies		(303,675,888)	(124,095,211)
Purchase of property, plant and equipment	4(e)	(4,500)	-
Proceeds from disposal of:			
- Financial assets at fair value through profit or loss		12,527,471	18,180,236
- Quoted shares to non-controlling interests		6,560,000	-
- Subsidiary companies		100,000	-
<b>Net cash used in investing activities</b>		<b>(303,589,797)</b>	<b>(126,062,647)</b>
<b>Cash Flows From Financing Activities</b>			
Dividends paid		(67,244,543)	(66,917,460)
Decrease / (Increase) in fixed deposits pledged		19,114,367	(21,100,448)
Decrease in cash and bank balances pledged		222,331	20,883
Drawdown of bank borrowings		77,359,883	9,390,117
Repayment of bank borrowings		(23,296,313)	(12,431,997)
Net movement of amount due to subsidiary companies		(51,229,531)	110,308
Proceeds from:			
- Exercise of ESOS		10,551,093	3,893,300
- Exercise of warrants		42,498,105	102,567,744
- Issuance of RCPS		126,992,841	-
- Disposal of treasury shares		-	8,835,542
Purchase of treasury shares		-	(24,185)
<b>Net cash generated from financing activities</b>		<b>134,968,233</b>	<b>24,343,804</b>



## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	<b>Company</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	28,004,138	(20,721,936)
<b>Effects of exchange translation differences on cash and cash equivalents</b>	(217,491)	231,772
<b>Cash and cash equivalents at the beginning of the financial year</b>	(19,777,158)	713,006
<b>Cash and cash equivalents at the end of the financial year</b>	8,009,489	(19,777,158) <sup>#</sup>
<b>Cash and cash equivalents at the end of the financial year comprises:</b>		
Fixed deposits with licensed banks	12,328,047	31,442,414
Cash and bank balances	14,825,891	23,577,418
Bank overdrafts	(6,335,002)	(42,650,845)
	20,818,936	12,368,987
Less: Fixed deposits pledged with licensed banks	(12,328,047)	(31,442,414)
Cash and bank balances pledged	(481,400)	(703,731)
	8,009,489	(19,777,158) <sup>#</sup>

<sup>#</sup> Negative cash and cash equivalents was due to pledge of a fixed deposit to secure a bank overdraft. In February 2017, the bank overdraft was fully settled and the pledge of fixed deposit was subsequently discharged.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 1. CORPORATE INFORMATION

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

The registered office and principal place of business of the Company is located at Plaza Seri Setia, Level 1 - 4, No. 1, Jalan SS9/2, 47300 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are investment holding and provision of management services to subsidiary companies. The principal activities of its subsidiary companies are disclosed in Note 51. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

The holding company is Gaterich Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

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

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

### Adoption of new and amended standards

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

Amendments to FRS 107	Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to FRSs 2014 – 2016 Cycle	Amendments to FRS 12

The adoption of above amendments to FRSs did not have any significant impact on the financial statements of the Group and of the Company, except for the adoption of the Amendments to FRS 107 required additional disclosure of changes in liabilities arising from financing activities as disclosed in Note 41.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

### (a) Statement of compliance (cont'd)

#### Standards issued but not yet effective

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

		Effective dates for financial periods beginning on or after
FRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
Amendments to FRS 140	Transfer of Investment Property	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to FRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 4	Applying FRS 9 <i>Financial Instruments</i> with FRS 4 <i>Insurance Contracts</i>	1 January 2018
Annual Improvements to FRSs 2014 – 2016 Cycle		
• Amendments to FRS 1		1 January 2018
• Amendments to FRS 128		1 January 2018
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to FRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group's and the Company's financial statements for annual period beginning 1 January 2018 will be prepared in accordance with the Malaysian Financial Reporting Standards issued by the MASB. As a result, the Group and the Company will not be adopting the above FRSs, Interpretations and amendments.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

- (a) Statement of compliance (cont'd)

### **Standards issued but not yet effective (cont'd)**

#### **New Malaysian Financial Reporting Standards ("MFRS Framework") issued and effective for annual period beginning on or after 1 January 2018**

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 *Agreements for Construction of Real Estate*, including its parent, significant investor and venturer (hereinafter called "Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework and continue to use the existing FRS Framework. The adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group and the Company fall within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in their first MFRS financial statements for the financial year ending 31 December 2018. In presenting their first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group and the Company consider that they are achieving their scheduled milestone and expect to be in the position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2018.

Certain subsidiary companies and associated companies of the Group which do not fall within the scope of Transitioning Entities have adopted the MFRS Framework. Accordingly, reconciliations have been performed for the different financial reporting frameworks. However, the difference did not have significant impact to these financial statements.

The Directors expect the adoption of MFRS Framework will have no material impacts on the financial statements of the Group and the Company except as mentioned below:

MFRS 9 *Financial Instruments* (effective for annual period beginning on or after 1 January 2018) will replace MFRS 139 *Financial Instruments: Recognition and Measurement*

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

- (a) Statement of compliance (cont'd)

### Standards issued but not yet effective (cont'd)

MFRS 9 *Financial Instruments* (effective for annual period beginning on or after 1 January 2018) will replace MFRS 139 *Financial Instruments: Recognition and Measurement* (cont'd)

Investment in equity instruments are required to be measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI not subsequently recycling to profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in MFRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. FRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually uses for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under MFRS 139.

Based on the analysis of the Group's and of the Company's financial assets and liabilities as at 31 December 2017 and the facts and circumstances that existed at that date, the Directors of the Group and of the Company have assessed the impact of MFRS 9 to the Group's and to the Company's financial statements as follows:

- (1) Classification and measurement

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which the assets are managed and their cash flow characteristics.

MFRS 9 contains three (3) principal classification categories for financial assets:

- (i) Amortised Cost ("AC");
- (ii) Fair Value through Other Comprehensive Income ("FVOCI"); and
- (iii) Fair Value through Profit or Loss ("FVTPL").

The standard eliminates the existing MFRS 139 categories of Held-to-Maturity ("HTM"), Loans and Receivables ("L&R") and Available-for-Sale ("AFS").

Based on the assessments undertaken to date, the Group and the Company do not expect the above new requirements to affect the classification and measurements of their financial assets and financial liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

### (a) Statement of compliance (cont'd)

#### **Standards issued but not yet effective (cont'd)**

MFRS 9 *Financial Instruments* (effective for annual period beginning on or after 1 January 2018) will replace MFRS 139 *Financial Instruments: Recognition and Measurement* (cont'd)

### (2) Impairment

MFRS 9 replaces the “incurred loss” model in MFRS 139 with a forward-looking “expected credit loss” (“ECL”) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at AC or FVOCI, except for investment securities.

Under MFRS 9, loss allowances will be measured on either of the following bases:

- (i) 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; or
- (ii) Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not increased significantly. A financial asset's credit risk deemed not increased significantly if the asset has low credit risk at the reporting date. However, the Group and the Company have adopted lifetime ECL measurements for loans and receivables due to the expected lifetime period of loans and receivables are generally less than 12 months.

On the ECL impact, the Group and the Company expects an increase in the Group's and the Company's allowance for impairment by less than 1% of trade receivables.

The Group and the Company will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparative for 2017 will not be restated.

### (3) Hedge accounting

The Group and the Company does not adopt hedge accounting in the Group's financial statements. Hence, hedging requirements of MFRS 9 will not have any impact on the Group's and the Company's financial statements.

The assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group and the Company in 2018 when the Group and the Company adopt MFRS 9.





# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

- (a) Statement of compliance (cont'd)

### Standards issued but not yet effective (cont'd)

MFRS 15 Revenue from Contracts with Customers (effective for annual period beginning on or after 1 January 2018)

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

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

An entity recognises revenue in accordance with the core principle by applying the following steps:

- (1) Identify the contracts with a customer;
- (2) Identify the performance obligation in the contract;
- (3) Determine the transaction price;
- (4) Allocate the transaction price to the performance obligations in the contract;
- (5) Recognise revenue when the entity satisfies a performance obligation.

Based on the assessment, the Group and the Company do not expect the application of MFRS 15 to have a significant impact on the financial statements. However, there will be reclassification of certain items in the statements of financial position as at 31 December 2017 as disclosed below.

	<b>As currently stated</b>	<b>Expected restatement</b>
	<b>RM</b>	<b>RM</b>
<b>Group</b>		
Total Non-Current Assets	1,867,792,197	1,883,917,990
Total Current Assets	2,082,938,348	2,095,761,882
Total Equity	1,373,154,018	1,374,554,124
Total Non-Current Liabilities	1,051,354,640	1,051,627,089
Total Current Liabilities	1,526,221,887	1,553,498,659

The assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group and the Company in financial year ended 31 December 2018 when the Group and the Company adopt MFRS 15.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

- (a) Statement of compliance (cont'd)

### **Standards issued but not yet effective (cont'd)**

MFRS 15 *Revenue from Contracts with Customers* (effective for annual period beginning on or after 1 January 2018)  
(cont'd)

The Group and the Company intend to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

MFRS 16 *Leases* (effective for annual period beginning on or after 1 January 2019)

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis.

The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

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

The Group and the Company do not expect the application of MFRS 16 to have a significant impact on the financial statements.

- (b) Functional and presentation currency

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



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

### (c) Significant accounting judgements, estimates and assumptions

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

#### **Judgements**

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

#### **Key sources of estimation uncertainty**

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

### (i) Useful lives of property, plant and equipment and investment properties

The Group regularly review the estimated useful lives of property, plant and equipment and investment properties based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and investment properties would increase the recorded depreciation and decrease the value of property, plant and equipment and investment properties. The carrying amount at the reporting date for property, plant and equipment and investment properties are disclosed in Notes 4 and 7 respectively.

### (ii) Property development

The Group recognises property development revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development cost incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. The carrying amount of the Group's property development costs at the reporting date is disclosed in Note 6.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

- (c) Significant accounting judgements, estimates and assumptions (cont'd)

### **Key sources of estimation uncertainty (cont'd)**

- (iii) Impairment of investment in subsidiary companies

The Company reviews its investment in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amounts at the reporting date for investment in subsidiary companies are disclosed in Note 8.

- (iv) Impairment of investment in associated companies

The Group reviews its investments in associated companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. The Group evaluates the recoverable amount based on market performance, economic and political situation of the country in which the associated companies operate.

The carrying amounts at the reporting date for investment in associated companies are disclosed in Note 9.

- (v) Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics. The carrying amount at the reporting date for loan and receivables are disclosed in Notes 15, 16 and 17 respectively.

- (vi) Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value-in-use are disclosed in Note 12.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

- (c) Significant accounting judgements, estimates and assumptions (cont'd)

### Key sources of estimation uncertainty (cont'd)

- (vii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The details of carrying amount of recognised and unrecognised of deferred tax assets are disclosed in Note 29.

- (viii) Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. The details of inventories are disclosed in Note 13.

- (ix) Construction contracts

The Group recognises construction contracts revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and costs, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on experience and by relying on the work of specialists. The details of construction contracts are disclosed in Note 14.

- (x) Income taxes

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

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and / or deferred tax provisions in the period in which such determination is made. As at 31 December 2017, the Group and the Company have tax recoverable and tax payable of RM2,942,557 and RMNil (2016: RM6,844,123 and RMNil) and RM36,471,642 and RM1,617,867 (2016: RM22,487,451 and RM89,909) respectively.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

- (c) Significant accounting judgements, estimates and assumptions (cont'd)

### **Key sources of estimation uncertainty (cont'd)**

- (xi) Employees' Share Option Scheme

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The details of assumptions made in respect of the share-based payment scheme are disclosed in Note 38.

- (xii) Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 44(d) regarding financial assets and liabilities. In applying the valuation techniques, management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

- (xiii) Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting internal and external experts to the Group, for matters in the ordinary course of business. The details of contingent liabilities are disclosed in Note 50.

## 3. SIGNIFICANT ACCOUNTING POLICIES

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

- (a) Basis of consolidation

- (i) Subsidiary companies

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



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

### (a) Basis of consolidation (cont'd)

#### (i) Subsidiary companies (cont'd)

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

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

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combinations occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

### (a) Basis of consolidation (cont'd)

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

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

#### (iii) Disposal of subsidiary companies

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

#### (iv) Goodwill on consolidation

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

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

### (b) Investment in associated companies

An associated company is an entity over which the Group and the Company have 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.

On acquisition of an investment in an associated company, 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.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

#### (b) Investment in associated companies (cont'd)

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 associated companies' profit or loss for the period in which the investment is acquired.

An associated company is equity accounted for from the date on which the investee becomes an associated company. Under the equity method, on initial recognition of the investment in an associated company is recognised at cost and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associated companies after the date of acquisition. When the Group's share of losses in an associated company exceeds the carrying amount of the investment, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associated companies.

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

The financial statements of the associated companies 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 FRS 139 to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associated companies. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with FRS 136 *Impairment of Assets* as a single assets, 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.

Upon loss of significant influence over the associated companies, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associated companies upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

### (c) Intangible assets

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair values at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

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

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

### (d) Foreign currency transaction

#### (i) Foreign currency transactions and balances

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

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

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





## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

#### (d) Foreign currency transaction (cont'd)

##### (ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM are translated to RM at the rate of exchange prevailing at the reporting date and income and expenses, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

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 adjustment which arose on the acquisition of foreign subsidiary companies 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.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly-owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in associated companies or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

#### (e) Property, plant and equipment

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

##### (i) Recognition and measurement

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

### (e) Property, plant and equipment (cont'd)

#### (i) Recognition and measurement (cont'd)

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

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

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

#### (ii) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property and accounted for in accordance with Note 3(h).

#### (iii) Subsequent costs

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

#### (iv) Depreciation

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

## (e) Property, plant and equipment (cont'd)

## (iv) Depreciation (cont'd)

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

Leasehold land	Over the remaining period of the lease
Buildings	20 to 50 years
Motor vehicles	5 years
Office equipment, furniture and fittings	2 to 10 years
Renovations	5 to 10 years
Plant, machinery and equipment	5 to 10 years
Motor racing circuit	20 years

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

## (f) Capital work-in-progress

Capital work-in progress consists of expenditure incurred on construction of property, plant and equipment and investment properties which takes a substantial period of time to be ready for their intended use.

Capital work-in-progress is stated at cost during the period of construction. No depreciation is provided on capital work-in-progress and upon completion of construction, the cost will be transferred to property, plant and equipment or investment properties.

## (g) Land and property development costs

## (i) Land held for property development

Land held for property development consists of land held for future development activities where no development activities has been undertaken or where development activities are not expected to be completed within normal operating cycle. Such land is classified as non-current asset and is stated at cost less any accumulated impairment losses. The policy of recognition and measurement of impairment is in accordance with Note 3(n)(i).

Land held for property development shall be reclassified to current asset when the development activities have commenced or development activities are expected to commence within the period of twelve months after the end of the reporting period and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

### (g) Land and property development costs (cont'd)

#### (i) Land held for property development (cont'd)

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

#### (ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Property development costs shall be classified as non-current asset where no development activities have been carried out or development activities are not expected to commence within the period of twelve months after the end of the reporting period or where development activities are not expected to be completed within the normal operating cycle.

Property development costs shall be reclassified to current asset when the development activities have been commenced or development activities are expected to commence within the period of twelve months after the end of the reporting period and where the activities are expected to be completed within the normal operating cycle.

When the financial outcome of development activity can be reliably estimated, property development revenue and expenses are recognised in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

When the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project including costs to be incurred over the defect liability period shall be recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which measured at the lower of cost and net realisable value.

When the revenue recognised in the profit or loss exceeds billings to purchasers, the balance is shown as accrued billings under current assets. When the billings to purchasers exceed the revenue recognised in the profit or loss, the balance is shown as progress billings under current liabilities.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

#### (h) Investment properties

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

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

Investment properties are depreciated on a straight-line basis over their estimated useful lives. The principal annual depreciation rate for buildings is 20 to 50 years. The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

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

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

#### (i) Financial assets

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

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

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into the following categories:

##### (i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, contingent consideration in a business combination or financial assets that are designated into this category upon initial recognition. A financial asset is classified in this category if it is acquired principally for the purpose of selling it in the near term. Derivatives, including separated embedded derivatives, are also categorised as held for trading unless they are designated as effective hedging instruments. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

After initial recognition, financial assets in this category are measured at fair value with any gains or losses arising from changes in the fair values recognised in profit or loss in the period in which the changes arise.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

### (i) Financial assets (cont'd)

#### (i) Financial assets at fair value through profit or loss (cont'd)

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

#### (ii) Loans and receivables

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

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

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

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group and the Company have the positive intention and ability to hold to maturity. They are classified as non-current assets, except for those having maturity within 12 months after the end of the reporting period which are classified as current.

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

#### (iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the end of the reporting period.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

(i) Financial assets (cont'd)

(iv) Available-for-sale financial assets (cont'd)

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 asset 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 from 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.

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment 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 and derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

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

(j) Financial liabilities

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

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

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

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, contingent consideration in a business combination or financial liabilities designated into this category upon initial recognition.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

### (j) Financial liabilities (cont'd)

#### (i) Financial liabilities at fair value through profit or loss (cont'd)

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivatives financial instruments that are not designated as effective hedging instruments. Separated embedded derivatives are also categorised as held for trading unless they are designated as effective hedging instruments.

Gains or losses on financial liabilities held for trading are recognised in profit or loss.

#### (ii) Other financial liabilities measured at amortised cost

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

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

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

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

#### (iii) Financial guarantee contracts

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

(k) Offsetting of financial instruments

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

(l) Cash and cash equivalents

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

(m) Construction costs

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of contract as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion method is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract cost.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probable recoverable and contract costs are recognised as expenses in the period in which they are incurred.

Irrespective whether the outcome of a construction contract can be estimated reliably, when it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the year end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is presented as amounts due from customers on contracts. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as amounts due to customers on contracts.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

### (n) Impairment of assets

#### (i) Non-financial assets

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

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

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

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

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



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

#### (n) Impairment of assets (cont'd)

##### (ii) Financial assets

All financial assets, other than those categorised as fair value through profit or loss, investment in subsidiary companies and investment in associated companies, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

##### Financial assets carried at amortised cost

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

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

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

##### Available-for-sale financial assets

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. A significant or prolonged decline in the fair value of investments in equity instruments below its cost is also an objective evidence of impairment.

If an available-for-sale financial asset is impaired, the amount of impairment loss is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised. When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

### (n) Impairment of assets (cont'd)

#### (ii) Financial assets (cont'd)

##### Available-for-sale financial assets (cont'd)

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value of equity instrument, 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.

### (o) Inventories

Raw material, finished goods and completed properties are stated at the lower of cost and net realisable value.

Cost of raw material is determined on a first-in-first out basis. Cost of finished goods consists of direct material and direct labour.

The cost of completed properties includes costs of land and related development cost or its purchase costs and incidental cost of acquisition.

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

### (p) Share capital

#### (i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of 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.

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



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

### (p) Share capital (cont'd)

#### (ii) Preference shares

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity. Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

#### (iii) Treasury shares

When issued share of the Company are repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity as treasury shares until the shares are cancelled, reissued or disposed of. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of the treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is deducted against the retained earnings of the Company.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

### (q) Contingencies

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

### (r) Leases

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

#### As lessee

### (i) Finance lease

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

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

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment or as investment property if held to earn rental income as capital appreciation or both.

### (ii) Operating lease

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

### (r) Leases (cont'd)

#### As lessor

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

### (s) Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

#### (i) Property development

Revenue derived from property development activities is recognised based on the percentage of completion method. The stage of completion is determined based on the total actual costs incurred to date over the estimated total property development costs.

#### (ii) Construction contracts

Revenue from work done on construction contracts is recognised based on the percentage of completion method. The stage of completion is determined based on the total actual costs incurred to date over the estimated total contract costs. Allowance for foreseeable losses is made in the financial statements when such losses can be determined.

#### (iii) Sale of goods and services rendered

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

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

Entrance fees collected for rights of enjoyment of facilities are recognised when tickets are sold.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

(s) Revenue recognition (cont'd)

(iv) Sale of completed properties

Revenue from the sale of completed development properties is measured at the fair value of the consideration receivable and is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

(v) Dividend income

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

(vi) Rental income

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

(vii) Interest income

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

(viii) Management fees

Management fees are recognised on accrual basis when services are rendered.

(ix) Motor racing event income

Motor racing event income is recognised when the event is completed and services are rendered.

(x) Motor racing sponsorship income

Motor racing sponsorship income is recognised at the fair value of the sponsorship received or receivable.

(xi) Hospitality

Room rental revenue is accrued on a daily basis on customer-occupied rooms. Revenue from the sale of food and beverage is recognised when the customer received and consumes and the Group has a present right to payment for the food and beverage product. Hotel room rental and food and beverages revenue are recorded based on the published rates, net of discounts.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

### (t) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

When the grant relates to an expense item, it is recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and transferred to profit or loss on a systematic basis over the useful lives of the related asset.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs to be recognised in profit or loss in the period in which they become receivable.

Where the Group receives non-monetary government grants, the asset and the grant are recorded at nominal amount and transferred to profit or loss on a systematic basis over the life of the depreciable asset by way of a reduced depreciation charge.

### (u) Segment reporting

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

### (v) Borrowing costs

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

### (w) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period 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.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

### (x) Income taxes

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

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

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

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

(x) Income taxes (cont'd)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(y) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur. The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies also make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

### (y) Employee benefits (cont'd)

#### (iii) Share-based compensation

LBS Bina Group Berhad Employees' Share Option Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Company and its subsidiary companies' employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognised the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share capital, or until the option expires, upon which it will be transferred directly to retained earnings. The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

### (z) Provision for affordable housing

The Group recognises a provision for affordable housing as required under FRSIC Consensus 17 Development of Affordable Housing. The provision for affordable housing represents the shortfall between the cost of constructing affordable housing and the economic benefits expected to be received from the purchasers of affordable housing in the development of affordable housing on involuntary basis. This provision is capitalised in the form of common costs for development of premium housing based on the master and building plans approved.

In determining the provision for affordable housing, judgements and assumptions are made by the Group on the structure and construction costs in constructing the affordable housing. In making those judgements, the Group evaluates the provisions based on past experience and by relying on the work of specialists.

The carrying amount of the Group's provision for affordable housing as at 31 December 2017 is disclosed in Note 26(c).

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

Revenue, expenses and assets are recognised net of the amount of GST except:

- (i) 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
- (ii) receivables and payables are recognised inclusive of GST.

The net amount of GST being the difference between output and input of GST, payable to or receivable from the authority at the reporting date, is included in other payables or other receivables in the statements of financial position.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

### 4. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land and buildings RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Renovations RM	Plant, machinery and equipment RM	Motor racing circuit RM	Total RM
<b>Cost</b>							
At 1 January 2017	358,944,785	10,988,877	22,602,881	10,227,356	19,767,859	88,793,917	511,325,675
Additions	2,386,952	5,686,004	3,568,286	1,557,807	10,571,525	-	23,770,574
Transfer from capital work-in-progress	56,349	-	19,999	38,610	-	-	114,958
Disposals	-	(2,884,908)	(88,355)	-	(655,049)	-	(3,628,312)
Written off	-	(1,450)	(1,630,399)	(4,000)	(607,965)	(3,661,634)	(5,905,448)
Reclassification	(280,470)	-	-	280,470	-	-	-
Exchange differences	(13,402,331)	-	(315,720)	-	-	(3,619,692)	(17,337,743)
At 31 December 2017	347,705,285	13,788,523	24,156,692	12,100,243	29,076,370	81,512,591	508,339,704
<b>Accumulated depreciation</b>							
At 1 January 2017	132,957,186	4,402,393	13,124,349	2,647,595	9,864,414	85,869,398	248,865,335
Charge for the financial year	9,239,652	2,774,169	2,261,233	1,174,816	2,444,128	514,377	18,408,375
Disposals	-	(1,241,759)	(43,339)	-	(613,871)	-	(1,898,969)
Written off	-	(1,449)	(1,486,621)	(3,999)	(474,493)	(3,661,634)	(5,628,196)
Reclassification	(51,056)	-	-	51,056	-	-	-
Exchange differences	(5,665,142)	-	(231,871)	-	-	(3,510,442)	(9,407,455)
At 31 December 2017	136,480,640	5,933,354	13,623,751	3,869,468	11,220,178	79,211,699	250,339,090
<b>Accumulated impairment losses</b>							
At 1 January 2017	1,389,832	6,053	-	-	-	-	1,395,885
Reversal of impairment loss	-	(6,053)	-	-	-	-	(6,053)
At 31 December 2017	1,389,832	-	-	-	-	-	1,389,832
<b>Carrying amount</b>							
At 31 December 2017	209,834,813	7,855,169	10,532,941	8,230,775	17,856,192	2,300,892	256,610,782

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

Group	Leasehold land and buildings RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Renovations RM	Plant, machinery and equipment RM	Motor racing circuit RM	Total RM
<b>Cost</b>							
At 1 January 2016	339,899,411	10,051,879	17,208,106	5,444,342	8,555,767	90,791,424	471,950,929
Additions	1,770,000	819,720	2,558,245	2,891,988	2,409,279	-	10,449,232
Transfer from capital work-in-progress	42,204	-	3,126,103	1,881,059	-	-	5,049,366
Transfer from inventories	218,954	-	-	-	-	-	218,954
Transfer from investment properties	2,065,670	-	-	2,222,494	-	-	4,288,164
Disposals	-	(154,563)	(169,539)	(247,686)	(705,693)	-	(1,277,481)
Written off	-	-	(1,383,904)	(3,357,851)	(1,184)	-	(4,742,939)
Acquisition of subsidiary company	22,100,635	271,841	1,440,905	1,393,010	9,509,690	-	34,716,081
Exchange differences	(7,152,089)	-	(177,035)	-	-	(1,997,507)	(9,326,631)
At 31 December 2016	358,944,785	10,988,877	22,602,881	10,227,356	19,767,859	88,793,917	511,325,675
<b>Accumulated depreciation</b>							
At 1 January 2016	121,896,476	3,419,153	11,350,564	4,226,549	2,887,464	87,223,059	231,003,265
Charge for the financial year	10,350,422	993,190	1,823,702	760,338	1,898,443	545,077	16,371,172
Transfer from investment properties	423,280	-	-	96,800	-	-	520,080
Disposals	-	(28,073)	(147,174)	(128,463)	(260,157)	-	(563,867)
Written off	-	-	(1,143,791)	(3,217,593)	(59)	-	(4,361,443)
Acquisition of subsidiary company	2,575,184	18,123	1,374,258	909,964	5,338,723	-	10,216,252
Exchange differences	(2,288,176)	-	(133,210)	-	-	(1,898,738)	(4,320,124)
At 31 December 2016	132,957,186	4,402,393	13,124,349	2,647,595	9,864,414	85,869,398	248,865,335
<b>Accumulated impairment losses</b>							
At 1 January 2016	-	6,053	-	-	-	-	6,053
Acquisition of subsidiary company	1,389,832	-	-	-	-	-	1,389,832
At 31 December 2016	1,389,832	6,053	-	-	-	-	1,395,885
<b>Carrying amount</b>							
At 31 December 2016	224,597,767	6,580,431	9,478,532	7,579,761	9,903,445	2,924,519	261,064,455



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

	<b>Company</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
<b>Office equipment</b>		
<b>Cost</b>		
At 1 January	-	-
Additions	4,500	-
At 31 December	4,500	-
<b>Accumulated depreciation</b>		
At 1 January	-	-
Charge for the financial year	225	-
At 31 December	225	-
<b>Carrying amount</b>		
At 31 December	4,275	-

- (a) Included in the property, plant and equipment of the Group are leasehold land and buildings with carrying amount of RM33,260,473 (2016: RM30,569,078) which have been pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Notes 28(a) and 30(a).
- (b) Included in the property, plant and equipment of the Group are:
- (i) Motor vehicles under finance lease arrangement with carrying amount of RM7,669,461 (2016: RM6,195,325).
  - (ii) Plant, machinery and equipment under finance lease arrangement with carrying amount of RM7,190,808 (2016: RM2,588,982).

The above assets are pledged as securities for the related financing facilities as disclosed in Note 27.

- (c) The remaining lease period of the leasehold land and buildings ranges from 26 to 96 (2016: 27 to 97) years.
- (d) Leasehold land with carrying amount of RM170,519,795 (2016: RM184,804,756) situated in mainland China is held under medium term lease.

Management has performed an impairment assessment on the carrying amount of the leasehold land by reference to a report prepared by an independent professional valuer on the business operations of a motor racing circuit run by a subsidiary company on such leasehold land, and concluded that the leasehold land has not impaired. The valuation is based on cash flow projections which involve assumptions on and estimations of future cash flows, growth rates, discount factors etc. The assessment of impairment therefore requires considerable judgement by the management.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

- (e) The aggregate additional cost for the property, plant and equipment of the Group and of the Company during the financial year acquired under finance lease arrangement, loan financing and cash payments are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Aggregate costs	23,770,574	10,449,232	4,500	-
Less:				
Finance lease financing	(9,480,990)	(1,264,109)	-	-
Term loan financing	-	(1,105,002)	-	-
Cash payments	14,289,584	8,080,121	4,500	-

## 5. CAPITAL WORK-IN-PROGRESS

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
At 1 January	5,368,273	6,229,079
Additions	6,219,106	25,370,095
Transfer to property, plant and equipment (Note 4)	(114,958)	(5,049,366)
Transfer to investment properties (Note 7)	(708,997)	(21,390,988)
Transfer from land and property development costs (Note 6)	6,750,905	-
Exchange differences	(511,391)	209,453
At 31 December	17,002,938	5,368,273

Included in the capital work-in-progress of the Group are land and property development costs amounting to RM6,750,905 (2016: RMNil) which have been pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Note 28(b).



# NOTES TO THE FINANCIAL STATEMENTS

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## 6. LAND AND PROPERTY DEVELOPMENT COSTS

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
<b>Non-Current</b>		
<b>Freehold land, at cost</b>		
At 1 January	102,205,913	100,914,374
Additions	729,254	191,539
Transfer from current portion	800,922	1,100,000
Transfer to property development costs	(191,539)	-
At 31 December	103,544,550	102,205,913
<b>Long term leasehold land, at cost</b>		
At 1 January	185,758,022	132,204,001
Additions	344,383,475	460,713
Transfer from / (to) current portion	4,618,763	(1,995,784)
Transfer from property development costs	66,989,329	55,089,092
Transfer to capital work-in-progress	(1,708,295)	-
At 31 December	600,041,294	185,758,022
<b>Property development costs</b>		
At 1 January	442,561,698	281,908,064
Additions	218,484,418	150,804,116
Transfer from current portion	41,454,909	65,148,619
Transfer to freehold and leasehold land	(66,797,790)	(55,089,092)
Transfer to capital work-in-progress	(5,042,610)	-
Property development cost written off	(191,324)	(210,009)
At 31 December	630,469,301	442,561,698
<b>Total non-current land and property development costs</b>	<b>1,334,055,145</b>	<b>730,525,633</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 6. LAND AND PROPERTY DEVELOPMENT COSTS (CONT'D)

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
<b>Current</b>		
<b>Freehold land, at cost</b>		
At 1 January	7,956,133	15,235,771
Transfer to non-current portion	(800,922)	(1,100,000)
Transfer to profit or loss	(2,518,958)	(6,179,638)
Transfer to inventories	(455,819)	-
At 31 December	4,180,434	7,956,133
<b>Long term leasehold land, at cost</b>		
At 1 January	109,509,922	88,362,199
Additions	84,808,185	30,099,761
Transfer (to) / from non-current portion	(4,618,763)	1,995,784
Transfer from property development costs	32,589,605	-
Transfer to profit or loss	(76,972,158)	(5,153,511)
Transfer to inventories	(567,562)	(5,794,311)
At 31 December	144,749,229	109,509,922
<b>Property development costs</b>		
At 1 January	912,900,964	643,865,577
Additions	1,012,622,197	661,058,200
Transfer to non-current portion	(41,454,909)	(65,148,619)
Transfer to leasehold land	(32,589,605)	-
Transfer to profit or loss	(940,346,612)	(204,679,342)
Transfer to inventories	(90,857,849)	(122,194,852)
At 31 December	820,274,186	912,900,964
Less: Costs recognised in profit or loss		
At 1 January	671,236,143	309,728,933
Recognised during the financial year	848,840,552	577,519,701
	1,520,076,695	887,248,634
Less: Portion related to completed projects	(1,019,837,728)	(216,012,491)
At 31 December	500,238,967	671,236,143
Total current land and property development costs	468,964,882	359,130,876



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 6. LAND AND PROPERTY DEVELOPMENT COSTS (CONT'D)

- (a) Certain development lands are pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Notes 28(c) and 30(b).
- (b) Certain subsidiary companies entered into agreements with third parties (the landowners) to develop the lands, solely at the cost of the subsidiary companies and based on the agreements, the landowners are entitled to the followings:
  - (i) certain percentage of the respective development profits;
  - (ii) certain percentage of the respective development gross sales value;
  - (iii) agreed contract sum as specified in the agreement; and/or
  - (iv) certain units of completed properties.
- (c) Certain subsidiary companies (developers) entered into joint venture agreements with its subsidiary companies (the landowners) to develop the lands, solely at the cost of the developers and based on the agreements, the landowners are entitled to the followings:
  - (i) certain units of completed properties; and/or
  - (ii) certain percentage of the respective development profits.
- (d) Included in the property development costs for the financial year are as follows:

		<b>Group</b>	
		<b>2017</b>	<b>2016</b>
	<b>Note</b>	<b>RM</b>	<b>RM</b>
Finance costs	34	23,253,745	20,430,901
Landowners consideration		211,974,719	220,741,927

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 7. INVESTMENT PROPERTIES

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
<b>Cost</b>		
At 1 January	64,243,828	36,809,398
Additions	173,023	14,391,856
Transfer from capital work-in-progress (Note 5)	708,997	21,390,988
Transfer to property, plant and equipment (Note 4)	-	(4,288,164)
Disposals	(183,333)	(3,694,500)
Written off	-	(365,750)
At 31 December	64,942,515	64,243,828
<b>Accumulated depreciation</b>		
At 1 January	2,464,639	2,366,573
Charge for the financial year	1,357,442	796,128
Transfer to property, plant and equipment (Note 4)	-	(520,080)
Disposals	(11,500)	(177,982)
At 31 December	3,810,581	2,464,639
<b>Accumulated impairment losses</b>		
At 1 January	309,985	675,735
Written off	-	(365,750)
Impairment losses for the financial year	24,000	-
Reversal of impairment loss	(83,333)	-
At 31 December	250,652	309,985
<b>Carrying amount</b>		
At 31 December	60,881,282	61,469,204
Included in the above are:		
<b>At cost</b>		
Leasehold land and buildings	53,619,954	50,220,867
Freehold land and buildings	384,710	568,043
Commercial properties	10,937,851	13,454,918
	64,942,515	64,243,828
<b>Fair value</b>	78,644,327	77,912,327



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 7. INVESTMENT PROPERTIES (CONT'D)

(a) Investment properties pledged as securities to licensed banks

Investment properties with carrying amount of RM41,239,261 (2016: RM39,940,405) have been pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Notes 28(d) and 30(c).

(b) Investment properties under leases

In the previous financial year, certain investment properties with carrying amount of RM3,768,084 have been transferred to property, plant and equipment, as the properties' usage has been changed from investment properties to owner-occupied properties.

Certain investment properties are leasehold properties with remaining lease periods range from 72 to 97 (2016: 75 to 98) years.

Investment properties comprise a number of freehold land and buildings, leasehold land and buildings and commercial properties that are leased to third parties. Each of the leases contains cancellable periods range from one to three years. Subsequent renewals are negotiated with the lessee on renewal periods range from one to two years.

(c) Fair value basis of investment properties

Fair value of investment properties are arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered external valuers having appropriate recognised professional qualification and recent experiences in the locations and category of properties being valued. The fair values are within Level 2 of the fair value hierarchy.

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

(d) Income and expenses recognised in profit or loss

The following are recognised in profit or loss in respect of investment properties:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Rental income	1,223,210	865,472
Direct operating expenses:		
- Income generating investment properties	250,775	107,779
- Non-income generating investment properties	194,826	130,402



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 8. INVESTMENT IN SUBSIDIARY COMPANIES

(a) Investment in subsidiary companies

	<b>Company</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
<b>In Malaysia:</b>		
Quoted shares, at cost	224,541,813	225,137,936
Warrants, at cost	1,800	1,800
Unquoted shares, at cost	393,455,395	393,554,395
	617,999,008	618,694,131
Less: Accumulated impairment losses	(3,666,824)	(3,766,823)
	614,332,184	614,927,308
<b>Outside Malaysia:</b>		
Unquoted shares, at cost	4,075	4,075
	614,336,259	614,931,383

The Group's subsidiary companies which have non-controlling interests are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group except as disclosed in Note 8(e).

Certain listed securities have been pledged to licensed banks to partially secure the banking facilities as disclosed in Notes 28(g) and 30(f).

Details of the subsidiary companies are disclosed in Note 51.

The movement in the allowance for impairment losses are as follows:

	<b>Company</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
At 1 January	3,766,823	192,464
Transfer from investment in an associated company	-	3,578,431
Reversal of impairment losses	(99,999)	(4,072)
At 31 December	3,666,824	3,766,823



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

### 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(b) Acquisition of subsidiary companies during the financial year

- (i) On 21 February 2017, MGB Berhad (formerly known as ("f.k.a.") ML Global Berhad) ("MGB"), a 55.34% owned subsidiary company of the Company subscribed for 51 ordinary shares in Alunan Warta Sdn. Bhd. ("AWSB") for a total cash consideration of RM51 only. Consequently, AWSB became a 51% owned subsidiary company of MGB.
- (ii) On 3 March 2017, MGB Land Sdn. Bhd. (f.k.a. Vintage Tiles Industries (EM) Sdn. Bhd.) ("MGB Land"), a wholly-owned subsidiary company of MGB, acquired 2 ordinary shares in Delta Gallery Sdn. Bhd. ("DGSB") for a total cash consideration of RM2 only. Consequently, DGSB became a wholly-owned subsidiary company of MGB Land.
- (iii) On 7 March 2017, Biz Bena Development Sdn. Bhd. ("BBDSB"), an associated company of Pelangi Homes Sdn. Bhd. ("PHSB"), an indirect subsidiary company of the Company had increased its paid-up share capital from 500,000 to 520,000 ordinary shares. PHSB has subscribed for an additional 20,000 ordinary shares in BBDSB for a total cash consideration of RM20,000 only. Consequently, PHSB's equity interest in BBDSB increased from 50% to 51.92% and became a 51.92% owned subsidiary company of PHSB.
- (iv) On 14 March 2017, LBS Bina Holdings Sdn. Bhd. ("LBS"), a wholly-owned subsidiary company of the Company acquired 150,000 ordinary shares representing 30% equity interest in Bimbingan Sumber Sdn. Bhd. ("BSSB") for a total cash consideration of RM150,000 only. Consequently, LBS's equity interest in BSSB increased from 30% to 60% and became a 60% owned subsidiary company of LBS.
- (v) On 18 April 2017, MGB Land acquired 1 ordinary share in Idaman Kukuh Sdn. Bhd. ("IKSB") for a total cash consideration of RM1 only. Consequently, IKSB became a wholly-owned subsidiary company of MGB Land.
- (vi) On 8 May 2017, MITC Engineering Sdn. Bhd. ("MITCE"), a wholly-owned subsidiary company of MGB, acquired 700 ordinary shares in MGB Geotech Sdn. Bhd. ("MGB Geotech") for a total cash consideration of RM700 only. Consequently, MGB Geotech became a 70% owned subsidiary company of MITCE.
- (vii) On 12 July 2017, LBS subscribed for 51,000 ordinary shares in Kirana Emas Sdn. Bhd. ("KISB") for a total cash consideration of RM51,000 only. Consequently, KISB became a 51% owned subsidiary company of LBS.
- (viii) On 13 July 2017, LBS subscribed for 51,000 ordinary shares in Retro Court Sdn. Bhd. ("RCSB") for a total cash consideration of RM51,000 only. Consequently, RCSB became a 51% owned subsidiary company of LBS.
- (ix) On 15 August 2017, LBS subscribed for 100 ordinary shares in Duta Abadi Sdn. Bhd. ("DASB") with its issued and paid-up share capital of RM100 comprising of 100 ordinary shares. Consequently, DASB became a wholly-owned subsidiary company of LBS.
- (x) On 29 August 2017, the Company subscribed for 1,000 ordinary shares in Saujana Tunggal Sdn. Bhd. ("STSB") for a total cash consideration of RM1,000 only. Consequently, STSB became a wholly-owned subsidiary company of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

### (b) Acquisition of subsidiary companies during the financial year (cont'd)

- (xi) On 20 September 2017, LBS acquired 1 ordinary share, representing 50% equity interest in LBS Borneo Sdn. Bhd. ("LBS Borneo") for a total cash consideration of RM1 only. On the same day, LBS subscribed for additional 50 ordinary shares in LBS Borneo for a total cash consideration of RM50 only. Consequently, LBS's equity interest in LBS Borneo increased from 50% to 51% and LBS Borneo became a 51% owned subsidiary company of LBS.
- (xii) On 21 November 2017, LBS subscribed for 51 ordinary shares in Dayang Merdeka Sdn. Bhd. ("DMSB") for a total cash consideration of RM51 only. Consequently, DMSB became a 51% owned subsidiary company of LBS.
- (xiii) On 29 November 2017, LBS acquired 255,000 ordinary shares, representing 51% equity interest in Bimbingan Simfoni Sdn. Bhd. ("BSimfoni") for a total cash consideration of RM255,000 only. Consequently, BSimfoni became a 51% owned subsidiary company of LBS.
- (xiv) On 13 December 2017, MITCE subscribed for 2,040,000 ordinary shares in MGB Sany (M) IBS Sdn. Bhd. ("MGB Sany") for a total cash consideration of RM2,040,000 only. Consequently, MGB Sany became an 51% owned subsidiary company of MITCE.

The effect of the acquisition on the financial results of the Group in respect of the financial year is as follows:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Revenue	73,111,600	70,379,031
Cost of sales	(53,709,727)	(63,461,751)
Gross profit	19,401,873	6,917,280
Interest income	92	-
Other income	-	6,205,115
Administrative and operating expenses	(3,154,034)	(9,061,237)
Finance costs	(91,918)	(569,442)
Share of profit in an associated company	-	15,620
Profit before tax	16,156,013	3,507,336
Taxation	(4,309,961)	(1,830,751)
Total comprehensive income for the financial year	11,846,052	1,676,585
Net profit for the financial year attributable to:		
Owners of the Parent	11,846,052	1,676,059
Non-controlling interests	-	526
	11,846,052	1,676,585



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

- (b) Acquisition of subsidiary companies during the financial year (cont'd)

### Impact of the acquisition on the Statements of Profit or Loss and Other Comprehensive Income

From the date of acquisition, acquired subsidiary companies have contributed RM73,111,600 (2016: RM70,379,031) and RM11,846,052 (2016: RM1,676,585) to the Group's revenue and profit for the financial year respectively. If the business combination had taken place at the beginning of the financial year, the Group's revenue for the financial year would have been RM73,111,600 (2016: RM92,532,519) and Group's profit for the financial year would have been decreased by RM253 (2016: RM131,590).

The following summarises the major classes of consideration transferred, and the recognised amount of assets acquired and liabilities assumed at the acquisition date:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
		<b>Restated</b>
Property, plant and equipment	-	23,109,997
Intangible assets	-	2,511,731
Inventories	-	858,448
Trade and other receivables	4,639,323	24,369,586
Deferred tax assets	-	58,003
Non-current assets classified as held for sale	-	12,086,177
Cash and bank balances	238,065	1,242,316
Tax recoverable	1,125	-
Bank overdrafts	-	(1,998,258)
Trade and other payables	(100,323)	(12,549,459)
Finance lease payables	-	(232,755)
Bank borrowings	-	(13,949,710)
Total identifiable assets and liabilities	4,778,190	35,506,076

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

**8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)**

## (b) Acquisition of subsidiary companies during the financial year (cont'd)

Net cash outflows arising from the acquisition was as follows:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Purchase consideration satisfied by cash	2,568,956	53,147,771
Less:		
Cash and bank balances	(238,065)	(1,242,316)
Bank overdrafts	-	1,998,258
Net cash outflows from the acquisition of subsidiary companies	2,330,891	53,903,713

Goodwill was recognised as a result of the acquisition as follows:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Fair value of consideration transferred	2,568,956	65,690,399
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	2,300,319	16,106,921
Fair value of existing interest in acquiree	169,110	-
Fair value of identifiable assets acquired and liabilities assumed	(4,778,190)	(35,506,076)
Goodwill on consolidation	260,195	46,291,244

The goodwill recognised on the acquisition is attributable mainly to the skills and technical talent of the acquired business's work force and the synergies expected to be achieved from integrating the subsidiary companies into the Group's property development and construction business.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

### (c) Acquisition of non-controlling interests during the financial year

- (i) On 2 January 2017, LBS acquired 1,748,060 ordinary shares, representing 60% equity interest in Healthguard Medicare Sdn. Bhd. ("HMSB") from Saga Serata Sdn. Bhd. ("SSSB"), a wholly-owned subsidiary company of the Company for a total cash consideration of RM1 only. Consequently, HMSB became a 60% owned subsidiary company of LBS.
- (ii) On 10 July 2017, LBS acquired 200,000 ordinary shares, representing 20% equity interest in Puncak Gama Sdn. Bhd. ("PGSB") for a total cash consideration of RM18,500,000 only. Consequently, LBS's equity interest in PGSB increased from 80% to 100% and PGSB became a wholly-owned subsidiary company of LBS.
- (iii) On 10 July 2017, LBS acquired 25,000 ordinary shares, representing 10% equity interest in Sepadan Maju Sdn. Bhd. ("SMSB") for a total cash consideration of RM25,000 only. Consequently, LBS's equity interest in SMSB increased from 90% to 100% and SMSB became a wholly-owned subsidiary company of LBS.
- (iv) On 8 August 2017, LBS acquired 145,000 ordinary shares, representing 29% equity interest in Kemudi Ehsan Sdn. Bhd. ("KESB") for a total cash consideration of RM30,000,000 only. Consequently, LBS's equity interest in KESB increased from 51% to 80% and KESB became a 80% owned subsidiary company of LBS.
- (v) On 7 December 2017, LBS acquired additional 100,000 ordinary shares, representing 20% equity interest in Iringan Kejora Sdn. Bhd. ("IKSB") for a total cash consideration of RM30,000,000 only. Consequently, LBS's equity interest in IKSB increased from 80% to 100% and IKSB became a wholly-owned subsidiary company of LBS.
- (vi) On 29 December 2017, LBS acquired additional 5,000 ordinary shares, representing 1% equity interest in Casa Inspirasi Sdn. Bhd. ("CISB") for a total cash consideration of RM1,000,000 only. Consequently, LBS's equity interest in CISB increased from 68% to 69% and CISB became a 69% owned subsidiary company of LBS.
- (vii) Changes of equity interest in MGB

During the financial year, the Company's equity interest in MGB has decreased from 56.43% to 54.97% as the result of the followings:

- (a) Disposal of 8,000,000 ordinary shares in MGB for a total cash consideration of RM6,560,000 only.
- (b) Conversion of 9,190,000 warrants at the exercise price of RM0.50 per warrant into 9,190,000 new ordinary shares in MGB for a total cash consideration of RM4,595,000 only.
- (c) Conversion of 67,500,000 Irredeemable Convertible Preference Shares ("ICPS") into 67,500,000 new ordinary shares in MGB with no additional cash payment.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(c) Acquisition of non-controlling interests during the financial year (cont'd)

(vii) Changes of equity interest in MGB (cont'd)

(d) MGB increased its issued and paid-up share capital as below by non-controlling interests:

- (i) Issuance and allotment of 28,000,000 new ordinary shares at the issue price of RM1.08 per Placement Share pursuant to the Private Placement Exercise.
- (ii) Conversion of 22,500,000 ICPS at the exercise price of RM1.08 per ICPS into 67,500,000 new ordinary shares.
- (iii) Conversion of 7,259,679 warrants at the exercise price of RM0.50 per warrant into 7,259,679 new ordinary shares.

Consequently, MGB became a 54.97% owned subsidiary company of the Company.

The effect of changes in the equity interest that is attributable to the owners of the Parent is as follows:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Carrying amount of non-controlling interests acquired	(28,280,689)	(58,204,139)
Consideration paid to non-controlling interests	(79,525,000)	(31,300,000)
Arising from group reorganisation	36,033,087	40,329,843
Decrease in Parent's equity	(71,772,602)	(49,174,296)

(d) Additional investment in subsidiary companies during the financial year

- (i) On 22 February 2017, Fokus Awana Sdn. Bhd. ("FASB"), a wholly-owned subsidiary company of LBS had increased its paid-up share capital from 7,000,000 to 13,000,000 ordinary shares. LBS has subscribed for an additional 6,000,000 ordinary shares in FASB by way of capitalisation.
- (ii) On 22 March 2017, DGSB has increased its paid-up share capital from 2 to 250,000 ordinary shares. MGB Land has subscribed for an additional 249,998 ordinary shares in DGSB by way of cash.
- (iii) On 13 June 2017, MGB Geotech increased its paid-up share capital from 1,000 to 750,000 ordinary shares. MITCE had subscribed for an additional 524,300 ordinary shares in MGB Geotech by way of cash.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

### 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(d) Additional investment in subsidiary companies during the financial year (cont'd)

(iv) On 8 December 2017, KESB increased its paid-up share capital from 500,000 to 10,000,000 ordinary shares. LBS subscribed for an additional 7,600,000 ordinary shares in KESB for a total cash consideration of RM7,600,000 only. KESB remained as a 80% owned subsidiary company of LBS.

(v) On 13 December 2017, LBS Borneo increased its paid-up share capital from 100 to 100,000 ordinary shares. LBS subscribed for an additional 50,949 ordinary shares in LBS Borneo for a total cash consideration of RM50,949 only. LBS Borneo remained as a 51% owned subsidiary company of LBS.

(e) Material partly owned subsidiary companies

The summarised financial information of the Group's subsidiary companies that have material non-controlling interests (amounts before inter-company elimination) is as follows:

Name of company	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(Loss) allocated to non-controlling interests		Carrying amount of non-controlling interests	
	2017	2016	2017	2016	2017	2016
	%	%	RM	RM	RM	RM
MGB Group*	45.03	43.57	15,866,893	1,167,635	119,680,246	151,490,694
Zhuhai International Circuit Limited ("ZIC")	40	40	(3,827,286)	(3,394,769)	(34,434,894)	(33,552,936)
Mayang Jelatek Sdn. Bhd. ("MJSB")	49	49	(74,448)	(10,062)	8,610,630	8,685,078
					93,855,982	126,622,836
Individually immaterial subsidiary companies with non-controlling interests					(4,273,729)	(85,418,265)
Total non-controlling interests					89,582,253	41,204,571

\* MGB Group represents MGB and its subsidiary companies

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

### (e) Material partly owned subsidiary companies (cont'd)

The summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company elimination.

### (i) Summarised Statements of Financial Position

	<b>MGB Group</b>	<b>ZIC</b>	<b>MJSB</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>2017</b>			
Non-current assets	368,560,112	179,967,112	6,277,849
Current assets	448,342,038	40,564,209	12,805,509
Non-current liabilities	(100,014,963)	(188,450,627)	-
Current liabilities	(306,405,550)	(109,457,628)	(1,510,639)
Net assets / (liabilities)	410,481,637	(77,376,934)	17,572,719
Equity attributable to:			
Owners of the Parent	408,093,878	(77,376,934)	17,572,719
Non-controlling interests	2,387,759	-	-
Total Equity	410,481,637	(77,376,934)	17,572,719
<b>2016</b>			
Non-current assets	363,317,769	196,018,006	6,251,436
Current assets	274,640,974	44,059,174	15,365,929
Non-current liabilities	(33,385,372)	(200,676,278)	-
Current liabilities	(269,074,221)	(113,555,620)	(3,892,711)
Net assets / (liabilities)	335,499,150	(74,154,718)	17,724,654
Equity attributable to:			
Owners of the Parent	335,501,291	(74,154,718)	17,724,654
Non-controlling interests	(2,141)	-	-
Total Equity	335,499,150	(74,154,718)	17,724,654



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

### (e) Material partly owned subsidiary companies (cont'd)

The summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company elimination. (cont'd)

### (ii) Summarised Statements of Profit or Loss and Other Comprehensive Income

	<b>MGB Group</b>	<b>ZIC</b>	<b>MJSB</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>2017</b>			
Revenue	692,643,781	22,064,012	345,600
Net profit / (loss) for the financial year	34,335,366	(6,486,768)	(151,934)
Other comprehensive loss for the financial year	-	(5,200,537)	-
Total comprehensive income / (loss) for the financial year	34,335,366	(11,687,305)	(151,934)
<b>2016</b>			
Revenue	92,532,519	24,540,411	5,520,930
Net profit / (loss) for the financial year	61,739	(11,477,055)	(20,536)
Other comprehensive income for the financial year	5,162,495	4,393,398	-
Total comprehensive income / (loss) for the financial year	5,224,234	(7,083,657)	(20,536)

### (iii) Summarised Statements of Cash Flows

	<b>MGB Group</b>	<b>ZIC</b>	<b>MJSB</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>2017</b>			
Net cash (used in) / generated from operating activities	(79,851,619)	7,018,144	1,752,422
Net cash used in investing activities	(5,038,356)	(1,207,934)	(3,302,109)
Net cash generated from / (used in) financing activities	88,162,674	(6,112,275)	(2,052,417)
Net increase / (decrease) in cash and cash equivalents	3,272,699	(302,065)	(3,602,104)
<b>2016</b>			
Net cash (used in) / generated from operating activities	(12,675,553)	(2,455,082)	3,646,346
Net cash generated from / (used in) investing activities	19,553,047	(1,200,458)	(203,284)
Net cash (used in) / generated from financing activities	(4,659,867)	3,617,422	(804,068)
Net increase / (decrease) in cash and cash equivalents	2,217,627	(38,118)	2,638,994

# NOTES TO THE FINANCIAL STATEMENTS

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## 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

### (f) Disposal of subsidiary companies during the financial year

On 16 March 2017, the Company had disposed of 100,000 ordinary shares, representing the entire equity interest of its wholly-owned subsidiary company, Saga Serata Sdn. Bhd. ("SSSB") for a total cash consideration of RM100,000 only, which had resulted in a gain of RM1,364. The subsidiary company was previously reported as part of the trading and others segment.

The effect of the disposal of SSSB on the financial position of the Group as at the date of disposal was as follows:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Trade and other receivables	2,682	-
Cash and bank balances	105,100	-
Trade and other payables	(9,146)	-
Total net assets disposed	98,636	-
Gain on disposal	1,364	-
Proceeds from disposal	100,000	-
Less: Cash and cash balances disposed	(105,100)	-
Net cash outflows from disposal	(5,100)	-

### (g) Acquisition of subsidiary companies during the previous financial year

In the previous financial year, the management used its best estimates and assumptions as part of the purchase price allocation process to value the assets acquired and liabilities assumed and the consideration transferred at the acquisition date. The purchase price allocation and considerations for the acquisition may be provisional within the measurement period of up to 12 months after the acquisition date and is subject to refinement as more detailed analysis are completed and additional information about the fair values of the considerations become available.

During the financial year, the Group has completed its purchase price allocation ("PPA") exercise within the stipulated time period resulting in adjustments to certain assets acquired and liabilities assumed previously recognised in the financial statements of the Group.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(g) Acquisition of subsidiary companies during the previous financial year (cont'd)

The following summaries the revised and assumed consideration transferred and recognised amount of assets acquired and liabilities assumed at the acquisition date:

	As previously reported RM	Prior year adjustment RM	As restated RM
<u>Fair value of consideration transferred</u>			
Property, plant and equipment	23,109,997	-	23,109,997
Intangible assets	-	2,511,731	2,511,731
Inventories	858,448	-	858,448
Trade and other receivables	24,369,586	-	24,369,586
Deferred tax assets	58,003	-	58,003
Non-current assets classified as held for sale	12,086,177	-	12,086,177
Cash and bank balances	1,242,316	-	1,242,316
Bank overdrafts	(1,998,258)	-	(1,998,258)
Trade and other payables	(12,549,459)	-	(12,549,459)
Finance lease payables	(232,755)	-	(232,755)
Bank borrowings	(13,949,710)	-	(13,949,710)
Total identifiable assets and liabilities	32,994,345		35,506,076

Net cash outflows arising from the acquisition was as follows:

	2016 RM
Purchase consideration satisfied by cash	53,147,771
Less:	
Cash and bank balances	(1,242,316)
Bank overdrafts	1,998,258
Net cash outflows from the acquisition of subsidiary companies	53,903,713



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

- (g) Acquisition of subsidiary companies during the previous financial year (cont'd)

Goodwill was recognised as a result of the acquisition as follows:

	As previously reported RM	Prior year adjustment RM	As restated RM
Fair value of consideration transferred	65,690,399	-	65,690,399
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	16,106,921	-	16,106,921
Fair value of identifiable assets acquired and liabilities assumed	(32,994,345)	(2,511,731)	(35,506,076)
Goodwill on consolidation	48,802,975		46,291,244

The effects of the adjustment arising from the completion of the PPA exercise are as follows:

	As previously reported RM	Prior year adjustment RM	As restated RM
<b>Group</b>			
<b>2016</b>			
<u>Statements of financial position</u>			
<b>Non-Current Assets</b>			
Intangible assets	-	589,675	589,675
Goodwill on consolidation	126,979,868	(589,675)	126,390,193

### Statements of cash flows

#### **Cash flows from operating activities**

Allowance for impairment losses on:

- Goodwill on consolidation	6,040,342	(1,922,056)	4,118,286
- Intangible assets	-	1,828,704	1,828,704
Amortisation of intangible assets	-	93,352	93,352

- (h) There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances.



## NOTES TO THE FINANCIAL STATEMENTS

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### 9. INVESTMENT IN ASSOCIATED COMPANIES

(a) Investment in associated companies

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>At cost</b>				
Unquoted shares in Malaysia	3,700,070	4,100,070	-	-
	3,700,070	4,100,070	-	-
<b>Accumulated impairment losses</b>				
At 1 January	199,999	3,778,430	-	3,578,431
Impairment loss during the financial year	34,315	-	-	-
Reversal of impairment loss	(199,999)	(3,578,431)	-	(3,578,431)
At 31 December	34,315	199,999	-	-
Group's share of post acquisition reserves	(1,292,182)	(1,264,189)	-	-
	2,373,573	2,635,882	-	-

Details of the associated companies are disclosed in Note 52.

On 7 March 2017, BBDSB, an associated company of PHSB had increased its paid-up share capital from 500,000 to 520,000 ordinary shares. PHSB has subscribed for an additional 20,000 ordinary shares in BBDSB for a total cash consideration of RM20,000 only. Consequently, PHSB's equity interest increased from 50% to 51.92% and BBDSB became a 51.92% owned subsidiary company of PHSB.

On 14 March 2017, LBS acquired 150,000 ordinary shares, representing 30% equity interest in BSSB for a total cash consideration of RM150,000 only. Consequently, LBS's equity interest increased from 30% to 60% and BSSB became a 60% owned subsidiary company of LBS.

The reversal of impairment loss amounting to RM199,999 (2016: RM3,578,431) was recognised during the financial year represent changes in ownership interest from associated company to a subsidiary company.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 9. INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

(a) Investment in associated companies (cont'd)

In the previous financial year, the Company acquired 24,232,696 ordinary shares in MGB for a total cash consideration of RM13,147,672 only. Consequently, MGB became a 51.18% owned subsidiary company of the Company.

The recoverable amount of the Company's investment in MGB estimated based on value-in-use method was RM7,305,338. In determining value-in-use for MGB, the cash flows were discounted at a rate of 6.79% on a pre-tax basis.

(b) The summarised financial information of the associated companies is as follows:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
<b>Assets and liabilities</b>		
Non-current assets	1,290,994	1,259,122
Current assets	628,311	1,273,406
Total assets	1,919,305	2,532,528
Non-current liabilities	(819,650)	(850,750)
Current liabilities	(1,397,253)	(1,204,387)
Total net (liabilities) / assets	(297,598)	477,391
<b>Financial results</b>		
Revenue	201,700	139,240
Loss before tax	(411,325)	(459,289)
Taxation	(8,131)	(4,000)
Net loss for the financial year	(419,456)	(463,289)

The unrecognised share of losses of the associated companies is as follows:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
At 1 January	244,460	225,467
Additions during the financial year	14,742	18,993
At 31 December	259,202	244,460

(c) The Group's associated companies are individually immaterial to the financial position, financial performance and cash flows of the Group.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 10. OTHER INVESTMENTS

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
<b>Non-Current</b>		
<b><i>Available-for-sale financial assets</i></b>		
Equity securities listed in Hong Kong measured at fair value on recurring basis and classified as level 1 of the fair value hierarchy	82,040,890	98,801,419
<b><i>Other investments</i></b>		
<b><i>At cost</i></b>		
Transferable corporate club memberships	1,248,501	1,248,501
<b><i>Accumulated impairment losses</i></b>		
At 1 January	100,000	100,000
Impairment losses during the financial year	185,001	-
At 31 December	285,001	100,000
	963,500	1,148,501
	83,004,390	99,949,920

The fair value of the listed equity securities was determined by reference to the quoted price in an active market. In view of the significant and prolonged decline in the fair value of the available-for-sale financial assets in the previous financial year, impairment loss of RM27,025,897 was recycled from other comprehensive income to profit or loss. The impairment loss recognised in profit or loss shall not be reversed in the future.

The listed equity securities with carrying amount of RM82,040,890 (2016: RM98,801,419) have been pledged to licensed banks to partially secure the bank overdrafts as disclosed in Note 30(f).

During the financial year, an impairment loss of RM185,001 (2016: RMNil) was provided for transferable corporate club memberships as there were decline in the fair value of these investments below their costs.

	<b>Group/Company</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
<b>Current</b>		
<b><i>Financial assets at fair value through profit or loss</i></b>		
Over the counter trust funds measured at fair value on recurring basis and classified as level 1 of the fair value hierarchy	2,021,136	-

The fair value of the trust funds was determined by reference to the quoted prices provided by a financial intermediary.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 11. INTANGIBLE ASSETS

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
		<b>Restated</b>
<b>Cost</b>		
At 1 January		
- as previously reported	-	-
- effect of completion of purchase price allocation	2,511,731	-
- as restated	2,511,731	-
Effect of completion of purchase price allocation	-	2,511,731
Written off	(1,828,704)	-
At 31 December	683,027	2,511,731
<b>Accumulated amortisation</b>		
At 1 January		
- as previously reported	-	-
- effect of completion of purchase price allocation	93,352	-
- as restated	93,352	-
- effect of completion of purchase price allocation	-	93,352
Charge for the financial year	589,675	-
At 31 December	683,027	93,352
<b>Accumulated impairment losses</b>		
At 1 January		
- as previously reported	-	-
- effect of completion of purchase price allocation	1,828,704	-
- as restated	1,828,704	-
- effect of completion of purchase price allocation	-	1,828,704
Written off	(1,828,704)	-
At 31 December	-	1,828,704
<b>Carrying amount</b>		
At 31 December	-	589,675
Included in the above is:		
<b>At fair value</b>		
Contracts with customers	-	589,675

During the current financial year, the Group has completed the purchase price allocation ("PPA") exercise to determine the fair values of the net assets of MGB, within the stipulated time period, i.e. twelve (12) months from the acquisition date of 5 July 2016, in accordance to FRS 3, *Business Combinations*. Based on the PPA exercise conducted, RM2,511,731 has been identified as intangible assets arising from the fair value of the contracts with customers.

Reversal of impairment losses of the Group was made during the financial year when the related amounts were written off amounting to RM1,828,704.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

### 12. GOODWILL ON CONSOLIDATION

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
		<b>Restated</b>
<b>Cost</b>		
At 1 January		
- as previously reported	183,449,143	134,646,168
- effect of completion of purchase price allocation	(2,511,731)	-
- as restated	180,937,412	134,646,168
Acquisition of subsidiary companies		
- as previously reported	-	48,802,975
- effect of completion of purchase price allocation	-	(2,511,731)
- as restated	-	46,291,244
Additions	260,195	-
At 31 December	181,197,607	180,937,412
<b>Accumulated impairment losses</b>		
At 1 January		
- as previously reported	56,469,275	50,428,933
- effect of completion of purchase price allocation	(1,922,056)	-
- as restated	54,547,219	50,428,933
Impairment loss recognised		
- as previously reported	-	6,040,342
- effect of completion of purchase price allocation	-	(1,922,056)
- as restated	-	4,118,286
Additions	12,038,397	-
At 31 December	66,585,616	54,547,219
<b>Carrying amount</b>		
At 31 December	114,611,991	126,390,193

During the current financial year, the Group has completed the purchase price allocation ("PPA") exercise to determine the fair value of the net assets of MGB and Seloka Sinaran Sdn. Bhd., within the stipulated time period, i.e. twelve (12) months from the acquisition date of 5 July 2016 and 3 August 2016 respectively, in accordance to FRS 3, *Business Combinations*. Based on the PPA exercise conducted, RM2,511,731 has been identified as intangible assets arising from the fair value of the contracts with customers.

The remaining goodwill on consolidation recognised on the acquisition is attributable mainly to the skills and technical talent of the acquired business's work force and the synergies expected to be achieved from integrating the subsidiary companies into the Group's existing property development and construction and trading segment.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 12. GOODWILL ON CONSOLIDATION (CONT'D)

### (a) Impairment test for goodwill on consolidation

Goodwill on consolidation has been allocated to Group's cash-generating units ("CGUs") identified according to business segments as property development and construction and trading as follows:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Property development	108,346,980	119,535,507
Construction and trading	6,265,011	6,854,686
	<b>114,611,991</b>	<b>126,390,193</b>

### (b) Key assumptions used to determine the recoverable amount

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five to ten years period. The key assumptions used for value-in-use calculations are based on future projection of the Group in Malaysia as follows:

	<b>Property development</b>	<b>Construction and trading</b>
Gross margin	18%	6%
Growth rate	N/A	6% - 15%
Pre-tax discount rate	7.04% p.a.	8% p.a.

The key assumptions that the Directors have used in the cash flow projections to undertake impairment testing are as follows:

- (i) Gross margin - Budgeted value based on the average margins achieved in the year immediately before the budgeted year, increased for expected efficiency improvements and market development.
- (ii) Growth rate - Not applicable for property development segment as the cash flow projections made is for a period of 5 to 10 years, in accordance with the expected life cycle of the CGU.
- (iii) Pre-tax discount rate - Rate that reflects specific risks relating to the relevant CGU.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources.

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



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 12. GOODWILL ON CONSOLIDATION (CONT'D)

## (c) Sensitivity to changes in assumptions

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

## (d) Impairment loss recognised during the financial year

The Group recognised an impairment loss of RM12,038,397 (2016: RM4,118,286) during the financial year in respect of the goodwill arising on consolidation. The goodwill relates to certain subsidiary companies mainly undertake development projects which are expected to complete within the next 5 years. As a decrease in development activities or other significant cash generating activities is expected from the subsidiary companies, the related goodwill has been impaired accordingly.

## 13. INVENTORIES

	Group	
	2017	2016
	RM	RM
<b>At cost:</b>		
Stock of completed properties	263,398,928	185,439,203
Spare parts and consumables	147,389	168,091
	263,546,317	185,607,294
<b>At net realisable value:</b>		
Stock of completed properties	100,000	2,260,000
	263,646,317	187,867,294
<b>Recognised in profit or loss:</b>		
Inventories recognised in cost of sales	19,011,745	24,560,725
Inventories written down	104,674	-
Inventories written off	48,027	-

Included in the inventories above was an carrying amount of RM165,792,353 (2016: RM132,961,147) which have been pledged to licensed banks as securities for banking facilities granted to the Company and certain subsidiary companies as disclosed in Note 28(f).

# NOTES TO THE FINANCIAL STATEMENTS

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## 14. AMOUNT DUE FROM / (TO) CUSTOMERS ON CONTRACTS

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Contract cost incurred to date	203,596,289	142,036,686
Attributable profits recognised to-date	24,248,024	16,404,289
	227,844,313	158,440,975
Less: Progress billings	(231,933,123)	(170,075,443)
	(4,088,810)	(11,634,468)
Presented as:		
Amount due from customers on contracts	6,959,463	206,607
Amount due to customers on contracts	(11,048,273)	(11,841,075)
	(4,088,810)	(11,634,468)

Included in contract cost incurred to-date in the previous financial year was rental of premises of RM101,772.

Included in progress billings is retention sum of RM14,095,434 (2016: RM10,223,772).

## 15. TRADE RECEIVABLES

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Trade receivables		
- Third parties	589,314,862	299,123,549
- Related parties	5,998,559	7,639,091
	595,313,421	306,762,640
Retention sum receivables		
- Third parties	7,916,084	10,223,772
Less: Accumulated impairment losses		
- Third parties	(3,716,575)	(1,522,813)
	599,512,930	315,463,599

The Group's normal trade credit terms range from 14 to 180 days (2016: 14 to 180 days). Other credit terms are assessed and approved on a case-to-case basis.

Included in the trade receivables was an amount of RM20,671,866 (2016: RM26,195,769) retained by stakeholders which are due upon the expiry of retention period as stipulated in the sale and purchase agreements. The retention periods range from 8 to 24 months.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 15. TRADE RECEIVABLES (CONT'D)

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

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
At 1 January	1,522,813	1,427,906
Impairment losses recognised	2,396,520	106,804
Disposal of a subsidiary company	(39,615)	-
Reversal of allowance for impairment losses	(143,319)	(1,522)
Exchange differences	(19,824)	(10,375)
At 31 December	3,716,575	1,522,813

Reversal of impairment losses of the Group was made during the financial year when the related amount were collected amounting to RM143,319 (2016: RM1,522).

Analysis of the trade receivables ageing are as follows:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Neither past due nor impaired	356,578,838	117,472,241
Past due but not impaired:		
Less than 30 days	67,596,209	33,689,656
31 to 60 days	53,362,713	27,830,004
More than 60 days	121,975,170	136,471,698
	242,934,092	197,991,358
Impaired	599,512,930	315,463,599
	3,716,575	1,522,813
	603,229,505	316,986,412

Trade receivables that are neither past due nor impaired and past due but not impaired

### (i) Property development

As at 31 December 2017, trade receivables of RM301,260,805 (2016: RM90,222,248) that are neither past due nor impaired and trade receivables of RM212,522,226 (2016: RM155,151,838) were past due but not impaired were mainly related to amounts due from property purchasers with end financing facilities from reputable end financiers. In respect of property purchasers with no end financing facilities, the Group retains the legal title to all the properties sold until the full contracted sale value is settled. Accordingly, no impairment has been made on these amounts and the Group is closely monitoring these receivables.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 15. TRADE RECEIVABLES (CONT'D)

Trade receivables that are neither past due nor impaired and past due but not impaired (cont'd)

### (ii) Construction and trading

As at 31 December 2017, trade receivables of RM55,318,033 (2016: RM27,249,993) that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. Trade receivables of RM30,411,866 (2016: RM42,839,520) were past due but not impaired were mainly arose from active corporate clients with healthy business relationship, in which the management is of the view that the amount are recoverable based on past payment history. The trade receivables that are past due but not impaired are unsecured in nature.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM3,716,575 (2016: RM1,522,813) were mainly related to property purchasers who are in significant financial difficulties or have defaulted on payments.

Concentration of credit risk with respect to trade receivables is limited due to the Group's large number of customers, who are widely distributed and cover a broad range of end markets. There is no objective evidence that the remaining trade receivables are not fully recoverable.

## 16. OTHER RECEIVABLES

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Other receivables				
- Third parties	47,632,467	52,341,289	2,318,522	326,236
- Related parties	304,517	241,770	-	-
	47,936,984	52,583,059	2,318,522	326,236
Less: Accumulated impairment losses				
- Third parties	(4,851,031)	(10,397,164)	-	-
- Acquisition of a subsidiary company	-	(845,679)	-	-
	43,085,953	41,340,216	2,318,522	326,236
Deposits				
- Third parties	48,688,001	29,908,092	1,064,500	14,500
- Related parties	240,400	20,400	-	-
GST receivable	5,732,553	757,217	-	-
Prepayments	13,452,043	38,464,914	-	-
<b>Total other receivables</b>	<b>111,198,950</b>	<b>110,490,839</b>	<b>3,383,022</b>	<b>340,736</b>



## NOTES TO THE FINANCIAL STATEMENTS

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**16. OTHER RECEIVABLES (CONT'D)**

Included in other receivables of the Group mainly comprise of the followings:

- (i) Deposits and prepaid purchase consideration of RM19,380,000 and RM4,350,000 (2016: RM15,213,000 and RM33,275,016) respectively, paid for the acquisition and joint venture of development lands that have not been completed as at 31 December 2017. The balance of these deposits and prepaid purchase consideration are disclosed as capital commitments in Note 49.
- (ii) An amount of RM6,086,769 (2016: RM5,690,311) provided for settlement with the purchasers of a development project of a subsidiary company in accordance with the Workout Proposals of Instangreen Corporation Berhad. This amount will be settled upon receipt of claims from all the purchasers.
- (iii) An amount of RM708,476 (2016: RM687,822) arising from a project management agreement signed with a developer. The projects have been completed and collection is pending strata titles issuance and closure of Housing Development Accounts by the developer.

The Group and the Company have not recognised any impairment on certain receivables that are past due at the end of the financial year, as there is no objective evidence that the receivables are not fully recoverable.

The movements in the allowance for impairment losses (individually assessed) during the financial year are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
At 1 January	11,242,843	9,852,186	-	-
Impairment losses recognised	277,361	544,978	-	-
Acquisition of a subsidiary company	-	845,679	-	-
Reversal of allowance for impairment losses	(528,928)	-	-	-
Amount written off	(6,140,245)	-	-	-
At 31 December	4,851,031	11,242,843	-	-

Other receivables that are individually determined to be impaired at the reporting date related to debtors that are in significant financial difficulties or have defaulted on payment.

Reversal of impairment losses were made by the Group during the financial year when the related amount of RM528,928 were collected.

Reversal of allowance for impairment losses were made by the Group during the financial year when the related amount of RM6,140,245 were written off.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

### 17. AMOUNT DUE FROM / (TO) SUBSIDIARY COMPANIES

(a) Amount due from subsidiary companies

These represent unsecured, non-interest bearing advances and repayable on demand except for an amount of RM330,764,157 (2016: RM185,815,664) which bears interest ranging from 7.01% to 7.45% (2016: 5.09% to 6.07%) per annum.

(b) Amount due to a subsidiary company

These represent unsecured, non-interest bearing advances and repayable on demand except for an amount of RM62,411,867 in the previous financial year which bore interest ranging from 3.88% to 4.17% per annum.

### 18. FIXED DEPOSITS WITH LICENSED BANKS

Included in the fixed deposits of the Group and of the Company are amounts of RM24,833,340 and RM12,328,047 (2016: RM40,221,758 and RM31,442,414) respectively, which are pledged to licensed banks as securities for banking facilities granted to the Company and certain subsidiary companies as disclosed in Notes 28(h) and 30(e).

The interest rates and maturities of deposits of the Group and of the Company at the reporting date ranging from 0.35% to 3.75% (2016: 0.05% to 3.90%) per annum and 1 to 365 days (2016: 1 to 365 days) respectively. All unpledged deposits have maturity periods of less than three months.

### 19. CASH HELD UNDER HOUSING DEVELOPMENT ACCOUNTS

Cash held under Housing Development Accounts which are not freely available for use represents monies received from purchasers of residential properties less payments or withdrawals in accordance with the Housing Development (Controls and Licensing) Act, 1966.

The interest rates of cash held under Housing Development Accounts at the reporting date ranging from 0.18% to 2.20 % (2016: 0.19% to 2.10 %) per annum.

### 20. CASH AND BANK BALANCES

Included in cash and bank balances of the Group and of the Company are deposits with licensed banks amounting to RM7,056,471 and RM481,400 (2016: RM9,878,803 and RM703,731) respectively, which have been pledged to licensed banks for banking facilities granted to the Group and to the Company as disclosed in Note 28(e).



# NOTES TO THE FINANCIAL STATEMENTS

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## 21. SHARE CAPITAL

	Group/Company			
	Number of Shares		Amount	
	2017 Units	2016 Units	2017 RM	2016 RM
Ordinary shares with no par value (2016: par value of RM1.00 each)				
<b>Authorised ordinary shares</b>				
At 1 January	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Abolishment of the concept of authorised share capital on 31 January 2017*	(1,000,000,000)	-	(1,000,000,000)	-
At 31 December	-	1,000,000,000	-	1,000,000,000
<b>Issued and fully paid share</b>				
At 1 January	641,424,473	551,437,117	641,424,473	551,437,117
Issuance of shares:				
- Exercise of ESOS	7,901,400	2,997,900	14,331,093	2,997,900
- Exercise of warrants	37,179,084	86,989,456	42,807,515	86,989,456
- Conversion of RCPS	493,035	-	1,084,677	-
Transition to no-par value regime on 31 January 2017 (Note 22)	-	-	75,637,367	-
At 31 December	686,997,992	641,424,473	775,285,125	641,424,473
<b>Redeemable Convertible Preference Shares ("RCPS")</b>				
At 1 January	-	-	-	-
Issued during the financial year	115,448,037	-	126,992,841	-
Conversion of RCPS	(986,070)	-	(1,084,677)	-
At 31 December	114,461,967	-	125,908,164	-
Total	801,459,959	641,424,473	901,193,289	641,424,473

\* The new Companies Act, 2016, which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Companies Act, 2016. There is no impact on the numbers of ordinary shares in issues to the relative entitlement of any of the member as a result of this transition.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction and rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares that are held by the Company, all rights are suspended until those shares are reissued.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 21. SHARE CAPITAL (CONT'D)

### Ordinary shares

During the financial year, the Company increased its issued and paid-up share capital from 641,424,473 to 686,997,992 by way of issuance of 45,573,519 new ordinary shares as follows:

- (a) 7,901,400 new ordinary shares for cash arising from the exercise of share options under Employees' Share Option Scheme at a weighted average exercise price of RM1.34 per ordinary share;
- (b) 15,903,000 new ordinary shares for cash arising from the exercise of Warrants A at an exercise price of RM1.00 per Warrants A;
- (c) 21,276,084 new ordinary shares for cash arising from the exercise of Warrants B at an exercise price of RM1.25 per Warrants B; and
- (d) 493,035 new ordinary shares for cash arising from the conversion of 986,070 Redeemable Convertible Preference Shares ("RCPS") with conversion ratio of 1 new ordinary share for 2 RCPS.

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

### Redeemable Convertible Preference Shares ("RCPS")

On 8 August 2017, the Company issued renounceable rights issue of 115,448,037 RCPS on the conversion ratio of RCPS at 1 new ordinary share for every 2 RCPS held. The issue price of the RCPS has been fixed at RM1.10 each.

The salient terms of the RCPS are as follows:

- (a) The Company shall at its discretion and subject to the availability of distributable profits pay out a targeted preferential dividends of 6% in each financial year calculated on the issue price of the RCPS from and including the Issue Date i.e. 8 August 2017 until the date of redemption of the RCPS.
- (b) The preferential dividends, if declared, shall be payable annually in arrears, subject to availability of distributable profits. Although annual payments are anticipated as disclosed above, the Company may defer, in part or in whole, such payments depending on availability of distributable profits ("Deferred Dividends"). For avoidance of doubt, the Company is not obliged to pay any dividends or Deferred Dividends, as the case may be, in the event that it has insufficient distributable profits.
- (c) The RCPS shall be convertible, at the option of the holder of RCPS, at any time commencing from the Issue Date up to the relevant redemption date of the RCPS, into such number of fully-paid new LBGB Shares, without payment of any consideration, in accordance with the Conversion Ratio.
- (d) Subject to the provisions of the Companies Act, 2016 and any other applicable legislation, the Company may at any time on or after the 5th anniversary of the Issue Date, at its discretion, redeem all (and not some only) of the outstanding RCPS by giving notice in writing not less than 30 days prior to the redemption date to the holders of RCPS of its intention to do so.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 21. SHARE CAPITAL (CONT'D)

### Redeemable Convertible Preference Shares ("RCPS") (cont'd)

The salient terms of the RCPS are as follows: (cont'd)

- (e) An RCPS does not carry any right to vote at any general meeting of the Company except for the right to vote in person or by proxy or by attorney at such meeting. Where the holders of RCPS are entitled to vote at any general meeting, every RCPS shall on a poll, carry one vote for each ordinary share into the RCPS are convertible upon exercise of the Conversion Rights (at the Conversion Ratio) and every ordinary share shall, notwithstanding any other provision of the Constitution of the Company, carry one vote for each such share.
- (f) The holders of RCPS shall have the right to receive notices, reports and accounts and attend meetings, of which shareholders of ordinary shares are entitled.

As at 31 December 2017, the total number of RCPS that remain unexercised was 114,461,967.

## 22. SHARE PREMIUM

	<b>Group/Company</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
<b>Non-distributable</b>		
At 1 January	74,235,266	48,298,035
Exercise of ESOS	121,211	7,626,285
Exercise of warrants	1,280,890	18,045,919
Own shares sold	-	265,027
Transition to no-par value regime on 31 January 2017 (Note 21)	(75,637,367)	-
At 31 December	-	74,235,266

Prior to 31 January 2017, the application of the share premium account was governed by Sections 60 and 61 of the Companies Act, 1965. In accordance with the transitional provisions set out in Section 618(2) of the new Companies Act, 2016, on 31 January 2017, the amounts standing to the credit of the Company's share premium account become part of the Company's share capital as disclosed in Note 21.

Notwithstanding this provision, the Company may within 24 months from the commencement of the Companies Act, 2016 use the amount standing to the credit of its share premium account of RM75,637,367 for purposes as set out in Sections 618(3) to pay up the unissued shares and for the bonus issue pursuant to Section 618(4) of the Companies Act, 2016.

# NOTES TO THE FINANCIAL STATEMENTS

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## 23. TREASURY SHARES

	Group/Company			
	Number of shares		Amount	
	2017 Units	2016 Units	2017 RM	2016 RM
At 1 January	60,000	6,116,800	88,081	8,634,411
Shares repurchased	-	15,000	-	24,185
Own shares sold	-	(6,071,800)	-	(8,570,515)
At 31 December	60,000	60,000	88,081	88,081

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The shareholders of the Company, by a resolution passed in the last Annual General Meeting held on 31 May 2017, renewed the authority in relation to share repurchased. The Directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

In the previous financial year, the Company repurchased 15,000 of its issued shares from the open market. The average price paid for the shares repurchased was RM1.61 per share. The total consideration paid for the shares repurchase including transaction costs was RM24,185. The repurchased transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016.

In the previous financial year, the Company disposed of 6,071,800 of its treasury shares in the open market for a total consideration of RM8,835,542.

The Company has the right to resell these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

There is no repurchase and resale of treasury shares during the financial year.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

### 23. TREASURY SHARES (CONT'D)

Details of the repurchase and resale of treasury shares in the previous financial year are as follows:

	Number of shares repurchased	Highest price paid per share	Lowest price paid per share	Average price per share	Total consideration paid
	Unit	RM	RM	RM	RM
<b>2016</b>					
June	10,000	1.58	1.58	1.59	15,922
November	5,000	1.64	1.64	1.65	8,263
	15,000				24,185

	Number of treasury shares resold	Highest price resold per share	Lowest price resold per share	Average price resold per share	Total consideration received
	Unit	RM	RM	RM	RM
<b>2016</b>					
March	6,071,800	1.47	1.46	1.46	8,835,542

### 24. OTHER RESERVES

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
<b>Non-distributable</b>				
Fair value reserves	(29,849,084)	(34,809,309)	(24,828,062)	(34,827,821)
ESOS reserves	6,982,320	8,414,930	6,982,320	8,414,930
Foreign currency translation reserves	109,731,674	119,865,996	-	-
Other reserves	(253,278,215)	(183,252,449)	-	-
Warrants reserves	24,976,447	36,566,506	24,976,447	36,566,506
	(141,436,858)	(53,214,326)	7,130,705	10,153,615



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 24. OTHER RESERVES (CONT'D)

### (a) Fair value reserves

Fair value reserves represent the cumulative net change in the fair value of available-for-sale financial assets until they derecognised or impaired and fair value allocated to the bonus issue of free detachable Warrants B.

### (b) ESOS reserves

	<b>Group/Company</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
<b>Non-distributable</b>		
At 1 January	8,414,930	12,793,610
Share-based payment	2,694,295	2,573,613
Exercise of ESOS	(3,901,211)	(6,730,885)
Realisation of ESOS reserves	(225,694)	(221,408)
At 31 December	6,982,320	8,414,930

Employees' Share Option Scheme reserves represent the equity-settled share options granted to employees. The reserves is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry, cancellation or exercise of the share options.

The details of Employees' Share Option Scheme are disclosed in Note 38.

### (c) Foreign currency translation reserves

The foreign currency translation reserves represent 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.

### (d) Other reserves

Other reserves represent the difference between the Group's share of net assets before and after the acquisition of equity interest from its non-controlling interests, and any consideration paid.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 24. OTHER RESERVES (CONT'D)

### (e) Warrants reserves

	Group/Company			
	Number of shares		Amount	
	2017 Units	2016 Units	2017 RM	2016 RM
<b>Non-distributable</b>				
<b>Warrants A</b>				
At 1 January	21,937,712	46,614,018	1,738,685	4,206,316
Realisation of Warrants reserves	(15,903,000)	(24,676,306)	(1,590,300)	(2,467,631)
At 31 December	6,034,712	21,937,712	148,385	1,738,685
<b>Warrants B</b>				
At 1 January	74,101,747	136,414,897	34,827,821	64,115,002
Realisation of Warrants reserves	(21,276,084)	(62,313,150)	(9,999,759)	(29,287,181)
At 31 December	52,825,663	74,101,747	24,828,062	34,827,821
<b>Total warrant reserves</b>	<b>58,860,375</b>	<b>96,039,459</b>	<b>24,976,447</b>	<b>36,566,506</b>

Warrants reserves represent reserves allocated to the detachable Warrants A and Warrants B.

The salient terms of Warrants A and Warrants B are as follows:

#### (i) Warrants A

In the financial year 2008, the Company issued renounceable rights issue of 154,076,578 Warrants A on the basis of two (2) new warrants for every five (5) existing ordinary shares. The Company executed a Deed Poll constituting the warrants and the issue price and exercise price of the warrants have been fixed at RM0.10 and RM1.00 each respectively.

The Warrants A may be exercised at any time commencing on the date of issue of warrants on 12 June 2008 but not later than 11 June 2018. Any warrants which have not been exercised at the date of maturity will lapse and cease to be valid for any purpose.

#### (ii) Warrants B

On 5 October 2015, the Company had issued 136,429,897 Warrants B to all the entitled shareholders of the Company on the basis of one (1) free Warrants B for every four (4) existing ordinary shares held in the Company.

The Warrants B are constituted under a Deed Poll executed on 3 September 2015 and each warrant entitles the registered holder the right at any time during the exercise period from 5 October 2015 to 4 October 2020 to subscribe in cash for one new ordinary share of the Company at an exercise price of RM1.25 each.

# NOTES TO THE FINANCIAL STATEMENTS

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## 24. OTHER RESERVES (CONT'D)

### (e) Warrants reserves (cont'd)

The new ordinary shares allotted and issued upon exercise of the warrants shall rank pari passu in all respects with the existing ordinary shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new ordinary shares arising from the exercise of the warrants.

As at 31 December 2017, the total number of Warrants A and Warrants B that remain unexercised were 6,034,712 (2016: 21,937,712) and 52,825,663 (2016: 74,101,747) respectively.

## 25. TRADE PAYABLES

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
<b>Non-current</b>		
Trade payables	457,872,893	248,138,494
<b>Current</b>		
Trade payables		
- Third parties	464,346,733	247,539,843
- Related parties	8,788	1,511,238
	464,355,521	249,051,081
Retention sum		
- Third parties	83,370,704	62,898,415
- Related parties	24,866	2,426,833
	83,395,570	65,325,248
	547,751,091	314,376,329
<b>Total trade payables</b>	<b>1,005,623,984</b>	<b>562,514,823</b>

### (a) Non-current trade payables

This mainly represents payables for the acquisition and joint venture of project development lands. Payment will be made as stipulated in the agreements.



# NOTES TO THE FINANCIAL STATEMENTS

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## 25. TRADE PAYABLES (CONT'D)

### (b) Current trade payables

The normal trade credit terms granted to the Group range from cash basis to 60 days (2016: cash basis to 60 days). Other credit terms are assessed and approved on a case-to-case basis.

Included in trade payables of the Group mainly comprise of an amount of payables of RM235,240,467 (2016: RM59,243,095) for the acquisition and joint venture of project development lands. Payment will be made as stipulated in the agreements.

## 26. OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
<b>Non-current</b>				
Other payables				
- Third parties	2,168,375	-	-	-
- Related parties	63,692,684	54,991,839	-	-
	65,861,059	54,991,839	-	-
<b>Current</b>				
Other payables				
- Third parties	94,684,805	65,603,187	238,022	164,831
- Related parties	37,527,551	36,971,374	2,147	-
	132,212,356	102,574,561	240,169	164,831
Accruals				
- Third parties	291,729,945	198,822,027	538,579	214,387
- Related parties	37,529	-	-	1,021,006
	291,767,474	198,822,027	538,579	1,235,393
Deposits				
- Third parties	3,556,177	3,153,595	-	-
- Related party	4,900	2,000	-	-
	3,561,077	3,155,595	-	-
Provision for affordable housing	97,055,692	-	-	-
GST payable	1,001,641	707,967	8,422	8,639
Dividend payable	28,180,380	13,027,823	28,180,380	13,027,823
	553,778,620	318,287,973	28,967,550	14,436,686
<b>Total other payables</b>	<b>619,639,679</b>	<b>373,279,812</b>	<b>28,967,550</b>	<b>14,436,686</b>

# NOTES TO THE FINANCIAL STATEMENTS

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## 26. OTHER PAYABLES (CONT'D)

### (a) Non-current other payables

Included in other payables of the Group mainly comprise of the followings:

- (i) An amount of unsecured advances of RM52,692,684 (2016: RM54,991,839) from a joint venture partner which is not expected to be settled within the next twelve months.
- (ii) An amount of RM11,000,000 (2016: RMNil) for equity interest acquisition from non-controlling interests.

### (b) Current other payables

Included in other payables of the Group mainly comprise of the followings:

- (i) An amount of RM45,510,783 (2016: RM35,070,608) for equity interest acquisition from non-controlling interests.
- (ii) An amount of RM6,086,769 (2016: RM5,690,311) provided for settlement with the purchasers of a development project of a subsidiary company in accordance with the Workout Proposals of Instangreen Corporation Berhad. This amount will be settled upon receipt of claims from all the purchasers.

### (c) Provision for affordable housing

The Malaysian Institute of Accountants ("MIA") issued Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 17 on Development of Affordable Housing on 24 November 2011. It recommended that the estimated amount of shortfall relating to affordable housing obligation be recognised as a provision. The recognition of such provision would result in the recognition of a corresponding asset in the form of common costs in the development of premium housing as included in Note 6 on Property Development Costs.

The movements of the provision for affordable housing are as follows:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
At 1 January	-	-
Provision made	99,153,600	-
Utilisation of provision	(2,097,908)	-
At 31 December	97,055,692	-



## NOTES TO THE FINANCIAL STATEMENTS

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### 27. FINANCE LEASE PAYABLES

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
<b>(a) Minimum lease payments</b>		
Within one year	4,446,661	2,392,870
Between one and five years	8,907,628	4,032,482
After five years	543,170	453,747
	13,897,459	6,879,099
Less: Future finance charges	(1,320,758)	(644,667)
Present value of minimum lease payments	12,576,701	6,234,432
<b>(b) Present value of minimum lease payments</b>		
Within one year	3,833,619	2,107,504
Between one and five years	8,228,521	3,695,058
After five years	514,561	431,870
	12,576,701	6,234,432
Analysed as:		
Repayable within twelve months	3,833,619	2,107,504
Repayable after twelve months	8,743,082	4,126,928
	12,576,701	6,234,432

Interest is charged at rates ranging from 2.35% to 6.09% (2016: 2.18% to 4.25%) per annum.

The Group leases motor vehicles and plant, machinery and equipment under finance lease as disclosed in Note 4(b). There are no restrictive covenants imposed by the lease agreement and no arrangements have been entered into for contingent rental payments.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 28. BANK BORROWINGS

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Secured</b>				
Floating rates:				
Bridging loans	117,297,016	37,737,671	-	-
Term loans	485,829,057	264,678,942	87,063,740	16,542,777
Revolving credits	157,112,343	207,272,441	42,969,177	59,426,570
Trade services	19,845,230	-	-	-
<b>Total bank borrowings</b>	<b>780,083,646</b>	<b>509,689,054</b>	<b>130,032,917</b>	<b>75,969,347</b>
<b>Analysed as:</b>				
<b>Repayable within twelve months</b>				
Floating rates:				
Bridging loans	6,849,988	6,933,029	-	-
Term loans	121,739,622	20,814,392	53,213,740	7,152,660
Revolving credits	138,280,733	167,797,242	42,969,177	50,426,570
Trade services	1,922,241	-	-	-
	268,792,584	195,544,663	96,182,917	57,579,230
<b>Repayable after twelve months</b>				
Floating rates:				
Bridging loans	110,447,028	30,804,642	-	-
Term loans	364,089,435	243,864,550	33,850,000	9,390,117
Revolving credits	18,831,610	39,475,199	-	9,000,000
Trade services	17,922,989	-	-	-
	511,291,062	314,144,391	33,850,000	18,390,117
<b>Total bank borrowings</b>	<b>780,083,646</b>	<b>509,689,054</b>	<b>130,032,917</b>	<b>75,969,347</b>



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 28. BANK BORROWINGS (CONT'D)

The banking facilities of the Group and of the Company obtained from licensed banks are secured by:

- (a) fixed charge over certain property, plant and equipment as disclosed in Note 4(a);
- (b) fixed charge over certain capital work-in-progress as disclosed in Note 5;
- (c) fixed charge or specific debenture over certain land and property development costs as disclosed in Note 6(a);
- (d) legal assignment of tenancy agreements over certain investment properties as disclosed in Note 7(a);
- (e) legal assignment of cash flows and/or insurance proceeds and/or sale proceeds and/or performance bonds in relation to projects developed by subsidiary companies;
- (f) fixed charge over certain inventories of subsidiary companies as disclosed in Note 13;
- (g) certain securities listed on Main Market of Bursa Malaysia Securities Berhad as disclosed in Note 8(a);
- (h) a pledge of fixed deposits as disclosed in Note 18; and
- (i) corporate guarantees provided by the Company and/or certain subsidiary companies.

Maturities of bank borrowings are as follows:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Within one year	268,792,584	195,544,663	96,182,917	57,579,230
Between one and two years	129,752,972	100,376,687	15,100,000	18,390,117
Between two and three years	98,807,629	72,864,002	5,000,000	-
Between three and four years	111,899,631	51,156,939	13,750,000	-
Between four and five years	120,243,778	31,846,406	-	-
After five years	50,587,052	57,900,357	-	-
	780,083,646	509,689,054	130,032,917	75,969,347

The range of interest rates per annum of the Group and of the Company at the reporting date is as follows:

	Group		Company	
	2017	2016	2017	2016
	%	%	%	%
Bridging loans	5.77 - 8.33	7.47 - 8.43	-	-
Term loans	4.40 - 11.00	3.27 - 8.31	4.45 - 11.00	3.27 - 8.10
Revolving credits	4.30 - 7.54	4.25 - 7.10	4.30 - 7.54	4.25 - 7.00
Trade services	5.80 - 7.20	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

**29. DEFERRED TAX ASSETS / (LIABILITIES)**

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
At 1 January	(18,232,322)	(32,271,601)
Recognised in profit or loss	8,883,383	12,905,961
Crystallisation of deferred tax	52,927	32,773
Arising from acquisition of a subsidiary company	-	58,003
Exchange differences	1,709,469	1,042,542
At 31 December	(7,586,543)	(18,232,322)

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

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Deferred tax assets	35,344,580	27,223,591
Deferred tax liabilities	(42,931,123)	(45,455,913)
Net deferred tax liabilities	(7,586,543)	(18,232,322)

The components and movements of deferred tax assets and liabilities at the end of reporting period prior to offsetting are as follows:

Deferred tax assets of the Group

	<b>Unused tax losses</b>	<b>Unutilised capital allowances</b>	<b>Others</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
At 1 January 2017	1,869,979	186,730	25,166,882	27,223,591
Recognised in profit or loss	(542,993)	753,443	7,995,394	8,205,844
(Over)/ Under provision in prior year	(306,905)	(7,197)	229,247	(84,855)
At 31 December 2017	1,020,081	932,976	33,391,523	35,344,580
At 1 January 2016	-	-	13,295,290	13,295,290
Recognised in profit or loss	(465,263)	(474,456)	10,082,427	9,142,708
Under provision in prior year	-	-	1,789,165	1,789,165
Arising from acquisition of a subsidiary company	2,335,242	661,186	-	2,996,428
At 31 December 2016	1,869,979	186,730	25,166,882	27,223,591



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

### 29. DEFERRED TAX ASSETS / (LIABILITIES) (CONT'D)

#### Deferred tax liabilities of the Group

	<b>Accelerated capital allowances</b>
	<b>RM</b>
At 1 January 2017	(45,455,913)
Recognised in profit or loss	881,147
Over provision in prior year	(118,753)
Crystallisation of deferred tax	52,927
Exchange differences	1,709,469
At 31 December 2017	(42,931,123)
At 1 January 2016	(45,566,891)
Recognised in profit or loss	1,888,027
Under provision in prior year	86,061
Crystallisation of deferred tax	32,773
Arising from acquisition of a subsidiary company	(2,938,425)
Exchange differences	1,042,542
At 31 December 2016	(45,455,913)

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

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Unutilised capital allowances	4,087,365	3,025,468
Unused tax losses	69,296,756	62,799,929
Deductible temporary differences	15,384,468	8,451,303
	88,768,589	74,276,700

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

## NOTES TO THE FINANCIAL STATEMENTS

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## 30. BANK OVERDRAFTS

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Secured</b>				
Repayable within twelve months	70,738,670	100,901,943	6,335,002	42,650,845

The bank overdrafts obtained from licensed banks are secured by:

- (a) fixed charge over certain property, plant and equipment as disclosed in Note 4(a);
- (b) fixed charge or specific debenture over certain land and property development costs as disclosed in Note 6(a);
- (c) fixed charge over certain investment properties as disclosed in Note 7(a);
- (d) legal assignment of cash flows and/or insurance proceeds in relation to projects developed by subsidiary companies;
- (e) a pledge of fixed deposits as disclosed in Note 18;
- (f) certain securities listed on Main Market of Bursa Malaysia Securities Berhad or Hong Kong Stock Exchange as disclosed in Note 8(a) and 10; and
- (g) corporate guarantee provided by the Company and/ certain subsidiary companies.

The range of interest rates per annum of the Group and of the Company at the reporting date is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Bank overdrafts	6.70 - 8.00	4.45 - 8.31	7.70 - 8.00	4.45 - 8.00

## 31. AMOUNT DUE TO HOLDING COMPANY

This represents unsecured advances and repayable on demand which bears an interest rate at 3.4% (2016: Nil) per annum.



## NOTES TO THE FINANCIAL STATEMENTS

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### 32. REVENUE

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Property development	1,183,170,290	813,441,607	-	-
Completed properties	24,862,203	37,406,927	-	-
Construction and trading	131,398,801	115,583,740	-	-
Motor racing events and sponsorship	22,064,012	24,540,411	-	-
Management fees from:				
- third parties	16,667	750,000	-	-
- subsidiary companies	-	-	564,000	564,000
Hospitality	331,059	-	-	-
Others	443,110	1,896,372	-	-
Dividends from subsidiary companies	-	-	205,062,160	80,277,184
	1,362,286,142	993,619,057	205,626,160	80,841,184

### 33. COST OF SALES

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Property development	784,585,188	534,811,449	-	-
Completed properties	18,565,933	23,872,307	-	-
Construction and trading	117,184,178	103,634,617	-	-
Motor racing events and sponsorship	10,816,073	11,347,229	-	-
Hospitality	33,379	-	-	-
Others	316,669	332,184	-	-
	931,501,420	673,997,786	-	-



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 34. FINANCE COSTS

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Interest expenses on:					
Term loans		25,319,682	13,729,802	6,899,879	474,258
Bank overdrafts		5,806,417	4,774,164	1,465,780	1,276,967
Bridging loans		9,333,049	4,846,766	-	-
Revolving credit		9,202,812	18,945,649	3,287,845	4,084,594
Finance lease		407,696	387,585	-	-
Trade services		15,241	45,389	-	-
Holding company advances		324,739	-	-	-
Inter-company advances		-	-	-	1,510,302
Others		1,339,059	1,326,648	-	-
		51,748,695	44,056,003	11,653,504	7,346,121
Less:					
Interest capitalised in property development costs	6(d)	(23,253,745)	(20,430,901)	-	-
		28,494,950	23,625,102	11,653,504	7,346,121



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 35. PROFIT BEFORE TAX

Profit before tax is derived at after charging / (crediting):

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
	Restated			
Allowance for impairment losses on:				
- Available-for-sale financial assets	-	27,025,897	-	-
- Goodwill arising on consolidation	12,038,397	4,118,286	-	-
- Intangible assets	-	1,828,704	-	-
- Investment in an associated company	34,315	-	-	-
- Investment properties	24,000	-	-	-
- Other investments	185,001	-	-	-
- Trade and other receivables	2,673,881	651,782	-	-
Amortisation of intangible assets	589,675	93,352	-	-
Auditors' remuneration				
- Statutory	709,549	569,854	75,000	68,000
- Others	189,674	220,849	134,000	28,000
- Under provision in prior years	58,019	47,967	7,000	8,000
Bad debts written off	1,314,851	313,971	-	-
Deposits written off	-	124,617	-	-
Depreciation on:				
- Investment properties	1,357,442	796,128	-	-
- Property, plant and equipment	18,408,375	16,371,172	225	-
Inventories written down	104,674	-	-	-
Inventories written off	48,027	-	-	-
Property, plant and equipment written off	277,252	381,496	-	-
Property development costs written off	191,324	210,009	-	-
Rental expense on:				
- Premises	525,561	514,123	-	-
- Office equipment	178,386	152,801	-	-
<u>Non-Executive Directors' remuneration:</u>				
Company's Directors				
- Fees	150,000	137,214	150,000	137,214
- Salaries and other emoluments	750,300	696,200	750,300	696,200
- Social security contributions	494	-	494	-
- Share-based payment	162,863	202,788	162,863	202,788
- Other benefits	1,100	4,315	1,100	4,315

The Company's non-executive Directors' remuneration does not include the estimated monetary value of benefits-in-kind amounting to RM86,605 (2016: RM53,162).

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

**35. PROFIT BEFORE TAX (CONT'D)**

Profit before tax is derived at after charging / (crediting): (cont'd)

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
		<b>Restated</b>		
Net loss / (gain) on foreign exchange				
- Realised	6,258,657	2,322,278	4,826,214	3,242,817
- Unrealised	226,423	(2,276,457)	(7,342,241)	5,495,212
(Gain) / Loss on disposal of:				
- Available-for-sale financial assets	(41,082)	(3,420,254)	-	-
- Financial assets at fair value through profit or loss	10,444	(36,730)	10,444	(27,602)
- Investment properties	71,833	(1,427,482)	-	-
- Non-current assets classified as held for sale	-	(4,963,823)	-	-
- Property, plant and equipment	392,519	(286,796)	-	-
- Subsidiary companies	(1,364)	-	(1,356,307)	-
Dividend income from:				
- Available-for-sale financial assets	(3,869,570)	(1,478,101)	-	-
- Financial assets at fair value through profit or loss	(59,051)	(471,586)	(59,051)	(122,938)
Fair value loss on revaluation of financial assets at fair value through profit or loss	-	32,067	-	-
Contingency sum provided in prior years no longer required	(10,494,292)	-	-	-
Grant income	(3,572,197)	(21,665,128)	-	-
Gain on remeasurement of previously held equity interest	-	(2,928,131)	-	(5,602,897)
Guaranteed profit received	(1,025,634)	-	-	-
Interest income from:				
- Advances to subsidiary companies	-	-	(18,051,078)	(14,722,804)
- Financial assets measured at amortised cost	-	(1,490,070)	-	-
- Licensed banks	(3,454,636)	(2,268,126)	(479,161)	(258,159)
- Trade receivables	(1,102,414)	(7,013,269)	-	-
- Others	(332,376)	(770,903)	-	-
Bad debts recovered	-	(760)	-	-
Receipt on unclaimed monies	-	(4,898)	-	-
Rental income from:				
- Investment properties	(1,223,210)	(865,472)	-	-
- Others	(984,510)	(547,964)	-	-



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

### 35. PROFIT BEFORE TAX (CONT'D)

Profit before tax is derived at after charging / (crediting): (cont'd)

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
	<b>Restated</b>			
Reversal of impairment losses on:				
- Investment properties	(83,333)	-	-	-
- Property, plant and equipment	(6,053)	-	-	-
- Trade receivables	(143,319)	(1,522)	-	-
- Others receivables	(528,928)	-	-	-
- Subsidiary companies	-	-	(99,999)	(4,072)
Provision for staff economic compensation written back	-	(3,475,201)	-	-
Waiver of debts	(278,654)	(7)	(5,707,690)	-

### 36. TAXATION

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Current income tax</b>				
Current year tax provision	83,565,315	66,569,747	3,586,531	2,960,391
Under provision in prior years	2,668,101	4,658,739	194,121	265,825
	86,233,416	71,228,486	3,780,652	3,226,216
<b>Deferred taxation</b>				
Relating to origination and reversal of temporary differences	(9,086,991)	(11,030,735)	-	-
Crystallisation of deferred tax	(52,927)	(32,773)	-	-
Under / (Over) provision in prior years	203,608	(1,875,226)	-	-
	(8,936,310)	(12,938,734)	-	-
Real property gains tax	-	462,948	-	-
Tax expense for the financial year	77,297,106	58,752,700	3,780,652	3,226,216

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

# NOTES TO THE FINANCIAL STATEMENTS

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## 36. TAXATION (CONT'D)

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 are as follows:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Profit before tax	190,311,470	143,954,268
At Malaysian statutory tax rate of 24% (2016: 24%)	45,674,753	34,549,024
Crystallisation of deferred tax	(52,927)	(32,773)
Differential in tax rate in other jurisdiction	(466,183)	2,136,380
Subsidiary companies domiciled in tax heaven country	2,710,685	(1,189,508)
Income not subject to tax	(7,688,854)	(7,070,003)
Expenses not deductible for tax purposes	32,452,065	26,302,281
Deferred tax assets not recognised	4,157,270	4,556,070
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(2,361,412)	(3,745,232)
Under provision of taxation in prior years	2,668,101	4,658,739
Under / (Over) provision of deferred tax in prior years	203,608	(1,875,226)
Real property gains tax	-	462,948
Tax expenses for the financial year	77,297,106	58,752,700

	<b>Company</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Profit before tax	214,366,633	78,881,632
At Malaysian statutory tax rate of 24% (2016: 24%)	51,447,992	18,931,592
Expenses not deductible for tax purposes	5,117,275	5,180,089
Income not subject to tax	(52,978,736)	(21,151,290)
Under provision of taxation in prior years	194,121	265,825
Tax expenses for the financial year	3,780,652	3,226,216

The Group has estimated unused tax losses and unutilised capital allowances of RM73,547,090 (2016: RM69,312,736) and RM7,974,768 (2016: RM3,773,520) respectively available for set-off against future taxable profit.



## NOTES TO THE FINANCIAL STATEMENTS

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### 37. EARNINGS PER SHARE

(a) Basic earnings per share

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

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
		<b>Restated</b>
Net profit for the financial year, attributable to owners of the Parent (RM)	103,361,064	85,300,772
Weighted average number of ordinary shares in issue		
- Ordinary shares in issue as at 1 January	641,424,473	551,437,117
- Effect of ordinary shares issued during the financial year	26,415,400	38,155,184
- Effect of share subdivision and bonus issue	801,407,848 <sup>#</sup>	707,510,761 <sup>#</sup>
- Effect of treasury shares held	(120,000) <sup>#</sup>	(168,654) <sup>#</sup>
Weighted average number of ordinary shares as at 31 December	1,469,127,721	1,296,934,408
Basic earnings per share (sen)	7.04 <sup>#</sup>	6.58 <sup>#</sup>

<sup>#</sup> The weighted average number of ordinary shares in issue and basic earnings per share have been restated to reflect the retrospective adjustment arising from the share subdivision and bonus issue which was completed subsequent to the financial year ended 31 December 2017.



## NOTES TO THE FINANCIAL STATEMENTS

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## 37. EARNINGS PER SHARE (CONT'D)

## (b) Diluted earnings per share

Diluted earnings per share are calculated based on the consolidated profit for the financial year attributable to the owners of the Parent and the adjusted weighted average number of ordinary shares issued and issuable during the financial year adjusted for the dilutive effects of all potential ordinary shares as follows:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
		<b>Restated</b>
Net profit for the financial year attributable to owners of the Parent (RM)	103,361,064	85,300,772
Weighted average number of ordinary shares used in the calculation of basic earnings per share	1,469,127,721	1,296,934,408
Weighted average number of ordinary shares deemed issued at no consideration		
- ESOS	6,378,344 ^	7,718,442 ^
- Warrants A	6,247,559 ^	14,978,162 ^
- Warrants B	44,483,655 ^	35,262,210 ^
- RCPS	*	-
Adjusted weighted average number of ordinary shares as at 31 December	1,526,237,279	1,354,893,222
Diluted earnings per share (sen)	6.77 ^	6.30 ^

^ The weighted average number of ordinary shares in issue and diluted earnings per share have been restated to reflect the effects of full conversion of ESOS and warrants pursuant to the share subdivision and bonus issue which was completed subsequent to the financial year ended 31 December 2017.

\* The number of shares under RCPS was not taken into account in the computation of diluted earnings per share as the RCPS do not have any dilutive effect on the weighted average number of ordinary shares.

On 27 February 2018, the Company completed the followings:

- 1,409,678,546 new ordinary shares as a result of share subdivision on the basis of every 1 existing ordinary share into 2 ordinary shares in the Company;
- Bonus issue of 140,955,745 new ordinary shares on the basis of 1 bonus share for every 10 subdivided shares;
- 10,958,400 additional ESOS, 5,073,729 additional Warrants A and 54,671,815 additional Warrants B as a result of share subdivision and bonus issue; and
- Conversion ratio of 1 new ordinary share for every 2 RCPS held, adjusted to 11 new ordinary shares for every 10 RCPS held.

The number of ordinary or potential ordinary shares outstanding increases as a result of the share subdivision and bonus issue. The calculation of basic and diluted earnings per share for all periods presented has been adjusted retrospectively.



## NOTES TO THE FINANCIAL STATEMENTS

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### 38. EMPLOYEES' SHARE OPTION SCHEME

The Company has established Employees' Share Option Scheme ("ESOS") of not more than 15% of the issued share capital of the Company at the point of time throughout the duration of the scheme to eligible Directors and employees of the Group, which was approved by shareholders at an Extraordinary General Meeting ("EGM") held on 28 June 2012.

The ESOS became effective for a period of 10 years from 18 September 2012 to 17 September 2022.

The salient features of the ESOS are as follows:

- (a) Eligible employees include Directors of the Company and confirmed full time employees of the Company and its eligible subsidiary companies or under a fixed term employment contract, the contract should be for a duration of at least one (1) year, whom must be a Malaysian citizen, shall have attained the age of eighteen (18) years old and have served for at least one year of full continuous service in the Group.
- (b) The maximum number of new ordinary shares which may be available under the ESOS shall not exceed 15% of the total issued and paid-up share capital of the Company at the point in time during the tenure of the ESOS.
- (c) The new Company's shares of RM1.00 each ("new Shares") to be allotted and issued upon the exercise of the ESOS Option shall, upon allotment and issue, rank *pari passu* in all respects with the existing Company's ordinary shares of RM1.00 each save and except that the said new Shares so allotted will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid prior to the date of allotment of the said new Shares.
- (d) The ESOS shall be in force for a period of ten years.
- (e) The option is personal to the grantee and is non-assignable.
- (f) The option price shall be determined at a discount of not more than 10% from the weighted average market price of the Company's ordinary shares of RM1.00 each for five (5) market days preceding the date of offer, or the par value of the shares, whichever is higher.
- (g) The options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of 100 shares.
- (h) The options granted may be exercised, subject to the maximum limit of options exercisable in each particular year, at any time within a period of ten years from the date of offer of the option or such period as may be specifically stated in the offer upon giving notice in writing.
- (i) The persons to whom the options have been granted shall not participate in more than one Employees' Share Option Scheme implemented by any company within the Group.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

**38. EMPLOYEES' SHARE OPTION SCHEME (CONT'D)**

Movements in the number of share options outstanding and their related weighted average exercise prices ("WAEP") are as follows:

	Number of share options over ordinary shares					Exercisable at 31 December
	At 1 January	Granted	Forfeited	Exercised	At 31 December	
<b>2017</b>						
<b>ESOS</b>						
First Grant	2,279,850	-	-	(1,505,750)	774,100	774,100
Second Grant	1,354,650	-	(39,750)	(551,850)	763,050	763,050
Third Grant	78,400	-	-	(77,300)	1,100	1,100
Fourth Grant	171,600	-	-	(18,500)	153,100	153,100
Fifth Grant	301,650	-	-	(8,500)	293,150	293,150
Sixth Grant	46,650	-	-	(2,500)	44,150	44,150
Seventh Grant	89,050	-	-	(56,850)	32,200	32,200
Eighth Grant	146,150	-	-	(14,400)	131,750	131,750
Ninth Grant	5,100	-	-	-	5,100	5,100
Tenth Grant	541,550	-	(29,750)	(166,700)	345,100	345,100
Eleventh Grant	106,200	-	-	(23,800)	82,400	82,400
Twelfth Grant	299,900	-	-	(51,600)	248,300	248,300
Thirteenth Grant	296,250	-	-	(144,100)	152,150	152,150
Fourteenth Grant	127,500	-	-	(52,850)	74,650	74,650
Fifteenth Grant	1,005,000	-	-	(205,900)	799,100	799,100
Sixteenth Grant	356,100	-	-	(50,100)	306,000	306,000
Seventeenth Grant	207,500	-	-	(56,100)	151,400	151,400
Eighteenth Grant	53,500	-	-	(23,800)	29,700	29,700
Nineteenth Grant	108,800	-	-	(59,600)	49,200	49,200
Twentieth Grant	148,700	-	-	(10,500)	138,200	138,200
Twenty-First Grant	32,300	-	-	(8,500)	23,800	23,800
Twenty-Second Grant	78,100	-	(29,700)	(34,800)	13,600	13,600
Twenty-Third Grant	1,325,200	-	(178,500)	(510,850)	635,850	635,850
Twenty-Fourth Grant	144,100	-	-	(41,100)	103,000	103,000
Twenty-Fifth Grant	255,800	-	-	(156,300)	99,500	99,500
Twenty-Sixth Grant	382,300	-	(3,400)	(223,400)	155,500	155,500
Twenty-Seventh Grant	344,000	-	-	(333,000)	11,000	11,000



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### 38. EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

Movements in the number of share options outstanding and their related weighted average exercise prices ("WAEP") are as follows: (cont'd)

	Number of share options over ordinary shares				Exercisable	
	At 1 January	Granted	Forfeited	Exercised	At 31 December	at 31 December
<b>2017</b>						
<b>ESOS</b>						
Twenty-Eighth Grant	527,000	-	-	(448,300)	78,700	78,700
Twenty-Ninth Grant	278,100	-	-	(245,500)	32,600	32,600
Thirtieth Grant	41,600	-	-	(41,600)	-	-
Thirty-First Grant	72,300	-	-	(67,200)	5,100	5,100
Thirty-Second Grant	171,800	-	-	(22,900)	148,900	148,900
Thirty-Third Grant	36,500	-	-	(13,100)	23,400	23,400
Thirty-Fourth Grant	72,300	-	(29,800)	(13,600)	28,900	28,900
Thirty-Fifth Grant	1,423,600	-	-	(744,850)	678,750	678,750
Thirty-Sixth Grant	163,600	-	-	(61,000)	102,600	102,600
Thirty-Seventh Grant	195,500	-	(5,100)	(120,700)	69,700	69,700
Thirty-Eighth Grant	448,800	-	(3,400)	(283,100)	162,300	162,300
Thirty-Ninth Grant	333,300	-	-	(322,200)	11,100	11,100
Fortieth Grant	473,400	-	(3,400)	(136,000)	334,000	334,000
Forty-First Grant	456,500	-	(17,000)	(182,800)	256,700	256,700
Forty-Second Grant	110,400	-	-	(49,300)	61,100	61,100
Forty-Third Grant	146,200	-	-	(94,800)	51,400	51,400
Forty-Fourth Grant	-	175,900	-	(44,200)	131,700	131,700
Forty-Fifth Grant	-	124,000	-	(57,700)	66,300	66,300
Forty-Sixth Grant	-	1,689,700	(30,600)	(176,400)	1,482,700	1,482,700
Forty-Seventh Grant	-	422,600	(15,300)	(62,700)	344,600	344,600
Forty-Eighth Grant	-	912,200	-	(201,900)	710,300	710,300
Forty-Ninth Grant	-	1,607,700	(17,000)	(122,900)	1,467,800	1,467,800
	15,236,800	4,932,100	(402,700)	(7,901,400)	11,864,800	11,864,800
WAEP	1.35	1.72	1.40	1.34	1.51	1.51

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**38. EMPLOYEES' SHARE OPTION SCHEME (CONT'D)**

Movements in the number of share options outstanding and their related weighted average exercise prices ("WAEP") are as follows: (cont'd)

	Number of share options over ordinary shares				Exercisable	
	At 1 January	Granted	Forfeited	Exercised	At 31 December	at 31 December
<b>2016</b>						
<b>ESOS</b>						
First Grant	2,493,350	-	-	(213,500)	2,279,850	2,279,850
Second Grant	1,824,900	-	(50)	(470,200)	1,354,650	1,354,650
Third Grant	180,700	-	-	(102,300)	78,400	78,400
Fourth Grant	180,100	-	-	(8,500)	171,600	171,600
Fifth Grant	301,650	-	-	-	301,650	301,650
Sixth Grant	141,850	-	-	(95,200)	46,650	46,650
Seventh Grant	101,050	-	-	(12,000)	89,050	89,050
Eighth Grant	146,150	-	-	-	146,150	146,150
Ninth Grant	13,600	-	-	(8,500)	5,100	5,100
Tenth Grant	573,850	-	(15,300)	(17,000)	541,550	541,550
Eleventh Grant	106,200	-	-	-	106,200	106,200
Twelfth Grant	299,900	-	-	-	299,900	299,900
Thirteenth Grant	424,600	-	(104,550)	(23,800)	296,250	296,250
Fourteenth Grant	127,500	-	-	-	127,500	127,500
Fifteenth Grant	1,060,900	-	-	(55,900)	1,005,000	1,005,000
Sixteenth Grant	364,600	-	-	(8,500)	356,100	356,100
Seventeenth Grant	207,500	-	-	-	207,500	207,500
Eighteenth Grant	152,100	-	-	(98,600)	53,500	53,500
Nineteenth Grant	108,800	-	-	-	108,800	108,800
Twentieth Grant	152,100	-	-	(3,400)	148,700	148,700
Twenty-First Grant	39,900	-	(7,600)	-	32,300	32,300
Twenty-Second Grant	141,900	-	-	(63,800)	78,100	78,100
Twenty-Third Grant	1,708,900	-	-	(383,700)	1,325,200	1,325,200
Twenty-Fourth Grant	172,700	-	(5,100)	(23,500)	144,100	144,100
Twenty-Fifth Grant	382,400	-	(89,200)	(37,400)	255,800	255,800
Twenty-Sixth Grant	408,600	-	-	(26,300)	382,300	382,300
Twenty-Seventh Grant	397,700	-	-	(53,700)	344,000	344,000



## NOTES TO THE FINANCIAL STATEMENTS

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### 38. EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

Movements in the number of share options outstanding and their related weighted average exercise prices ("WAEP") are as follows: (cont'd)

	Number of share options over ordinary shares				Exercisable	
	At 1 January	Granted	Forfeited	Exercised	At 31 December	at 31 December
<b>2016</b>						
<b>ESOS</b>						
Twenty-Eighth Grant	664,600	-	(29,700)	(107,900)	527,000	527,000
Twenty-Ninth Grant	338,100	-	(3,400)	(56,600)	278,100	278,100
Thirtieth Grant	175,100	-	-	(133,500)	41,600	41,600
Thirty-First Grant	248,200	-	-	(175,900)	72,300	72,300
Thirty-Second Grant	-	176,900	-	(5,100)	171,800	171,800
Thirty-Third Grant	-	100,300	(7,700)	(56,100)	36,500	36,500
Thirty-Fourth Grant	-	168,300	-	(96,000)	72,300	72,300
Thirty-Fifth Grant	-	1,691,600	-	(268,000)	1,423,600	1,423,600
Thirty-Sixth Grant	-	181,600	(2,500)	(15,500)	163,600	163,600
Thirty-Seventh Grant	-	371,400	-	(175,900)	195,500	195,500
Thirty-Eighth Grant	-	510,100	-	(61,300)	448,800	448,800
Thirty-Ninth Grant	-	366,500	-	(33,200)	333,300	333,300
Fortieth Grant	-	485,300	-	(11,900)	473,400	473,400
Forty-First Grant	-	456,500	-	-	456,500	456,500
Forty-Second Grant	-	205,600	-	(95,200)	110,400	110,400
Forty-Third Grant	-	146,200	-	-	146,200	146,200
	13,639,500	4,860,300	(265,100)	(2,997,900)	15,236,800	15,236,800
 WAEP	 1.31	 1.43	 1.47	 1.30	 1.35	 1.35



## NOTES TO THE FINANCIAL STATEMENTS

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**38. EMPLOYEES' SHARE OPTION SCHEME (CONT'D)**

Details of share options outstanding at the end of the financial year are as follows:

Share Options	Exercise prices		Exercise periods	Fair value of share options at grant date	
	2017 RM	2016 RM		2017 RM	2016 RM
<b>ESOS</b>					
First Grant	1.00	1.00	18.09.2012 - 17.09.2022	0.12	0.12
Second Grant	1.08	1.08	01.07.2013 - 17.09.2022	0.33	0.33
Third Grant	1.22	1.22	01.08.2013 - 17.09.2022	0.39	0.39
Fourth Grant	1.46	1.46	01.09.2013 - 17.09.2022	0.77	0.77
Fifth Grant	1.69	1.69	01.10.2013 - 17.09.2022	1.07	1.07
Sixth Grant	1.61	1.61	01.11.2013 - 17.09.2022	1.10	1.10
Seventh Grant	1.50	1.50	01.12.2013 - 17.09.2022	1.03	1.03
Eighth Grant	1.43	1.43	01.01.2014 - 17.09.2022	0.96	0.96
Ninth Grant	1.35	1.35	01.02.2014 - 17.09.2022	0.91	0.91
Tenth Grant	1.55	1.55	01.03.2014 - 17.09.2022	1.04	1.04
Eleventh Grant	1.55	1.55	01.04.2014 - 17.09.2022	1.09	1.09
Twelfth Grant	1.61	1.61	01.05.2014 - 17.09.2022	1.07	1.07
Thirteenth Grant	1.56	1.56	01.06.2014 - 17.09.2022	1.03	1.03
Fourteenth Grant	1.54	1.54	01.07.2014 - 17.09.2022	0.70	0.70
Fifteenth Grant	1.54	1.54	01.08.2014 - 17.09.2022	0.74	0.74
Sixteenth Grant	1.52	1.52	01.09.2014 - 17.09.2022	0.70	0.70
Seventeenth Grant	1.53	1.53	01.10.2014 - 17.09.2022	0.71	0.71
Eighteenth Grant	1.48	1.48	01.11.2014 - 17.09.2022	0.68	0.68
Nineteenth Grant	1.51	1.51	01.12.2014 - 17.09.2022	0.59	0.59
Twentieth Grant	1.44	1.44	01.01.2015 - 17.09.2022	0.62	0.62
Twenty-First Grant	1.40	1.40	01.02.2015 - 17.09.2022	0.55	0.55
Twenty-Second Grant	1.40	1.40	01.03.2015 - 17.09.2022	0.52	0.52
Twenty-Third Grant	1.35	1.35	01.04.2015 - 17.09.2022	0.63	0.63
Twenty-Fourth Grant	1.40	1.40	01.05.2015 - 17.09.2022	0.61	0.61
Twenty-Fifth Grant	1.48	1.48	01.06.2015 - 17.09.2022	0.65	0.65
Twenty-Sixth Grant	1.44	1.44	01.07.2015 - 17.09.2022	0.61	0.61
Twenty-Seventh Grant	1.33	1.33	01.08.2015 - 17.09.2022	0.57	0.57
Twenty-Eighth Grant	1.18	1.18	01.09.2015 - 17.09.2022	0.43	0.43



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 38. EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

Details of share options outstanding at the end of the financial year are as follows: (cont'd)

Share Options	Exercise prices		Exercise periods	Fair value of share options at grant date	
	2017 RM	2016 RM		2017 RM	2016 RM
<b>ESOS</b>					
Twenty-Ninth Grant	1.33	1.33	01.10.2015 - 17.09.2022	0.52	0.52
Thirtieth Grant	1.29	1.29	01.11.2015 - 17.09.2022	0.52	0.52
Thirty-First Grant	1.23	1.23	01.12.2015 - 17.09.2022	0.48	0.48
Thirty-Second Grant	1.28	1.28	01.01.2016 - 17.09.2022	0.51	0.51
Thirty-Third Grant	1.22	1.22	01.02.2016 - 17.09.2022	0.46	0.46
Thirty-Fourth Grant	1.21	1.21	01.03.2016 - 17.09.2022	0.46	0.46
Thirty-Fifth Grant	1.42	1.42	01.04.2016 - 17.09.2022	0.55	0.55
Thirty-Sixth Grant	1.43	1.43	01.05.2016 - 17.09.2022	0.56	0.56
Thirty-Seventh Grant	1.41	1.41	01.06.2016 - 17.09.2022	0.54	0.54
Thirty-Eighth Grant	1.40	1.40	01.07.2016 - 17.09.2022	0.51	0.51
Thirty-Ninth Grant	1.45	1.45	01.08.2016 - 17.09.2022	0.50	0.50
Fortieth Grant	1.45	1.45	01.09.2016 - 17.09.2022	0.60	0.60
Forty-First Grant	1.61	1.61	01.10.2016 - 17.09.2022	0.57	0.57
Forty-Second Grant	1.57	1.57	01.11.2016 - 17.09.2022	0.54	0.54
Forty-Third Grant	1.51	1.51	01.12.2016 - 17.09.2022	0.53	0.53
Forty-Fourth Grant	1.51	-	01.01.2017 - 17.09.2022	0.52	0.52
Forty-Fifth Grant	1.60	-	01.02.2017 - 17.09.2022	0.58	0.58
Forty-Sixth Grant	1.71	-	01.03.2017 - 17.09.2022	0.59	0.59
Forty-Seventh Grant	1.78	-	01.04.2017 - 17.09.2022	0.61	0.61
Forty-Eighth Grant	1.84	-	15.06.2017 - 17.09.2022	0.54	0.54
Forty-Ninth Grant	1.69	-	16.09.2017 - 17.09.2022	0.46	0.46

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 38. EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

Details of share options outstanding at the end of the financial year are as follows: (cont'd)

The fair value of services received in return for share options granted during the financial year is based on the fair value of share options granted estimated by the management using Black-Scholes-Merton model, taking into account the terms and conditions upon which the options were granted. The weighted average fair value of share options measured at grant date and the assumptions are as follows:

	<b>Group/Company</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Weighted average fair value at grant date	0.55	0.53
Weighted average share price at grant date	2.00	1.60
Weighted average exercise price	1.72	1.43
Expected volatility (%)	15.64 - 19.85	18.68 - 19.82
Expected option life (years)	10	10
Risk-free interest rate, p.a. (%)	3.72 - 3.95	3.52 - 4.21
Expected dividend yield (%)	1.86 - 2.15	1.69 - 2.21

The expected life of the share options is based on historical data that has been adjusted accordingly to management's best estimate for the effects of non-transferability exercise restriction and behaviours conditions. The expected volatility is based on the historical volatility, adjusted for unusual or extraordinary volatility arising from certain economic or business occurrences which is not reflective of its long term average level. While the expected volatility is assumed to be indicative of future trends, it may not necessarily be the actual outcome.

No other features of the option grant were incorporated into the measurement of fair value. The Group and the Company recognised total share-based payment in profit or loss amounting to RM2,694,295 (2016: RM2,573,613) for the new options granted during the financial year.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

### 38. EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

Executive Directors of the Group and of the Company and other members of key management have been granted the following number of options under the ESOS:

	<b>Group/Company</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
<b>ESOS</b>		
At 1 January	6,184,300	5,639,000
Additions*	583,100	-
Granted	1,288,600	1,375,300
Forfeited	-	(119,000)
Exercised	(3,286,500)	(711,000)
At 31 December	4,769,500	6,184,300

\* Unexercised share options previously granted to new key management personnel.

The share options were granted on the same terms and conditions as those offered to other employees of the Group.

### 39. STAFF COSTS

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Fees	1,315,706	883,668	-	-
Salaries and other emoluments	53,140,903	46,156,389	652,524	524,248
Defined contribution plans	6,535,533	5,003,937	82,908	67,427
Social security contributions	1,250,004	994,594	3,739	3,295
Share-based payment	2,531,432	2,370,825	2,531,432	2,370,825
Benefits-in-kind	540,546	332,783	-	-
Other benefits	3,814,947	1,900,805	68,875	67,765
	69,129,071	57,643,001	3,339,478	3,033,560

The Group's staff costs does not include the estimated monetary value of benefits-in-kind amounting to RM1,822,236 (2016: RM1,273,137).

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 39. STAFF COSTS (CONT'D)

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

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Executive Directors</b>				
<b>Company's Directors</b>				
Fees	724,573	679,674	-	-
Salaries and other emoluments	11,987,103	9,006,287	-	-
Defined contribution plans	1,726,575	1,278,135	-	-
Social security contributions	6,629	3,988	-	-
Benefits-in-kind	463,566	332,783	-	-
Other benefits	37,317	47,599	1,809	-
	14,945,763	11,348,466	1,809	-
<b>Subsidiary companies' Directors</b>				
Fees	591,133	203,994	-	-
Salaries and other emoluments	2,928,954	2,871,962	-	-
Defined contribution plans	250,727	180,076	-	-
Social security contributions	57,099	58,546	-	-
Share-based payment	199,725	130,596	199,725	130,596
Benefits-in-kind	76,980	-	-	-
Other benefits	2,000	3,361	-	-
	4,106,618	3,448,535	199,725	130,596
<b>Executive Directors</b>				
Company's Directors	14,945,763	11,348,466	1,809	-
Subsidiary companies' Directors	4,106,618	3,448,535	199,725	130,596
	19,052,381	14,797,001	201,534	130,596

The Group's Executive Directors' remuneration does not include the estimated monetary value of benefits-in-kind amounting to RM565,972 (2016: RM554,341).



## NOTES TO THE FINANCIAL STATEMENTS

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## 40. DIVIDENDS

	<b>Group/Company</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
<b>In respect of the financial year ended 31 December 2015:</b>		
A single-tier first and final dividend of 3.5 sen per ordinary share on 612,899,598 ordinary shares	-	21,451,485
<b>In respect of the financial year ended 31 December 2016:</b>		
A tax exempt special dividend of 2 sen per ordinary share on 637,337,773 ordinary shares	-	12,746,756
A tax exempt special dividend of 2 sen per ordinary share on 651,391,198 ordinary shares	-	13,027,823
A tax exempt special dividend of 2 sen per ordinary share on 672,941,998 ordinary shares	13,458,840	-
A single-tier interim dividend of 2 sen per ordinary share on 675,291,557 ordinary shares	13,505,831	-
A single-tier final dividend of 2 sen per ordinary share on 677,887,882 ordinary shares	13,557,758	-
<b>In respect of the financial year ended 31 December 2017:</b>		
A tax exempt special dividend of 2 sen per ordinary share on 684,714,542 ordinary shares	13,694,291	-
A tax exempt special dividend of 4 sen per ordinary share on 704,509,532 ordinary shares	28,180,380	-
	82,397,100	47,226,064

On 12 April 2018, the Directors:

- (i) declared a single-tier interim dividend of 1 sen per ordinary share in respect of the financial year ended 31 December 2017. This interim dividend will be paid on 11 July 2018 to depositors registered in the Record of Depositors on 12 June 2018; and
- (ii) proposed a single-tier final dividend of 1.2 sen per ordinary share in respect of the financial year ended 31 December 2017. The proposed dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

The financial statements for the current financial year do not reflect the dividends declared or proposed on 12 April 2018. Such dividends will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2018.



## NOTES TO THE FINANCIAL STATEMENTS

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## 41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

		<b>At 1 January 2017</b>	<b>Financing cash flows</b>	<b>New finance lease</b>	<b>Other changes</b>	<b>At 31 December 2017</b>
			(i)		(ii)	
	<b>Note</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Group</b>						
<b>Financial liabilities</b>						
Finance lease payables	27	6,234,432	(3,138,721)	9,480,990	-	12,576,701
Bank borrowings	28	509,689,054	270,499,612	-	(105,020)	780,083,646
Bank overdrafts	30	100,901,943	(30,163,273)	-	-	70,738,670
Dividend payables	26	13,027,823	(67,244,543)	-	82,397,100	28,180,380
Amount due to a holding company	31	-	10,267,008	-	-	10,267,008
		629,853,252	180,220,083	9,480,990	82,292,080	901,846,405
<b>Company</b>						
<b>Financial liabilities</b>						
Bank borrowings	28	75,969,347	54,063,570	-	-	130,032,917
Bank overdrafts	30	42,650,845	(36,315,843)	-	-	6,335,002
Dividend payables	26	13,027,823	(67,244,543)	-	82,397,100	28,180,380
Amount due to a subsidiary company	17	64,645,989	(51,229,531)	-	(13,267,422)	149,036
		196,294,004	(100,726,347)	-	69,129,678	164,697,335

(i) The financing cash flows include the net amount of proceeds from or repayments of loans and borrowings / holding company and payment of dividends in the statements of cash flows.

(ii) Other changes include capitalisation of foreign exchange, waiver of debts and dividends declared.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 42. RELATED PARTY DISCLOSURES

### (a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group and/or the Company if the Group and/or the Company have the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

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

- (b) Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	2017 RM	2016 RM
<b>Group</b>		
<b>Holding company:</b>		
Dividends paid/payable	35,114,973	23,246,858
Finance costs	324,739	-
<b>Other related parties:</b>		
<b>Income</b>		
Sale of development properties	24,538,254	2,625,600
Rendering of insurance services	-	6,729
Rental income	137,956	58,211
<b>Expenses</b>		
Contractors' fees	7,720,722	30,883,322
Equity instrument	64,530,000	71,300,000
Legal fees	302,346	235,714
Purchase properties	-	470,000
Rental expenses	142,733	143,200
Rendering of services	684,318	111,514
Dividends paid/payable	13,221,662	5,670,292

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## 42. RELATED PARTY DISCLOSURES (CONT'D)

- (b) Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows: (cont'd)

	2017 RM	2016 RM
<b>Company</b>		
<b>Holding company:</b>		
Dividends paid/payable	35,114,973	23,246,858
<b>Other related parties:</b>		
Dividends paid/payable	12,627,344	5,329,262

The nature and relationship between the Group and the Company with other related parties are as follows:

- (i) A firm or companies in which a close family member of certain Directors of the Company or its subsidiary companies have financial interest;
  - (ii) A firm or companies in which certain Directors of the Company or its subsidiary companies have financial interest;
  - (iii) Persons who have financial interest in subsidiary companies;
  - (iv) Companies in which the Company or its subsidiary companies have financial interest;
  - (v) Directors or key management personnel of the Company or its subsidiaries and their close family members;
  - (vi) An associated company of the Company; and
  - (vii) A substantial shareholder of the Company.
- (c) Compensation of key management personnel

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Short-term employee benefits	23,595,236	18,184,848	1,321,872	1,061,977
Share-based payment	631,134	744,079	631,134	744,079
Defined contribution plans	2,641,530	1,901,724	48,691	24,356
	26,867,900	20,830,651	2,001,697	1,830,412



## NOTES TO THE FINANCIAL STATEMENTS

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### 43. SEGMENT INFORMATION

The Group has five major reporting segments, as described below, which are the Group's strategic business units. Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure. For each of the strategic business units, the Group's managing director reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

The main business segments of the Group comprise the followings:

Property development	Development of residential, industrial and commercial properties.
Construction and trading	Design and build, civil engineering, trading of construction material and general construction activities.
Management and investment	Investment holding and provision of management services.
Motor racing circuit	Motor racing circuit development and management.
Others	Tourism development, hospitality, provision of finance through money lending, insurance agent, selling of insurance membership cards, manufacturing and trading of roof tiles.

Investment holding and provision of management services are being managed by two different operating segments within the Group. These operating segments have been aggregated to form a reportable segment as management services taking into account that these operating segments have similar nature of the services.

Others business segments include tourism development, hospitality, provision of finance through money lending, insurance agent, selling of insurance membership cards covering personal insurance, manufacturing and trading of roof tiles, none of which are of a sufficient size to be reported separately. The accounting policies of the segments are consistent with the accounting policies of the Group.

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

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

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's managing director. Segment total assets are used to measure the return of assets of each segment.

Additions to non-current assets represents property, plant and equipment, capital work-in progress, land and property development cost, and investment properties.

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Group's managing director. Hence no disclosure is made on segment liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

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## 43. SEGMENT INFORMATION (CONT'D)

### Geographical segments

In determining the Group segment, revenue and non-current assets are based on the geographical location of customers as follows:

	Revenue		Non-current assets	
	2017 RM	2016 RM	2017 RM	2016 RM
Malaysia	1,340,222,130	969,078,646	1,601,977,640	989,917,869
People's Republic of China	22,064,012	24,540,411	184,503,375	199,267,695
Hong Kong	-	-	82,059,086	98,807,671

### Information about major customers

There is no significant concentration of revenue from any major customers as the Group sells its development properties to individual purchaser.

### Segment results

	Property Development RM	Construction and Trading RM	Management and Investment RM	Motor Racing Circuit RM	Others RM	Total RM
<b>2017</b>						
<b>Revenue</b>						
Total revenue	1,208,032,493	680,749,753	397,397,943	22,064,012	774,511	2,309,018,712
Less: Inter-segment revenue	-	(549,350,952)	(397,381,276)	-	(342)	(946,732,570)
Revenue from external customers	1,208,032,493	131,398,801	16,667	22,064,012	774,169	1,362,286,142
<b>Financial results</b>						
Segment results	176,176,179	42,780,736	8,952,092	(11,965,637)	(1,967,492)	213,975,878
Interest income	3,859,249	122,639	765,116	100,890	41,532	4,889,426
Finance costs	(2,461,216)	(2,089,894)	(21,501,486)	(1,238,184)	(1,204,170)	(28,494,950)
Share of losses in associated companies, net of tax	-	-	-	-	(58,884)	(58,884)
Profit / (Loss) before tax	177,574,212	40,813,481	(11,784,278)	(13,102,931)	(3,189,014)	190,311,470
Taxation	(59,007,647)	(12,784,907)	(7,185,267)	1,682,199	(1,484)	(77,297,106)
Net profit / (loss) for the financial year	118,566,565	28,028,574	(18,969,545)	(11,420,732)	(3,190,498)	113,014,364



## NOTES TO THE FINANCIAL STATEMENTS

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### 43. SEGMENT INFORMATION (CONT'D)

#### Segment results (cont'd)

	Property Development RM	Construction and Trading RM	Management and Investment RM	Motor Racing Circuit RM	Others RM	Total RM
<b>2017</b>						
<b>Assets</b>						
Additions to non-current assets	564,155,458	11,554,250	14,999,221	3,048,279	2,642	593,759,850
Segment assets	3,037,284,821	208,218,621	458,195,576	217,895,880	29,883,551	3,951,478,449
<b>Other non-cash expenses</b>						
Allowance for impairment losses on:						
- Goodwill arising on consolidation	12,035,256	-	3,141	-	-	12,038,397
- Investment in an associated company	-	-	34,315	-	-	34,315
- Investment properties	-	-	-	-	24,000	24,000
- Other investments	-	-	185,001	-	-	185,001
- Trade and other receivables	2,548,937	91,688	-	28,240	5,016	2,673,881
Amortisation of intangible assets	-	-	589,675	-	-	589,675
Bad debts written off	629,346	-	685,421	-	84	1,314,851
Depreciation of:						
- Investment properties	13,420	649,326	684,196	-	10,500	1,357,442
- Property, plant and equipment	927,528	3,825,458	3,668,794	9,249,899	736,696	18,408,375
Inventories written down	104,674	-	-	-	-	104,674
Inventories written off	-	48,027	-	-	-	48,027
Loss on disposal of:						
- Financial assets at fair value through profit or loss	-	-	10,444	-	-	10,444
- Investment properties	-	-	-	-	71,833	71,833
- Property, plant and equipment	303,477	-	283,596	-	1,937	589,010



## NOTES TO THE FINANCIAL STATEMENTS

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## 43. SEGMENT INFORMATION (CONT'D)

## Segment results (cont'd)

	Property Development RM	Construction and Trading RM	Management and Investment RM	Motor Racing Circuit RM	Others RM	Total RM
<b>2017</b>						
<b>Other non-cash expenses (cont'd)</b>						
Property development cost written off	191,324	-	-	-	-	191,324
Property, plant and equipment written off	10,728	19,142	10,467	120,135	116,780	277,252
Share-based payment	-	-	2,694,295	-	-	2,694,295
Unrealised loss on foreign exchange	-	-	189,795	36,628	-	226,423
<b>Other non-cash income</b>						
Contingency sum provided in prior years no longer required	(10,494,292)	-	-	-	-	(10,494,292)
Dividend income from:						
- Financial assets at fair value through profit or loss	-	-	(59,051)	-	-	(59,051)
Gain on disposal of:						
- Available-for-sale financial assets	-	-	(41,082)	-	-	(41,082)
- Investment properties	-	-	-	-	(83,333)	(83,333)
- Property, plant and equipment	-	(196,491)	-	-	-	(196,491)
- Subsidiary companies	-	-	(1,364)	-	-	(1,364)
Reversal of allowance for impairment losses on:						
- Trade and other receivables	(359,319)	-	(312,928)	-	-	(672,247)
- Property, plant and equipment	(6,053)	-	-	-	-	(6,053)
Waiver of debts	-	-	-	-	(278,654)	(278,654)



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

### 43. SEGMENT INFORMATION (CONT'D)

#### Segment results (cont'd)

	Property Development RM	Construction and Trading RM	Management and Investment RM	Motor Racing Circuit RM	Others RM	Total RM
<b>2016</b>						
<b>Revenue</b>						
Total revenue	850,848,534	562,555,728	404,166,176	24,540,411	1,896,372	1,844,007,221
Less: Inter-segment revenue	-	(446,971,988)	(403,416,176)	-	-	(850,388,164)
Revenue from external customers	850,848,534	115,583,740	750,000	24,540,411	1,896,372	993,619,057
<b>Financial results</b>						
Segment results	135,385,961	40,801,775	(13,005,447)	(6,914,057)	980,549	157,248,781
Interest income	9,175,119	-	2,141,817	95,432	130,000	11,542,368
Finance costs	(5,552,103)	(1,857,848)	(14,715,073)	(1,308,067)	(192,011)	(23,625,102)
Share of profit / (loss) in associated companies, net of tax	-	737,989	-	-	(1,949,768)	(1,211,779)
Profit / (Loss) before tax	139,008,977	39,681,916	(25,578,703)	(8,126,692)	(1,031,230)	143,954,268
Taxation	(46,901,596)	(8,993,396)	(3,226,216)	1,643,228	(1,274,720)	(58,752,700)
Net profit / (loss) for the financial year	92,107,381	30,688,520	(28,804,919)	(6,483,464)	(2,305,950)	85,201,568
<b>Assets</b>						
Additions to non-current assets	216,879,379	20,589,569	23,867,414	2,222,392	768,598	264,327,352
Segment assets	1,952,672,926	182,720,166	428,322,606	235,430,031	26,357,974	2,825,503,703

## NOTES TO THE FINANCIAL STATEMENTS

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## 43. SEGMENT INFORMATION (CONT'D)

## Segment results (cont'd)

	Property Development RM	Construction and Trading RM	Management and Investment RM	Motor Racing Circuit RM	Others RM	Total RM
<b>2016</b>						
<b>Other non-cash expenses</b>						
Allowance for impairment losses on:						
- Available-for-sale financial assets	-	-	27,025,897	-	-	27,025,897
- Goodwill arising on consolidation	4,118,286	-	-	-	-	4,118,286
- Intangible assets	-	-	-	-	1,828,704	1,828,704
- Trade and other receivables	135,001	-	482,040	-	34,741	651,782
Amortisation of intangible assets	-	93,352	-	-	-	93,352
Bad debts written off	-	306,022	-	7,949	-	313,971
Deposits written off	120,617	-	-	-	4,000	124,617
Depreciation of:						
- Investment properties	223,577	566,695	5,856	-	-	796,128
- Property, plant and equipment	2,321,006	2,224,328	45,303	10,601,325	1,179,210	16,371,172
Fair value loss on revaluation of financial assets at fair value through profit or loss	-	-	32,067	-	-	32,067
Loss on disposal of:						
- Property, plant and equipment	28,179	-	41,358	-	-	69,537
Property development cost written off	210,009	-	-	-	-	210,009
Property, plant and equipment written off	3	587	98,399	41,782	240,725	381,496
Share-based payment	-	-	2,573,613	-	-	2,573,613
Unrealised loss on foreign exchange	262	-	-	-	-	262



# NOTES TO THE FINANCIAL STATEMENTS

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## 43. SEGMENT INFORMATION (CONT'D)

### Segment results (cont'd)

	Property Development RM	Construction and Trading RM	Management and Investment RM	Motor Racing Circuit RM	Others RM	Total RM
<b>2016</b>						
<b>Other non-cash income</b>						
Interest income from financial assets measured at amortised cost	-	-	(1,490,070)	-	-	(1,490,070)
Gain on remeasurement of previously held equity interest	-	-	(2,928,131)	-	-	(2,928,131)
Gain on disposal of:						
- Available-for-sale financial assets	-	-	(3,420,254)	-	-	(3,420,254)
- Financial assets at fair value through profit or loss	-	-	(36,730)	-	-	(36,730)
- Investment properties	-	(1,427,482)	-	-	-	(1,427,482)
- Non-current assets classified as held for sale	-	-	-	-	(4,963,823)	(4,963,823)
- Property, plant and equipment	-	(1,422)	-	(59)	(354,852)	(356,333)
Provision for staff economic compensation written back	-	-	-	(3,475,201)	-	(3,475,201)
Reversal of allowance for impairment losses on trade and other receivables	-	-	-	(1,522)	-	(1,522)
Unrealised gain on foreign exchange	-	-	(2,110,900)	(165,819)	-	(2,276,719)
Waiver of debts	-	-	-	-	(7)	(7)

# NOTES TO THE FINANCIAL STATEMENTS

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## 44. FINANCIAL INSTRUMENTS

### (a) Classification of financial instruments

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

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

	Carrying amount RM	Loans and receivables RM	Available- for-sale RM	Fair value through profit or loss RM
<b>Group</b>				
<b>2017</b>				
<b>Financial Assets</b>				
Trade receivables	599,512,930	599,512,930	-	-
Other receivables	92,014,354	92,014,354	-	-
Other investments	84,062,026	-	82,040,890	2,021,136
Fixed deposits with licensed banks	29,700,236	29,700,236	-	-
Cash held under Housing Development Accounts	147,644,802	147,644,802	-	-
Cash and bank balances	103,841,120	103,841,120	-	-
	1,056,775,468	972,713,442	82,040,890	2,021,136
<b>2016</b>				
<b>Financial Assets</b>				
Trade receivables	315,463,599	315,463,599	-	-
Other receivables	71,268,708	71,268,708	-	-
Other investments	98,801,419	-	98,801,419	-
Fixed deposits with licensed banks	49,079,352	49,079,352	-	-
Cash held under Housing Development Accounts	74,387,290	74,387,290	-	-
Cash and bank balances	107,332,047	107,332,047	-	-
	716,332,415	617,530,996	98,801,419	-



# NOTES TO THE FINANCIAL STATEMENTS

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## 44. FINANCIAL INSTRUMENTS (CONT'D)

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

	Carrying amount RM	Financial liabilities measured at amortised cost RM
<b>Group</b>		
<b>2017</b>		
<b>Financial Liabilities</b>		
Trade payables	1,005,623,984	1,005,623,984
Other payables	618,638,038	618,638,038
Amount due to holding company	10,267,008	10,267,008
Finance lease payables	12,576,701	12,576,701
Bank borrowings and overdrafts	850,822,316	850,822,316
	<b>2,497,928,047</b>	<b>2,497,928,047</b>
<b>2016</b>		
<b>Financial Liabilities</b>		
Trade payables	562,514,823	562,514,823
Other payables	372,571,845	372,571,845
Finance lease payables	6,234,432	6,234,432
Bank borrowings and overdrafts	610,590,997	610,590,997
	<b>1,551,912,097</b>	<b>1,551,912,097</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 44. FINANCIAL INSTRUMENTS (CONT'D)

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

	Carrying amount RM	Loans and receivables RM	Fair value through profit or loss RM
<b>Company</b>			
<b>2017</b>			
<b>Financial Assets</b>			
Other receivables	3,383,022	3,383,022	-
Other investments	2,021,136	-	2,021,136
Amount due from subsidiary companies	489,791,340	489,791,340	-
Fixed deposits with licensed banks	12,328,047	12,328,047	-
Cash and bank balances	14,825,891	14,825,891	-
	522,349,436	520,328,300	2,021,136
<b>2016</b>			
<b>Financial Assets</b>			
Other receivables	340,736	340,736	-
Amount due from subsidiary companies	186,165,269	186,165,269	-
Fixed deposits with licensed banks	31,442,414	31,442,414	-
Cash and bank balances	23,577,418	23,577,418	-
	241,525,837	241,525,837	-





# NOTES TO THE FINANCIAL STATEMENTS

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## 44. FINANCIAL INSTRUMENTS (CONT'D)

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

	Carrying amount	Financial liabilities measured at amortised cost
	RM	RM
<b>Company</b>		
<b>2017</b>		
<b>Financial Liabilities</b>		
Other payables	28,959,128	28,959,128
Amount due to subsidiary companies	149,036	149,036
Bank borrowings and overdrafts	136,367,919	136,367,919
	165,476,083	165,476,083
<b>2016</b>		
<b>Financial Liabilities</b>		
Other payables	14,428,047	14,428,047
Amount due to subsidiary companies	64,648,050	64,648,050
Bank borrowings and overdrafts	118,620,192	118,620,192
	197,696,289	197,696,289

### (b) Financial risk management objectives and policies

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

The Group and the Company have exposure to the following risks from its use of financial instruments:

#### (i) Credit risk

Credit risk is the risk of a financial loss to the Group and to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from its trade and other receivables, fixed deposits with licensed banks, cash held under Housing Development Accounts and cash at banks. Fixed deposits with licensed banks, cash held under Housing Development Accounts and cash at banks are placed with financial institutions with good credit rating.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 44. FINANCIAL INSTRUMENTS (CONT'D)

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

#### (i) Credit risk (cont'd)

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. Receivables are monitored on an ongoing basis via the Company's management reporting procedures and action will be taken for long outstanding debts. Majority of the receivables are from property development segment. The credit risk is limited as the property purchasers were using financing from reputable end-financiers, legal title to the properties revert to the Group in the event of default.

The Company provides unsecured loans and advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks and non-financial institutions granted to certain subsidiary companies. The Company's maximum exposure in this respect is RM862,649,639 (2016:RM632,495,854), representing the outstanding financial guarantees to the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

The Group has no significant concentration of credit risk as its exposure spread over a large number of customers. The Company has no significant concentration of credit risk, except for loans to its subsidiary companies where risks of default have been assessed to be low.

#### (ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from mismatches of maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risks is managed with the objective of meeting business obligations on a timely basis. The Group and the Company monitor its cash flows and ensure that sufficient funding is in place to meet the obligations as and when they fall due.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

### 44. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Liquidity risk (cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM
<b>Group</b>						
<b>2017</b>						
Trade payables	1,005,623,984	1,005,623,984	547,751,091	52,473,748	109,902,465	295,496,680
Other payables	618,638,038	618,638,038	552,776,979	13,168,375	-	52,692,684
Amount due to holding company	10,267,008	10,267,008	10,267,008	-	-	-
Finance lease payables	12,576,701	13,897,459	4,446,661	3,566,393	5,341,235	543,170
Bank borrowings and overdrafts	850,822,316	1,002,454,465	394,494,079	163,342,857	390,818,444	53,799,085
	2,497,928,047	2,650,880,954	1,509,735,818	232,551,373	506,062,144	402,531,619
<b>2016</b>						
Trade payables	562,514,823	562,514,823	314,376,329	34,100,000	36,623,535	177,414,959
Other payables	372,571,845	372,571,845	317,580,006	-	-	54,991,839
Finance lease payables	6,234,432	6,879,100	2,392,870	2,020,100	2,098,741	367,389
Bank borrowings and overdrafts	610,590,997	704,471,425	330,693,374	123,954,922	188,689,004	61,134,125
	1,551,912,097	1,646,437,193	965,042,579	160,075,022	227,411,280	293,908,312

## NOTES TO THE FINANCIAL STATEMENTS

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## 44. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Liquidity risk (cont'd)

	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM
<b>Company</b>						
<b>2017</b>						
Other payables	28,959,128	28,959,128	28,959,128	-	-	-
Amount due to subsidiary companies	149,036	149,036	149,036	-	-	-
Bank borrowings and overdrafts	136,367,919	149,770,638	112,589,313	16,985,075	20,196,250	-
	165,476,083	178,878,802	141,697,477	16,985,075	20,196,250	-
<b>2016</b>						
Other payables	14,428,047	14,436,688	14,436,688	-	-	-
Amount due to subsidiary companies	64,648,050	64,648,050	2,236,183	62,411,867	-	-
Bank borrowings and overdrafts	118,620,192	124,590,772	103,914,456	20,676,316	-	-
	197,696,289	203,675,510	120,587,327	83,088,183	-	-

(iii) Market risks

Foreign currency exchange risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Hong Kong Dollar ("HKD"), Euro, Chinese Renminbi ("RMB"), Singapore Dollar ("SGD") and French Franc ("FRF").

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by the management.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 44. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Market risks (cont'd)

### Foreign currency exchange risk (cont'd)

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

Group	USD RM	HKD RM	EURO RM	RMB RM	SGD RM	FRF RM	Total RM
<b>2017</b>							
<b>Financial Assets</b>							
Other receivables	-	1,450	-	-	-	-	1,450
Fixed deposits with licensed banks	-	-	-	80,835	-	-	80,835
Cash and bank balances	1,858,183	1,024,547	1,135,818	106,708	5,598	372	4,131,226
	1,858,183	1,025,997	1,135,818	187,543	5,598	372	4,213,511
<b>Financial Liabilities</b>							
Trade payables	289,026	-	-	-	-	-	289,026
Other payables	-	199,098	-	-	-	-	199,098
	289,026	199,098	-	-	-	-	488,124
<b>2016</b>							
<b>Financial Assets</b>							
Other receivables	-	3,760	-	-	-	-	3,760
Fixed deposits with licensed banks	4,559,375	-	-	82,953	-	-	4,642,328
Cash and bank balances	1,443,981	661,072	1,318,521	259,139	-	-	3,682,713
	6,003,356	664,832	1,318,521	342,092	-	-	8,328,801
<b>Financial Liabilities</b>							
Trade payables	320,232	-	-	-	-	-	320,232
Other payables	-	225,245	-	-	-	-	225,245
Bank borrowings	7,087,880	-	-	-	-	-	7,087,880
	7,408,112	225,245	-	-	-	-	7,633,357

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 44. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Market risks (cont'd)

Foreign currency exchange risk (cont'd)

Company	USD RM	HKD RM	EURO RM	RMB RM	Total RM
<b>2017</b>					
<b>Financial Asset</b>					
Cash and bank balances	395,587	93,709	-	-	489,296
	395,587	93,709	-	-	489,296
<b>2016</b>					
<b>Financial Assets</b>					
Fixed deposits with licensed banks	4,559,375	-	-	-	4,559,375
Cash and bank balances	677,448	111,749	-	-	789,197
	5,236,823	111,749	-	-	5,348,572
<b>Financial Liability</b>					
Bank borrowings	7,087,880	-	-	-	7,087,880

Foreign currency risk sensitivity

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

A 10% strengthening of RM against the following foreign currencies' net financial assets / (liabilities) at the end of the reporting period would increase / (decrease) the profit before tax and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain unchanged.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 44. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Market risks (cont'd)

Foreign currency risk sensitivity (cont'd)

	2017		2016	
	Changes in currency rate	Effect on profit before tax RM	Changes in currency rate	Effect on profit before tax RM
<b>Group</b>				
<b>USD</b>	Strengthened 10%	156,916	Strengthened 10%	(140,476)
	Weakened 10%	(156,916)	Weakened 10%	140,476
<b>HKD</b>	Strengthened 10%	82,690	Strengthened 10%	43,959
	Weakened 10%	(82,690)	Weakened 10%	(43,959)
<b>EURO</b>	Strengthened 10%	113,582	Strengthened 10%	131,852
	Weakened 10%	(113,582)	Weakened 10%	(131,852)
<b>RMB</b>	Strengthened 10%	18,754	Strengthened 10%	34,209
	Weakened 10%	(18,754)	Weakened 10%	(34,209)
<b>SGD</b>	Strengthened 10%	560	Strengthened 10%	-
	Weakened 10%	(560)	Weakened 10%	-
<b>FRF</b>	Strengthened 10%	37	Strengthened 10%	-
	Weakened 10%	(37)	Weakened 10%	-
<b>Company</b>				
<b>USD</b>	Strengthened 10%	39,559	Strengthened 10%	(185,106)
	Weakened 10%	(39,559)	Weakened 10%	185,106
<b>HKD</b>	Strengthened 10%	9,371	Strengthened 10%	11,175
	Weakened 10%	(9,371)	Weakened 10%	(11,175)

A 10% weakening of Ringgit Malaysia against the above foreign currencies' net financial assets / (liabilities) at the end of the reporting period would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain unchanged.

Interest rate risk

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



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 44. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Market risks (cont'd)

### Interest rate risk (cont'd)

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

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes. The carrying amounts of the Group's and of the Company's financial instruments that are exposed to interest rate risk at the end of the reporting period are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Fixed Rate Instruments</b>				
<b>Financial Asset</b>				
Fixed deposits with licensed banks	29,700,236	49,079,352	12,328,047	31,442,414
<b>Financial Liabilities</b>				
Finance lease payables	12,576,701	6,234,432	-	-
<b>Floating Rate Instruments</b>				
<b>Financial Assets</b>				
Cash held under Housing Development Accounts	147,644,802	74,387,290	-	-
Cash and bank balances	7,056,471	9,878,803	481,400	703,731
Amount due from subsidiary companies	-	-	330,764,157	185,815,664
	154,701,273	84,266,093	331,245,557	186,519,395



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 44. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Market risks (cont'd)

Interest rate risk (cont'd)

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Floating Rate Instruments</b>				
<b>Financial Liabilities</b>				
Bank borrowings and overdrafts	850,822,316	610,590,997	136,367,919	118,620,192
Amount due to holding company	10,267,008	-	-	-
Amount due to subsidiary companies	-	-	-	62,411,867
	861,089,324	610,590,997	136,367,919	181,032,059

The Group and the Company are exposed to interest rate risk arising from the Group's and the Company's financial instruments.

Interest rate risk sensitivity

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

A change in 1% interest rate at the end of the reporting period would have increased or decreased the Group's and the Company's profit before tax by RM7,063,881 and RM1,948,776 (2016: RM5,263,249 and RM54,873) respectively, arising mainly as a result of lower or higher interest expense on floating rate financial assets and financial liabilities. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) 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 instruments. These investments are listed on Bursa Securities and Hong Kong Stock Exchange and are classified as fair value through profit or loss or available-for-sale financial assets.

Management of the Group monitors investments in quoted instruments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by Risk Management Committee of the Group.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 44. FINANCIAL INSTRUMENTS (CONT'D)

## (d) Fair value of financial instruments

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

It was not practical to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

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

2017	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
<b>Group</b>										
<b>Financial asset</b>										
Equity securities	84,062,026	-	-	84,062,026	-	-	-	-	84,062,026	84,062,026
	84,062,026	-	-	84,062,026	-	-	-	-	84,062,026	84,062,026
<b>Financial liabilities</b>										
Trade payables	-	-	-	-	-	-	457,872,893	457,872,893	457,872,893	457,872,893
Other payables	-	-	-	-	-	-	65,861,059	65,861,059	65,861,059	65,861,059
Finance lease payables	-	-	-	-	-	-	8,018,196	8,018,196	8,018,196	8,743,082
Contingent liabilities	-	-	-	-	-	-	@	-	-	65,720,837
	-	-	-	-	-	-	531,752,148	531,752,148	531,752,148	598,197,871
<b>Company</b>										
<b>Financial liability</b>										
Contingent liabilities	-	-	-	-	-	-	@	-	-	862,649,639



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

### 44. FINANCIAL INSTRUMENTS (CONT'D)

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

2016	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
Group										
Financial assets										
Equity securities	98,801,419	-	-	98,801,419	-	-	-	-	98,801,419	98,801,419
	98,801,419	-	-	98,801,419	-	-	-	-	98,801,419	98,801,419
Financial liabilities										
Trade payables	-	-	-	-	-	-	248,138,494	248,138,494	248,138,494	248,138,494
Other payables	-	-	-	-	-	-	54,991,839	54,991,839	54,991,839	54,991,839
Finance lease payables	-	-	-	-	-	-	3,769,272	3,769,272	3,769,272	4,126,928
Contingent liabilities	-	-	-	-	-	-	@	-	-	48,025,156
	-	-	-	-	-	-	306,899,605	306,899,605	306,899,605	355,282,417
Company										
Financial liability										
Contingent liabilities	-	-	-	-	-	-	@	-	-	632,495,854

@ It is not practicable to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, cost and eventual outcome.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 44. FINANCIAL INSTRUMENTS (CONT'D)

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

#### (i) Policy on transfer between levels

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

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

#### (ii) Level 1 fair value

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

#### (iii) Level 2 fair value

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

#### Non-derivative financial instruments

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

#### (iv) Level 3 fair value

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

## 45. CAPITAL MANAGEMENT

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

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



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 45. CAPITAL MANAGEMENT (CONT'D)

The Group monitors capital using gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at the end of the reporting period are as follows:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
<b>Debt</b>				
Finance lease payables	12,576,701	6,234,432	-	-
Bank borrowings and overdrafts	850,822,316	610,590,997	136,367,919	118,620,192
Total debt	863,399,017	616,825,429	136,367,919	118,620,192
<b>Deposits, cash and bank balances</b>				
Fixed deposits with licensed banks	29,700,236	49,079,352	12,328,047	31,442,414
Cash and bank balances	103,841,120	107,332,047	14,825,891	23,577,418
Cash held under Housing Development Accounts	147,644,802	74,387,290	-	-
Total deposits, cash and bank balances	281,186,158	230,798,689	27,153,938	55,019,832
Net debt	582,212,859	386,026,740	109,213,981	63,600,360
Total equity	1,373,901,922	1,207,023,564	969,587,598	658,662,383
Gross gearing ratio	0.63	0.51	0.14	0.18
Net gearing ratio	0.42	0.32	0.11	0.10

There were no changes in the Group's approach to capital management during the financial year.

## 46. SIGNIFICANT EVENTS

## (i) The Company

On 15 December 2017, the Company had made a lodgement to the Securities Commission Malaysia ("SC") for the establishment of the Sukuk Murabahah Programme ("Sukuk") pursuant to the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

The Sukuk is to be issued based on the Shariah principle of Murabahah (via Tawarruq arrangement), which has a tenure of up to 20 years from the first issue date.

On the 10 January 2018, LBS made its first issuance pursuant to the Sukuk for an amount of RM5,000,000 in nominal value. It is repayable in full on 10 January 2019.

As at 12 April 2018, Sukuk totalling RM33,500,000 has been successfully issued.

# NOTES TO THE FINANCIAL STATEMENTS

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## 46. SIGNIFICANT EVENTS (CONT'D)

### (ii) **MGB Berhad ("MGB")**

- (a) On 18 April 2017, MGB proposed to diversify their existing business to include property development and property investment ("New Businesses"). The New Businesses which is complementary to the existing construction business is expected to contribute positively to the revenue and earnings of the MGB's Group.

The proposed diversification of business has been duly approved by the MGB's shareholders at Extraordinary General Meeting held on 27 December 2017.

- (b) On 16 June 2017, MGB proposed to undertake a private placement of up to 10% of the total number of issued shares of MGB to investors to be identified.

On 5 July 2017, Bursa Malaysia Securities Berhad ("Bursa Securities") has approved the listing and quotation for up to 47,414,419 new ordinary shares ("Placement Shares") pursuant to Sections 75 and 76 of the Companies Act, 2016 ("Private Placement").

On 1 August 2017, the first tranche of 28,000,000 Placement Shares at the issue price of RM1.08 per Placement Share were listed and quoted on the Main Market of Bursa Securities. This also marked the completion of first tranche of the Private Placement.

On 26 December 2017, Bursa Securities had grant MGB an extension of time from 3 January 2018 until 30 June 2018 to complete the implementation of the Private Placement.

- (c) On 5 July 2017, MGB is proposing to change its name from ML Global Berhad to MGB Berhad ("Change of Name").

The Change of Name has been duly approved by MGB's shareholders at Extraordinary General Meeting held on 27 December 2017.

Accordingly, MGB's name has been changed from "ML Global Berhad" to "MGB Berhad" with effect from 28 December 2017.

- (d) On 17 July 2017, MGB had signed a Memorandum of Understanding ("MOU") with Sany Construction Industry Development (M) Sdn Bhd ("Sany (M)") in relation to the setting up of a joint venture entity for the business of manufacturing of Industrialised Building System ("IBS") precast products for building projects.

On 5 December 2017, both parties have finalised its agreement and a shareholders' agreement was executed between MITCE and Sany (M) to form a joint venture company ("JVCo") provisionally known as MGB Sany (M) IBS Sdn Bhd ("MGB Sany") to undertake the business of manufacturing of IBS precast products for building projects and to regulate the relationship and respective rights of both parties.

On 13 December 2017, MITCE subscribed for 2,040,000 ordinary shares in MGB Sany for a total cash consideration of RM2,040,000 only. Consequently, MGB Sany became a 51% owned subsidiary company of MITCE.





# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 46. SIGNIFICANT EVENTS (CONT'D)

### (ii) **MGB Berhad ("MGB") (cont'd)**

- (e) During the financial year, MGB increased its issued and paid-up share capital from 357,395,594 to 491,845,773 as the result of the followings:
  - (i) An issuance and allotment of 28,000,000 new ordinary shares at the issue price of RM1.08 per Placement Share pursuant to the Private Placement Exercise.
  - (ii) Conversion of 90,000,000 Irredeemable Convertible Preference Shares ("ICPS") into 90,000,000 new ordinary shares at the conversion ratio of one (1) ICPS into one (1) ordinary share with no cash payment.
  - (iii) Conversion of 16,450,179 Warrants 2014/2019 ("warrant") into 16,450,179 new ordinary shares at the exercise price of RM0.50 per warrant.

## 47. SUBSEQUENT EVENTS

Subsequent to the financial year, the following subsequent events took place for the Company and its subsidiary companies:

### (i) **The Company**

- (a) On 5 September 2017, STSB entered into a Share Sale Agreement ("SSA") to acquire 2,000,000 ordinary shares, representing 100% equity interest in Gerbang Mekar Sdn. Bhd. ("GMSB") for a total cash consideration of RM12,000,000 only. The SSA had been completed on 8 March 2018. Consequently, GMSB became an indirect wholly-owned subsidiary company of the Company.
- (b) On 30 January 2018, LBS acquired 510 ordinary shares, representing 51% equity interest in Legasi Holdings Group Sdn. Bhd. ("LHGGB") for a total cash consideration of RM510 only. Consequently, LHGGB became a 51% owned subsidiary company of LBS.
- (c) On 27 February 2018, the Company completed the followings:
  - (i) 1,409,678,546 new ordinary shares as a result of share subdivision on the basis of every 1 existing ordinary share into 2 ordinary shares in the Company;
  - (ii) Bonus issue of 140,955,745 new ordinary shares on the basis of 1 bonus share for every 10 subdivided shares;
  - (iii) 10,958,400 additional ESOS, 5,073,729 additional Warrants A and 54,671,815 additional Warrants B as a result of share subdivision and bonus issue. Exercise price for Warrants A and Warrants B have been adjusted to RM0.46 and RM0.56 respectively as a result of share subdivision and bonus issue; and
  - (iv) Conversion ratio for RCPS had been adjusted to 11 new ordinary shares for every 10 RCPS held.
- (d) On 27 February 2018, LBS acquired 255,000 ordinary shares representing 51% equity interest in Panglima Riag Sdn. Bhd. ("PRSB") for a total cash consideration of RM255,000 only. Consequently, PRSB became a 51% owned subsidiary company of LBS.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 47. SUBSEQUENT EVENTS (CONT'D)

### (i) The Company (cont'd)

- (e) On 5 March 2018, the Company had entered into a Heads of Agreement with NWP Holdings Berhad ("NWP") for the followings:
- (i) The Company, through its indirect wholly-owned subsidiary company namely, Lamdeal Investments Limited ("Lamdeal"), to undertake jointly with NWP, a development project on the 264 acres of land ("Development Land") involving transformation of Zhuhai International Circuit Limited ("ZIC"), which is located in Jinding District, Zhuhai, Guangdong Province, People's Republic Of China ("Proposed Development").
  - (ii) The Company to subscribe 1,100,000,000 NWP Shares, representing approximately 73.7% of the enlarged number of issued shares of NWP for a total cash consideration of RM93,500,000 or 8.5 sen per share for the purpose of part funding the Proposed Development.

### (ii) MGB Group

- (a) On 3 January 2018, Bursa Securities announced that MGB's securities would be traded and quoted under the new name.

The new stock short name was as follows:

Type of Securities	Old Name	New Name	Old Stock Name	New Stock Short Name
Ordinary Shares	ML Global Berhad	MGB Berhad	ML Global	MGB
Warrants	ML Global Bhd – Warrants 2014/2019	MGB Bhd – Warrants 2014/2019	MLGlobal-WA	MGB-WA

- (b) On 19 February 2018, MGB Land acquired 300,000 ordinary shares, representing 51% equity interest in Multi Court Developers Sdn. Bhd. ("MCDSB") for a total cash consideration of RM2,800,000 only. Consequently, MCDSB became an indirect 51% owned subsidiary company of MGB.
- (c) On 29 March 2018, MITCE subscribed for 15,000 ordinary shares, representing 30% equity interest in MGB JPC Consultancy Sdn. Bhd. ("MGB JPC") for a total cash consideration of RM15,000 only. Consequently, MGB JPC became a 30% owned associated company of MITCE.



## NOTES TO THE FINANCIAL STATEMENTS

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### 48. MATERIAL LITIGATION

As at the date of this report, there is no material litigation against the Company and its subsidiary companies.

### 49. CAPITAL COMMITMENTS

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Approved and contracted for property development:		
- Joint Venture Agreements	417,610,648	544,888,648
- Sale and Purchase Agreements	3,420,000	50,444,984
Approved and contracted for plant, property and equipment:		
- Sale and Purchase Agreements	11,473,273	528,000
	432,503,921	595,861,632

### 50. CONTINGENT LIABILITIES

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<u>Unsecured:</u>				
Corporate guarantees given to:				
- licensed banks to secure banking facilities granted to subsidiary companies	-	-	764,726,428	520,958,548
- suppliers of goods for credit terms / facilities granted to subsidiary companies	-	-	4,000,000	4,000,000
- third parties for undertaking due performance in relation to development rights and joint venture agreements	-	-	93,923,211	107,537,306
<u>Secured:</u>				
Bank guarantees for:				
- property development	52,865,602	41,350,866	-	-
- construction contracts	12,825,035	6,644,090	-	-
- others	30,200	30,200	-	-

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 50. CONTINGENT LIABILITIES (CONT'D)

The Company participated in the Regularisation Plan of MGB and guaranteed that in the event that MGB fails to achieve audited operational profit after tax of Ringgit Malaysia Six Million ("Guaranteed Profit") for each of the two (2) consecutive financial years following the successful implementation of the Regularisation Plan, the Company shall be liable to one half (50%) of the difference between the Guaranteed Profit and audited operational profit after tax ("Differential Sum").

In the previous financial year, the Company has made a provision of RM1,021,006 ("said amount") based on the audited results of MGB for the financial year ended 31 December 2016, being one half (50%) of the Differential Sum. The said amount has been settled and its obligation under the guarantee agreement is discharged.

## 51. LIST OF SUBSIDIARY COMPANIES

Name of company	Country of incorporation	Effective interest		Principal activities
		2017	2016	
		%	%	
<b>Direct holding</b>				
Intellplace Holdings Limited	British Virgin Islands	100	100	Investment holding
LBS Bina Holdings Sdn. Bhd.	Malaysia	100	100	Property development, provision of management services and investment holding
LBS Landscape Sdn. Bhd.	Malaysia	100	100	Turfing and landscaping
Linkway Property Co., Ltd	British Virgin Islands	100	100	Dormant
Maju Kepunyaan Sdn. Bhd.	Malaysia	100	100	Dormant
MGB Berhad (f.k.a ML Global Berhad)	Malaysia	54.97	56.43	Investment holding and provision of management services
# Saga Serata Sdn. Bhd.	Malaysia	-	100	Insurance agent and investment holding
Saujana Tunggal Sdn. Bhd.	Malaysia	100	-	Investment holding
SPJ Construction Sdn. Bhd.	Malaysia	60	60	Dormant
<b>Indirect holding</b>				
Subsidiary companies of				
LBS Bina Holdings Sdn.Bhd.:				
Adil Restu Sdn. Bhd.	Malaysia	100	100	Property development
Alunan Prestasi Sdn. Bhd.	Malaysia	70	70	Property development
Angsana Abadi Sdn. Bhd.	Malaysia	100	100	Property development
Astana Modal (M) Sdn. Bhd.	Malaysia	100	100	Property development
Azam Perspektif Sdn. Bhd.	Malaysia	100	100	Property development
Bimbingan Simfoni Sdn. Bhd.	Malaysia	51	-	Dormant



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 51. LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of company	Country of incorporation	Effective interest		Principal activities
		2017	2016	
		%	%	
<b>Indirect holding</b>				
Subsidiary companies of				
LBS Bina Holdings Sdn.Bhd.:				
Bimbingan Sumber Sdn. Bhd.	Malaysia	60	-	Dormant
Casa Inspirasi Sdn. Bhd.	Malaysia	69	68	Property development
Cergas Asal (M) Sdn. Bhd.	Malaysia	100	100	Property development
Dataran Enigma Sdn. Bhd.	Malaysia	61	61	Property development
Dayang Merdeka Sdn. Bhd.	Malaysia	51	-	Dormant
Duta Abadi Sdn. Bhd.	Malaysia	100	-	Property development
Equal Alliance Sdn. Bhd.	Malaysia	100	100	Property development
Equal Sign Sdn. Bhd.	Malaysia	100	100	Property development
Focal Remedy Sdn. Bhd.	Malaysia	100	100	Property development
Fokus Awana Sdn. Bhd.	Malaysia	100	100	Property development
Galeri Cekap Sdn. Bhd.	Malaysia	100	100	Dormant
Generasi Nostalgia Sdn. Bhd.	Malaysia	100	100	Property development
Generasi Simbolik Sdn. Bhd.	Malaysia	71	71	Property development
Getstyle Sdn. Bhd.	Malaysia	100	100	Property development
Healthguard Medicare Sdn. Bhd.	Malaysia	60	-	Selling of insurance membership cards covering personal insurance
Inderaloka Impian Sdn. Bhd.	Malaysia	100	100	Property development
Induk Pelita Sdn. Bhd.	Malaysia	51	51	Dormant
Intellview Sdn. Bhd.	Malaysia	100	100	Property development
Iringan Kejora Sdn. Bhd.	Malaysia	100	80	Property development
Jatidiri Gigih Sdn. Bhd.	Malaysia	100	100	Property development
Jauhari Unggul Sdn. Bhd.	Malaysia	100	100	Property development
Johan Anggun Sdn. Bhd.	Malaysia	85	85	Property development
Kalimah Jaya Sdn. Bhd.	Malaysia	100	100	Investment holding
Kemudi Ehsan Sdn. Bhd.	Malaysia	80	51	Property development
Kilatlima Sdn. Bhd.	Malaysia	100	100	Property development, and car park management

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 51. LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of company	Country of incorporation	Effective interest		Principal activities
		2017	2016	
		%	%	
<b>Indirect holding</b>				
Subsidiary companies of				
LBS Bina Holdings Sdn. Bhd.:				
Kirana Emas Sdn. Bhd.	Malaysia	51	-	Dormant
Koleksi Sigma Sdn. Bhd.	Malaysia	75	75	Property development
LBS Borneo Sdn. Bhd.	Malaysia	51	-	Dormant
LBS Capital Sdn. Bhd.	Malaysia	100	100	Provision of finance through money lending
LBS Maju Sdn. Bhd.	Malaysia	70	70	Dormant
LBS Properties Sdn. Bhd.	Malaysia	100	100	Property investment
Maju Kamabisa Sdn. Bhd.	Malaysia	100	100	Dormant
Mayang Jelatek Sdn. Bhd.	Malaysia	51	51	Property development
Megah Solaris Sdn. Bhd.	Malaysia	55	55	Dormant
Misi Aktif Sdn. Bhd.	Malaysia	100	100	Property development
MITC Sdn. Bhd.	Malaysia	100	100	Property development
Nuevo Attraction & Destination Sdn. Bhd.	Malaysia	60	60	Tourism development
Nuevoprima Development Sdn. Bhd.	Malaysia	100	100	Dormant
Pelangi Homes Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
Pembangunan Primer Sdn. Bhd.	Malaysia	80	80	Property development
Prima Utuh Sdn. Bhd.	Malaysia	80	80	Dormant
Puncak Gama Sdn. Bhd.	Malaysia	100	80	Property development
Retro Court Sdn. Bhd.	Malaysia	51	-	Dormant
Saga Megah Sdn. Bhd.	Malaysia	100	100	Trading of building materials and general construction
Seloka Sinaran Sdn. Bhd.	Malaysia	51	51	Property development
Sepadan Maju Sdn. Bhd.	Malaysia	100	90	Property development
Seribu Baiduri Sdn. Bhd.	Malaysia	100	100	Property development
Sinaran Restu Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
Taman Sempurna Sdn. Bhd.	Malaysia	51	51	Dormant
Utuh Aspirasi Sdn. Bhd.	Malaysia	100	100	Property development
Wirama Era Baru Sdn. Bhd.	Malaysia	51	51	Property development



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 51. LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of company	Country of incorporation	Effective interest		Principal activities
		2017	2016	
		%	%	
<b>Indirect holding</b>				
Subsidiary companies of Sinaran Restu Sdn. Bhd.:				
Juaraplex Sdn. Bhd.	Malaysia	100	100	Property development
Kenderong Sdn. Bhd.	Malaysia	100	100	Property development
KerANJI Bina Sdn. Bhd.	Malaysia	100	100	Property development
LingkarAn Semangat Sdn. Bhd.	Malaysia	100	100	Property development
Nilam Mewah Sdn. Bhd.	Malaysia	55	55	Dormant
Pacific Grant Sdn. Bhd.	Malaysia	100	100	Property development
Silibin Jaya Sdn. Bhd.	Malaysia	100	100	Property development
Subsidiary company of Saga Serata Sdn. Bhd.:				
** Healthguard Medicare Sdn. Bhd.	Malaysia	-	60	Selling of membership cards covering personal insurance
Subsidiary company of Kalimah Jaya Sdn. Bhd.:				
Utuh Sejagat Sdn. Bhd.	Malaysia	100	100	Property development
Subsidiary companies of Pelangi Homes Sdn. Bhd.:				
Restu Bidara Sdn. Bhd.	Malaysia	100	100	Property development
Biz Bena Development Sdn. Bhd.	Malaysia	51.92	-	Property development
Subsidiary companies of MGB Berhad (f.k.a ML Global Berhad):				
Alunan Warta Sdn. Bhd.	Malaysia	28.03	-	Dormant
MGB Construction Sdn. Bhd. (f.k.a Vintage Tiles Industries Sdn. Bhd.)	Malaysia	54.97	56.43	Civil engineering, design and build and general construction activities



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 51. LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of company	Country of incorporation	Effective interest		Principal activities
		2017	2016	
		%	%	
<b>Indirect holding</b>				
Subsidiary companies of MGB Berhad (f.k.a ML Global Berhad):				
MGB Land Sdn. Bhd. (f.k.a Vintage Tiles Industries (EM) Sdn. Bhd.)	Malaysia	54.97	56.43	Investment holding
MITC Engineering Sdn. Bhd.	Malaysia	54.97	56.43	Civil engineering, design and build, general construction activities, trading activities and investment holding
Newsteel Building Systems Sdn. Bhd.	Malaysia	43.98	45.14	Dormant
Vintage Roofing & Construction Sdn. Bhd.	Malaysia	54.97	56.43	Dormant
Vintage Tiles Holdings Sdn. Bhd.	Malaysia	54.97	56.43	Dormant
Subsidiary companies of MGB Land Sdn. Bhd. (f.k.a Vintage Tiles Industries (EM) Sdn. Bhd.):				
Delta Gallery Sdn. Bhd.	Malaysia	54.97	-	Property development
Idaman Kukuh Sdn. Bhd.	Malaysia	54.97	-	Dormant
Subsidiary companies of MITC Engineering Sdn. Bhd.:				
Prisma Craft Sdn. Bhd.	Malaysia	54.97	56.43	Dormant
Prisma Kasturi Sdn. Bhd.	Malaysia	54.97	56.43	Hospitality
Top Ace Solutions Sdn. Bhd.	Malaysia	54.97	56.43	Trading of building materials and general construction activities
MGB Geotech Sdn. Bhd.	Malaysia	38.48	-	Piling and foundation construction works
@ MGB Sany (M) IBS Sdn. Bhd.	Malaysia	28.03	-	Manufacturing of Industrialised Building System precast products



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 51. LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of company	Country of incorporation	Effective interest		Principal activities
		2017	2016	
		%	%	
<b>Indirect holding</b>				
Subsidiary companies of Vintage Roofing & Construction Sdn. Bhd.:				
Tirai Impresif Sdn. Bhd.	Malaysia	54.97	56.43	Dormant
VTI Consortium Sdn. Bhd.	Malaysia	54.97	56.43	Dormant
Subsidiary company of Intellplace Holdings Limited:				
* Dragon Hill Corporation Limited	Hong Kong	100	100	Investment holding
Subsidiary company of Dragon Hill Corporation Limited:				
* Lamdeal Investments Limited	Hong Kong	100	100	Project investment through a subsidiary company in The People's Republic of China ("PRC")
Subsidiary company of Lamdeal Investments Limited:				
* Zhuhai International Circuit Limited	PRC	60	60	Racing circuit development and management
Subsidiary company of Zhuhai International Circuit Limited:				
* Zhuhai International Circuit Promotion (HK) Limited	Hong Kong	60	60	Providing handling services for its holding company

\* Subsidiary companies not audited by UHY.

\*\* Became subsidiary company of LBS Bina Holdings Sdn. Bhd. during the financial year.

# Disposed during the financial year.

@ The results of MGB Sany were consolidated based on its management accounts as the Directors of MGB Berhad consider the financial position and financial performance of MGB Sany are not material to MGB Berhad.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 52. LIST OF ASSOCIATED COMPANIES

Name of company	Country of incorporation	Effective interest		Principal activities
		2017	2016	
		%	%	
<b>Indirect holding</b>				
Associated companies of LBS Bina Holdings Sdn. Bhd.:				
Bayu Cergas Sdn. Bhd.	Malaysia	40	40	Dormant
**Bimbingan Sumber Sdn. Bhd.	Malaysia	-	30	Dormant
Pristine Sunrise (M) Sdn. Bhd.	Malaysia	30	30	Dormant
Sambungan Aktif Sdn. Bhd.	Malaysia	30	30	Dormant
Setara Armada Sdn. Bhd.	Malaysia	30	30	Dormant
Tarikan Puncak Sdn. Bhd.	Malaysia	20	20	Dormant
* Usaha Semarak Sdn. Bhd.	Malaysia	35	35	Dormant
Warnasari Idaman Sdn. Bhd.	Malaysia	30	30	Dormant
Associated company of Pelangi Homes Sdn. Bhd.:				
*** Biz Bena Development Sdn. Bhd.	Malaysia	-	50	Dormant
Associated company of MITC Engineering Sdn. Bhd.:				
* YLT Consultancy Sdn. Bhd.	Malaysia	16.49	16.93	Engineering consultancy services

\* Associated companies not audited by UHY.

\*\* Became subsidiary company of LBS Bina Holdings Sdn. Bhd. during the financial year.

\*\*\* Became subsidiary company of Pelangi Homes Sdn. Bhd. during the financial year.

## 53. DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company for the financial year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 12 April 2018.



# LIST OF MATERIAL PROPERTIES HELD BY THE GROUP

AS AT 31 DECEMBER 2017

Location	Description	Tenure	Net Book Value RM'000	Land Area (acres)	Date of Acquisition
Alam Perdana, Mukim Ijok, Daerah Kuala Selangor, Selangor Darul Ehsan	Land under development and held for development	Leasehold (expiring on 15/02/2111)	346,074	469.85	06.10.2017
Jinding, Zhuhai, The People's Republic of China	Leasehold land, buildings (Age: 18 years) and racing circuit	Land use right term (expiring on 23.10.2043)	176,324	263.34	02.10.2013
Lot 62606, 62607, 72516 & 62614 Mukim Tanjung Duabelas, Daerah Kuala Langat, Selangor Darul Ehsan	Land under development and held for development	Leasehold (expiring on 05.02.2094)	147,228	124.42	31.10.2012 / 06.11.2015
Lot 20952, 24962 & 24963 District of Johor Bahru Johor Darul Takzim	Land held for development	Freehold and Leasehold (expiring on 01.11.2099)	134,114	5.50	30.04.2015 / 27.10.2015
Mukim Linau, Daerah Batu Pahat, Negeri Johor Darul Takzim	Land under development and held for development	Freehold	112,401	427.50	27.07.2007
PT 147901, Mukim Klang, HSD155027, Selangor Darul Ehsan	Land held for development	Leasehold (expiring on 24.02.2107)	79,120	47.13	31.10.2016
Lot 13961, Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan	Land under development and held for development	Leasehold (expiring on 06.10.2108)	76,415	86.75	09.10.2009
Country lease No. 015005991, Tanjong Lipat, Jesselton in the District of West Coast in Sabah	Land held for development	Leasehold (expiring on 23/08/2116)	75,640	6.25	24.11.2017
PT 3273-3279 & PT 3290, Mukim Tanah Rata, Cameron Highlands, Pahang Darul Makmur	Land under development and held for development	Leasehold (expiring on 03.03.2115)	72,109	85.70	30.11.2016
Seksyen U10, Mukim Bukit Raja, Selangor Darul Ehsan	Land under development and held for development	Leasehold (expiring on 06.08.2107)	55,077	120	21.03.2016

# ANALYSIS OF ORDINARY SHAREHOLDINGS

AS AT 31 MARCH 2018

## SHARE CAPITAL

Types of Shares	:	Ordinary Shares
Issued shares capital	:	1,550,518,691 ordinary shares (excluding treasury shares of 120,000)
No. of Shareholders	:	5,398
Voting Rights	:	One (1) vote per ordinary share on a poll, in the meeting of shareholders

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Percentage (%) of Shareholders	No. of Shares Held	Percentage (%) of Shareholdings
1 - 99	108	2.000	4,156	0.000
100 - 1,000	1,296	24.009	440,592	0.028
1,001 - 10,000	1,764	32.679	7,818,742	0.504
10,001 - 100,000	1,706	31.604	48,344,792	3.118
100,001 - 77,525,933	521	9.652	1,161,523,469	74.912
77,525,934 AND ABOVE (**)	3	0.056	332,386,940	21.437
	5,398	100.000	1,550,518,691	100.000

Remark:

\* Less than 5% of Issued Shares

\*\* 5% and above of Issued Shares

## SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Shareholdings			
	Direct		Indirect	
	No. of share	%	No. of share	%
Gaterich Sdn Bhd	633,507,832	40.86	-	-
Tan Sri Lim Hock San	25,248,559	1.63	633,507,832 <sup>(1)</sup>	40.86
Datuk Wira Lim Hock Guan	26,311,111	1.70	633,507,832 <sup>(1)</sup>	40.86
Kumpulan Wang Persaraan (Diperbadankan)	126,466,940	8.16	52,560,860 <sup>(4)</sup>	3.37



## ANALYSIS OF ORDINARY SHAREHOLDINGS

AS AT 31 MARCH 2018

### DIRECTORS' INTEREST IN SHARES

Name of Directors	Shareholdings			
	Direct		Indirect	
	No. of share	%	No. of share	%
Dato' Seri Lim Bock Seng	2,543,200	0.164	5,261,080 <sup>(2)</sup>	0.34
Tan Sri Lim Hock San	25,248,559	1.63	638,122,332 <sup>(3)</sup>	41.16
Datuk Wira Lim Hock Guan	26,311,111	1.70	636,058,182 <sup>(3)</sup>	41.02
Maj (Hon) Dato' Sri Lim Hock Sing	55,000	0.00	547,360 <sup>(2)</sup>	0.04
Dato' Sri Lim Hock Seong	633,736	0.04	353,375 <sup>(2)</sup>	0.02
Dato' Chia Lok Yuen	4,296,000	0.28	-	-
Dato' Lim Mooi Pang	4,361,903	0.28	-	-
Datuk Lim Si Cheng	261,800	0.02	-	-
Datuk Dr. Haji Baharum Bin Hj Mohamed	261,800	0.02	-	-

**Notes:**

- <sup>(1)</sup> Deemed interested by virtue of his substantial shareholdings in Gaterich Sdn Bhd pursuant to Section 8 of the Companies Act, 2016 ("the Act").
- <sup>(2)</sup> Shares held by virtue of Section 59(11)(c) of the Act.
- <sup>(3)</sup> Deemed interested by virtue of his shareholdings in Gaterich Sdn Bhd pursuant to Section 8 of the Act and by virtue of Section 59(11)(c) of the Act.
- <sup>(4)</sup> Deemed interested by virtue of shares held by Fund Managers of Kumpulan Wang Persaraan (Diperbadankan).

# ANALYSIS OF ORDINARY SHAREHOLDINGS

AS AT 31 MARCH 2018

## LIST OF THE THIRTY (30) LARGEST SHAREHOLDERS

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

	HOLDER NAME	SHARES HELD	PERCENTAGE (%)
1	<b>KUMPULAN WANG PERSARAAN (DIPERBADANKAN)</b>	126,466,940	8.156
2	<b>RHB NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD	122,320,000	7.888
3	<b>RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD	83,600,000	5.391
4	<b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD FOR GATERICH SDN BHD (377214)	77,000,000	4.966
5	<b>ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD	63,096,000	4.069
6	<b>AMSEC NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR GATERICH SDN BHD	51,040,000	3.291
7	<b>AMSEC NOMINEES (TEMPATAN) SDN BHD</b> MTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY GROWTH FUND (UT-CIMB-DALI)	50,961,830	3.286
8	<b>CIMB GROUP NOMINEES (TEMPATAN) SDN BHD</b> CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	39,454,020	2.544
9	<b>RHB NOMINEES (TEMPATAN) SDN BHD</b> INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MALAYSIA) BERHAD PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD	37,400,000	2.412
10	<b>CITIGROUP NOMINEES (TEMPATAN) SDN BHD</b> EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	37,255,940	2.402
11	<b>KENANGA NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD	29,329,047	1.891
12	<b>CITIGROUP NOMINEES (TEMPATAN) SDN BHD</b> KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	28,282,400	1.824
13	<b>LIM HOCK GUAN</b>	26,311,111	1.696
14	<b>GATERICH SDN BHD</b>	25,513,329	1.645
15	<b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD (51401138104A)	23,474,000	1.513
16	<b>CITIGROUP NOMINEES (TEMPATAN) SDN BHD</b> EXEMPT AN FOR AIA BHD.	22,973,820	1.481



ANALYSIS OF ORDINARY  
SHAREHOLDINGS

AS AT 31 MARCH 2018

## LIST OF THE THIRTY (30) LARGEST SHAREHOLDERS

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS  
BELONGING TO THE SAME REGISTERED HOLDER) (cont'd.)

	HOLDER NAME	SHARES HELD	PERCENTAGE (%)
17	<b>CIMSEC NOMINEES (TEMPATAN) SDN BHD</b> CIMB BANK FOR GATERICH SDN BHD (PBCL-0G0342)	22,000,000	1.418
18	<b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> NATIONAL TRUST FUND (IFM KENANGA)	19,513,960	1.258
19	<b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD (5140113810 5A)	18,168,858	1.171
20	<b>MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD (MARGIN)	17,812,080	1.148
21	<b>MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD (MGN-ISB0002M)	17,351,138	1.119
22	<b>CARTABAN NOMINEES (TEMPATAN) SDN BHD</b> PAMB FOR PARTICIPATING FUND	16,415,520	1.058
23	<b>CITIGROUP NOMINEES (TEMPATAN) SDN BHD</b> KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (CIMB EQUITIES)	15,033,440	0.969
24	<b>CARTABAN NOMINEES (TEMPATAN) SDN BHD</b> PAMB FOR PRULINK EQUITY FUND	14,536,060	0.937
25	<b>HSBC NOMINEES (TEMPATAN) SDN BHD</b> HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (P)	13,136,860	0.847
26	<b>M &amp; A NOMINEE (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD (PNG)	12,956,020	0.835
27	<b>CIMSEC NOMINEES (TEMPATAN) SDN BHD</b> CIMB FOR GATERICH SDN BHD (PB)	12,100,000	0.780
28	<b>CIMSEC NOMINEES (TEMPATAN) SDN BHD</b> CIMB BANK FOR LIM HOCK SAN (MY2970)	12,068,375	0.778
29	<b>TMF TRUSTEES MALAYSIA BERHAD</b> LBS BINA GROUP BERHAD	10,803,947	0.696
30	<b>ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD (8120976)	10,557,360	0.680
		<b>1,056,932,055</b>	<b>68.166</b>

# ANALYSIS OF WARRANT A HOLDINGS

AS AT 31 MARCH 2018

## WARRANT A

Type of Securities	:	Warrant A 2008/2018
No. of Warrant A Issued	:	9,297,441
No. of Warrant A Holders	:	300
Voting Rights	:	One (1) vote per Warrant A on poll, in the meeting of Warrant A holders.

## DISTRIBUTION OF WARRANT A HOLDINGS

Size of Warrant A Holdings	No. of Warrant A Holders	Percentage (%) of Warrant A Holders	No. of Warrant A Held	Percentage (%) of Warrant A Holdings
1 - 99	12	4.000	668	0.007
100 - 1,000	24	8.000	11,726	0.126
1,001 - 10,000	114	38.000	516,557	5.556
10,001 - 100,000	132	44.000	3,881,890	41.752
100,001 - 464,871 (*)	16	5.333	3,547,500	38.156
464,872 AND ABOVE (**)	2	0.667	1,339,100	14.403
	300	100.000	9,297,441	100.000

Remark:

\* Less than 5% of Issued Warrants

\*\* 5% and above of Issued Warrants

## DIRECTOR'S INTEREST IN WARRANT A

Name of Director	Warrant A Holdings			
	Direct		Indirect	
	No. of Warrant A	%	No. of Warrant A	%
Maj (Hon) Dato' Sri Lim Hock Sing	-	-	30,800 <sup>(1)</sup>	0.33

Notes:

<sup>(1)</sup> Warrant A held by virtue of Section 59(11)(c) of the Companies Act, 2016.



# ANALYSIS OF WARRANT A HOLDINGS

AS AT 31 MARCH 2018

## LIST OF THE THIRTY (30) LARGEST WARRANT A HOLDERS

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

	HOLDER NAME	WARRANT A HELD	PERCENTAGE (%)
1	<b>CHUA ENG KIAT</b>	789,900	8.495
2	<b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR BEH HANG KONG	549,200	5.907
3	<b>PANG CHIN HIN</b>	411,400	4.424
4	<b>PACIFIC FOOD PRODUCTS SENDIRIAN BERHAD</b>	396,000	4.259
5	<b>LIM THIAM CHYE</b>	374,000	4.022
6	<b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR CHOO BU YAN	374,000	4.022
7	<b>LEE CHING CHING</b>	320,100	3.442
8	<b>CHEN HEAN TIN</b>	220,000	2.366
9	<b>LIM THYE SIANG</b>	220,000	2.366
10	<b>LEE THEAN SENG</b>	209,000	2.247
11	<b>HEATHER GOH SU LING</b>	176,000	1.892
12	<b>LOW BOON WAH</b>	154,000	1.656
13	<b>TIN SWEE KEN</b>	143,000	1.538
14	<b>LAI SIEW FONG</b>	110,000	1.183
15	<b>LOW BOON ANN</b>	110,000	1.183
16	<b>LOW MUN TENG</b>	110,000	1.183
17	<b>ONG SONG KIAT @ ONG SHONG KEAT</b>	110,000	1.183
18	<b>TEE CHING CHAK</b>	110,000	1.183
19	<b>TANG SEE HANG</b>	88,000	0.946
20	<b>CHONG SIEW MEE</b>	87,120	0.937

# ANALYSIS OF WARRANT A HOLDINGS

AS AT 31 MARCH 2018

## LIST OF THE THIRTY (30) LARGEST WARRANT A HOLDERS

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER) (cont'd)

	HOLDER NAME	WARRANT A HELD	PERCENTAGE (%)
21	<b>PUBLIC NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR NIU WEI SONG (E-BPJ)	81,180	0.873
22	<b>KENANGA NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR EG KAA CHEE (STC)	77,000	0.828
23	<b>PUBLIC NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR LAM CHAI CHIN (E-BPJ)	76,340	0.821
24	<b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> LEE JIEW JEIT	75,840	0.815
25	<b>HWEE CHOW CHUAN</b>	66,000	0.709
26	<b>LIM HOCK TIAN</b>	66,000	0.709
27	<b>MARGARET ONG SUAN SIM</b>	66,000	0.709
28	<b>ONG CHOOI HWA</b>	66,000	0.709
29	<b>RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD</b> YAP JIN FON @ YAP HEE FONG	66,000	0.709
30	<b>LIM KHUAN ENG</b>	62,200	0.669
		<b>5,764,280</b>	<b>61.998</b>



# ANALYSIS OF WARRANT B HOLDINGS

AS AT 31 MARCH 2018

## WARRANT B

Type of Securities	:	Warrant B 2015/2020
No. of Warrant B Issued	:	100,231,762
No. of Warrant B Holders	:	4,077
Voting Rights	:	One (1) vote per Warrant B on poll, in the meeting of Warrant B holders.

## DISTRIBUTION OF WARRANT B HOLDINGS

Size of Warrant B Holdings	No. of Warrant B Holders	Percentage (%) of Warrant B Holders	No. of Warrant B Held	Percentage (%) of Warrant B Holdings
1 - 99	1,030	25.264	51,704	0.052
100 - 1,000	1,101	27.005	350,147	0.349
1,001 - 10,000	1,433	35.148	4,362,131	4.352
10,001 - 100,000	423	10.375	11,452,599	11.426
100,001 - 5,011,587 (*)	89	2.183	48,496,646	48.385
5,011,588 AND ABOVE (**)	1	0.025	35,518,535	35.436
	4,077	100.000	100,231,762	100.000

Remark:

\* Less than 5% of Issued Warrants

\*\* 5% and above of Issued Warrants

## DIRECTORS' INTEREST IN WARRANT B

Name of Director	Warrant B Holdings			
	Direct		Indirect	
	No. of Warrant B	%	No. of Warrant B	%
Dato' Seri Lim Bock Seng	847,000	0.85	1,444,300 <sup>(1)</sup>	1.44
Tan Sri Lim Hock San	-	-	35,721,320 <sup>(2)</sup>	35.64
Datuk Wira Lim Hock Guan	4,327,598	4.32	35,521,285 <sup>(2)</sup>	35.44
Maj (Hon) Dato' Sri Lim Hock Sing	453,750	0.45	106,700 <sup>(1)</sup>	0.11
Dato' Chia Lok Yuen	2,097,000	2.09	-	-

Notes:

<sup>(1)</sup> Warrant B held by virtue of Section 59(11)(c) of the Companies Act, 2016 ("the Act").

<sup>(2)</sup> Deemed interested by virtue of his substantial interests in Gaterich Sdn Bhd pursuant to Section 8 of the Act and by virtue of Section 59(11)(c) of the Act.

# ANALYSIS OF WARRANT B HOLDINGS

AS AT 31 MARCH 2018

## LIST OF THE THIRTY (30) LARGEST WARRANT B HOLDERS

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

	HOLDER NAME	WARRANT B HELD	PERCENTAGE (%)
1	<b>GATERICH SDN BHD</b>	35,518,535	35.436
2	<b>LIM HOCK GUAN</b>	4,327,598	4.317
3	<b>CITIGROUP NOMINEES (TEMPATAN) SDN BHD</b> EXEMPT AN FOR AIA BHD.	4,226,750	4.216
4	<b>TMF TRUSTEES MALAYSIA BERHAD</b> LBS BINA GROUP BERHAD	2,700,986	2.694
5	<b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> ETIOA LIFE INSURANCE BERHAD (GROWTH)	2,580,600	2.574
6	<b>LOW MUN TENG</b>	2,065,800	2.061
7	<b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR YEOH KOK KEAT	1,621,400	1.617
8	<b>SAW EE KANG</b>	1,458,600	1.455
9	<b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR KOH LAY KOON	1,434,860	1.431
10	<b>LIEW BOON</b>	1,363,450	1.360
11	<b>LOW BOON ANN</b>	1,217,040	1.214
12	<b>MEH KOK CHAU</b>	1,100,000	1.097
13	<b>DATO' SERI LIM BOCK SENG</b>	847,000	0.845
14	<b>YAYASAN GURU TUN HUSSEIN ONN</b>	825,000	0.823
15	<b>TAN WEI ENG</b>	736,450	0.734
16	<b>PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD</b> EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)	731,500	0.729
17	<b>ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR LIM MIOW LEONG (7000851)	709,280	0.707
18	<b>LOW MON TONG</b>	699,600	0.697



# ANALYSIS OF WARRANT B HOLDINGS

AS AT 31 MARCH 2018

## LIST OF THE THIRTY (30) LARGEST WARRANT B HOLDERS

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER) (cont'd)

	HOLDER NAME	WARRANT B HELD	PERCENTAGE (%)
19	<b>KENANGA NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR CHIA LOK YUEN	696,850	0.695
20	<b>RHB NOMINEES (ASING) SDN BHD</b> EXEMPT AN (BP) FOR RHB SECURITIES HONG KONG LIMITED A/C CLIENTS (RETAIL)	687,830	0.686
21	<b>LIM SEOK GEN</b>	660,000	0.658
22	<b>PUBLIC NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR TAN CHIAM HUA (E-BPT)	572,000	0.570
23	<b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR LAW HOE THIAM	545,000	0.543
24	<b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> ETIQA LIFE INSURANCE BERHAD (LIFE PAR)	541,860	0.540
25	<b>PUBLIC NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR HWEE CHOW CHUAN (E-TSA)	528,000	0.526
26	<b>CIMB GROUP NOMINEES (TEMPATAN) SDN BHD</b> CIMB COMMERCE TRUSTEE BERHAD FOR PACIFIC MILLENNIUM FUND	514,580	0.513
27	<b>WILFRED KOH SENG HAN</b>	487,520	0.486
28	<b>HWEE CHOW CHUAN</b>	486,140	0.485
29	<b>KENANGA NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR KOH CHENG SIN	484,000	0.482
30	<b>LIM HOCK SING</b>	453,750	0.452
		<b>70,821,979</b>	<b>70.658</b>



# ANALYSIS OF PREFERENCE SHAREHOLDINGS

AS AT 31 MARCH 2018

## PREFERENCE SHARE CAPITAL

Types of Shares	:	Redeemable Convertible Preference Shares ("RCPS")
Issued shares capital	:	102,389,635 preference shares
No. of Shareholders	:	1,134
Voting Rights	:	Ten (10) RCPS for eleven (11) votes

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Percentage (%) of Shareholders	No. of Shares Held	Percentage (%) of Shareholdings
1 - 99	12	1.058	532	0.000
100 - 1,000	468	41.270	332,996	0.325
1,001 - 10,000	490	43.210	1,759,225	1.718
10,001 - 100,000	110	9.700	3,649,641	3.564
100,001 - 5,119,480 (*)	51	4.497	26,882,501	26.255
5,119,481 AND ABOVE (**)	3	0.265	69,764,740	68.136
	1,134	100.000	102,389,635	100.000

\* Less than 5% of Issued RCPS

\*\* 5% and above of Issued RCPS

## DIRECTORS' INTEREST IN RCPS

Name of Shareholders	RCPS Holdings			
	Direct		Indirect	
	No. of RCPS	%	No. of RCPS	%
Dato' Seri Lim Bock Seng	-	-	-	-
Tan Sri Lim Hock San	-	-	59,149,620 <sup>(3)</sup>	57.77
Datuk Wira Lim Hock Guan	-	-	58,991,620 <sup>(1)</sup>	57.62
Maj (Hon) Dato' Sri Lim Hock Sing	-	-	38,800 <sup>(2)</sup>	0.04
Dato' Sri Lim Hock Seong	-	-	20,750 <sup>(2)</sup>	0.02
Datuk Lim Si Cheng	23,800	0.02	-	-
Datuk Dr. Haji Baharum Bin Hj Mohamed	23,800	0.02	-	-

Notes:

<sup>(1)</sup> Deemed interested by virtue of his substantial shareholdings in Gaterich Sdn Bhd pursuant to Section 8 of the Companies Act, 2016 ("the Act").

<sup>(2)</sup> RCPS held by virtue of Section 59(11)(c) of the Act.

<sup>(3)</sup> Deemed interested by virtue of his shareholdings in Gaterich Sdn Bhd pursuant to Section 8 of the Act and by virtue of Section 59(11)(c) of the Act.



# ANALYSIS OF PREFERENCE SHAREHOLDINGS

AS AT 31 MARCH 2018

## LIST OF THE THIRTY (30) LARGEST RCPS HOLDERS

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

	HOLDER NAME	RCPS HOLDINGS	PERCENTAGE (%)
1	<b>GATERICH SDN BHD</b>	51,991,620	50.778
2	<b>KUMPULAN WANG PERSARAAN (DIPERBADANKAN)</b>	10,773,120	10.521
3	<b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD FOR GATERICH SDN BHD (377214)	7,000,000	6.836
4	<b>CITIGROUP NOMINEES (TEMPATAN) SDN BHD</b> EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	3,320,000	3.242
5	<b>CIMB GROUP NOMINEES (TEMPATAN) SDN BHD</b> CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	2,732,120	2.668
6	<b>CITIGROUP NOMINEES (TEMPATAN) SDN BHD</b> EXEMPT AN FOR AIA BHD.	2,554,100	2.494
7	<b>CITIGROUP NOMINEES (TEMPATAN) SDN BHD</b> KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	2,116,120	2.066
8	<b>CITIGROUP NOMINEES (TEMPATAN) SDN BHD</b> KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (CIMB EQUITIES)	1,600,000	1.562
9	<b>MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD</b> GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)	993,300	0.970
10	<b>HSBC NOMINEES (TEMPATAN) SDN BHD</b> HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (P)	964,260	0.941
11	<b>HSBC NOMINEES (TEMPATAN) SDN BHD</b> HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (CIMB-P 6939-404)	866,960	0.846
12	<b>CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD</b> CIMB ISLAMIC TRUSTEE BERHAD - KENANGA SYARIAH GROWTH FUND	817,580	0.798
13	<b>MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD</b> GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 2)	772,360	0.754
14	<b>MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD</b> GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LGF)	693,520	0.677
15	<b>DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD</b> DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSGROWTH FUND	584,380	0.570

# ANALYSIS OF PREFERENCE SHAREHOLDINGS

AS AT 31 MARCH 2018

## LIST OF THE THIRTY (30) LARGEST RCPS HOLDERS

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER) (cont'd)

	HOLDER NAME	RCPS HOLDINGS	PERCENTAGE (%)
16	<b>CITIGROUP NOMINEES (TEMPATAN) SDN BHD</b> EMPLOYEES PROVIDENT FUND BOARD (FTEMISLAMIC)	538,350	0.525
17	<b>HSBC NOMINEES (TEMPATAN) SDN BHD</b> HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (ULIFE)	413,360	0.403
18	<b>MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD</b> GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LBF)	400,480	0.391
19	<b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> ETIQA LIFE INSURANCE BERHAD (LIFE PAR)	380,120	0.371
20	<b>LIM KHUAN ENG</b>	374,000	0.365
21	<b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> ETIQA LIFE INSURANCE BERHAD (LIFE NON PAR)	340,000	0.332
22	<b>HSBC NOMINEES (TEMPATAN) SDN BHD</b> HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (MEF)	335,391	0.327
23	<b>NG HO FATT</b>	326,900	0.319
24	<b>DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD</b> DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSBALANCED FUND	320,000	0.312
25	<b>HSBC NOMINEES (TEMPATAN) SDN BHD</b> HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (ULIFE2)	288,880	0.282
26	<b>CITIGROUP NOMINEES (TEMPATAN) SDN BHD</b> KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KNGA SML CAP FD)	281,240	0.274
27	<b>CITIGROUP NOMINEES (TEMPATAN) SDN BHD</b> EMPLOYEES PROVIDENT FUND BOARD (F TEMPLETON)	272,540	0.266
28	<b>CIMB GROUP NOMINEES (TEMPATAN) SDN BHD</b> CIMB COMMERCE TRUSTEE BERHAD - KENANGA MALAYSIAN INC FUND	264,300	0.258
29	<b>PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD</b> EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)	260,000	0.253
30	<b>DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD</b> RHB TRUSTEES BERHAD FOR KENANGA ASIA PACIFIC TOTAL RETURN FUND (TSTAC/CLNT)	255,620	0.249
		<b>92,830,621</b>	<b>90.664</b>



# NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Eighteenth Annual General Meeting of the Company will be held at Banquet Hall, First Floor, Main Lobby, TPC Kuala Lumpur, 10 Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Wednesday, 6 June 2018 at 10.00 a.m. for the following purposes:-

## AGENDA

- |  |   |
|--|---|
| 1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2017 together with the Reports of the Directors and Auditors thereon.  | <b>Resolution 1</b>   |
| 2. To approve the payment of a Single Tier Final Dividend of 1.2 sen per ordinary share for the financial year ended 31 December 2017.   | <b>Resolution 2</b>   |
| 3. To approve the payment of Directors' Fees of RM159,000.00 for the financial year ended 31 December 2017.  | <b>Resolution 3</b>   |
| 4. To approve the payment of Directors' Fees, allowances and benefits-in-kind to the Directors of the Company up to an amount of RM3 million, for the period from 1 June 2018 to the next Annual General Meeting of the Company.   | <b>Resolution 4</b>   |
| 5. To re-elect the following Directors who retire in accordance with Article 100 of the Company's Articles of Association:-<br><br>i) Tan Sri Lim Hock San<br>ii) Dato' Lim Mooi Pang<br>iii) Mr. Lim Tong Lee   | <b>Resolution 5</b><br><b>Resolution 6</b><br><b>Resolution 7</b> |
| 6. To re-appoint Messrs. UHY as Auditors and to authorise the Directors to fix their remuneration.   | <b>Resolution 8</b>   |
| 7. As Special Business:<br>To consider and, if thought fit, to pass with or without any modifications, the following resolutions:-<br><br><b>(a) ORDINARY RESOLUTION</b><br><b>AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 &amp; 76 OF THE COMPANIES ACT, 2016</b><br><br>"THAT, subject always to the Companies Act, 2016 and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Sections 75 & 76 of the Companies Act, 2016, to issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10% of the issued share capital of the Company for the time being AND THAT the Directors be also empowered to obtain the approval for the listing and quotation of the additional shares so issued on the Bursa Malaysia Securities Berhad ("Bursa Securities") AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." | <b>Resolution 9</b>   |

## NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

### (b) ORDINARY RESOLUTION

### Resolution 10

**PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE INVOLVING LBS BINA GROUP BERHAD ("LBGB") AND ITS SUBSIDIARIES ("LBGB GROUP") AND DIRECTORS AND MAJOR SHAREHOLDERS OF LBGB GROUP AND PERSONS CONNECTED WITH THEM**

"THAT approval be and is hereby given pursuant to Chapter 10.09 of the Main Market Listing Requirements of Bursa Securities for the Company, its subsidiaries or any one of them to enter into the specified recurrent transactions of a revenue or trading nature with the related parties stated in Section 2.3 of the Circular which is necessary for its day-to-day operations, in its ordinary course of business, made on an arm's length basis and on normal commercial terms of the Group and on such terms which are no more favourable to the related party than those generally available to the public and which are not detrimental to the minority shareholders of the Company.

AND THAT the approval given in the aforesaid paragraph, unless revoked or varied by the shareholders of the Company in its general meeting, shall continue to be in force until the conclusion of the next Annual General Meeting of the Company, following this general meeting at which this mandate is passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed or the expiration of the period within which the next Annual General Meeting after the date it 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), whichever is earlier.

AND THAT the aggregate value of the transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year of the Company be disclosed in the annual report by providing a breakdown of the aggregate value of the transaction, amongst others, based on the following information:-

- (a) the type of transactions made; and
- (b) the names of the related parties involved in each type of transactions made and their relationship with the Company and its subsidiaries.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required or approved or permitted by the relevant authorities) as they may consider expedient or necessary or in the interests of the Company to give effect to the Proposed Shareholders' Mandate described in the Circular and/or this resolution."

### (c) ORDINARY RESOLUTION

### Resolution 11

**PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

"THAT, subject always to the provisions under the Act, the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Securities and the approvals of all relevant authorities (if any), the Company be and is hereby authorised to purchase such number of ordinary shares in the Company ("LBGB Shares") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and



## NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company as at the point of purchase ("Proposed Renewal of Shares Buy-Back Authority").

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

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

- i) to cancel the Purchased Shares; or
- ii) to retain the Purchased Shares as treasury shares held by the Company; or
- iii) to distribute the treasury shares as dividend to shareholders; or
- iv) to resell the treasury shares on Bursa Securities in accordance with the relevant rules of Bursa Securities; or
- v) to transfer the treasury shares for the purposes of or under an employees' share scheme and/or as purchase consideration; or
- vi) any combination of the above.

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

- i) the conclusion of the next AGM of the Company, at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions; or
- ii) the expiration of the period within which the next AGM after that date is required to be held; or
- iii) revoked or varied by ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first.

AND THAT the Directors of the Company be and are hereby authorised to take such steps to give full effect to the Proposed Renewal of Shares Buy-Back Authority with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and/or to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company."

8. To consider any other business of which due notice shall have been given.

# NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

## NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN that, subject to the approval of the shareholders at the Eighteenth Annual General Meeting, a Single Tier Final Dividend of 1.2 sen per ordinary share in respect of the financial year ended 31 December 2017 will be paid on 5 September 2018 to depositors registered in the Record of Depositors on 6 August 2018.

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

- (a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 6 August 2018 in respect of transfers; and
- (b) shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board

LEE CHING CHING  
Company Secretary

Petaling Jaya, Selangor  
27 April 2018

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### Notes:

- (1) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.
- (2) In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of a duly authorised officer or attorney.
- (3) Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- (4) Any alteration to the instrument appointing a proxy must be initialled. The instrument appointing a proxy must be deposited at the Company's Registered Office at Plaza Seri Setia, Level 1-4, No. 1, Jalan SS9/2, 47300 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time fixed for the meeting.
- (5) Where a member of the Company is an exempt authorised nominee which holds 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 exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (6) The date of Record of Depository for the purpose of determining members' entitlement to attend, vote and speak at the meeting is Wednesday, 30 May 2018.
- (7) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions set out in this Notice of Eighteenth Annual General Meeting will be put to vote by way of poll.





# NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

## Explanatory Notes

### (8) Ordinary Resolution 4

The Proposed Directors' Fees, allowances and benefits-in-kind comprises monthly fixed allowance given to the Chairman of the Company in recognition of the significant roles in leadership and oversight, and the wide-ranging scope of responsibilities expected of him; Board and Board Committee Meeting allowance; allowance in certain subsidiaries; and benefits-in-kind.

In determining the estimated total amount payable, the Board considered various factors including the Directors' involvement and responsibilities in the Group. Payment of the Directors' Fees, allowances and benefits-in-kind will be made on a monthly basis and/or as and when incurred, if the Ordinary Resolution 4 has been passed. The Board is of the view that it is just and equitable for the Directors to be paid such fees, allowances and benefits-in-kind on a monthly basis and/or as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Group throughout the period from 1 June 2018 to the next Annual General Meeting in 2019.

### (9) Ordinary Resolution 9

The Ordinary Resolution proposed under Resolution 9 above for the renewal of general mandate in relation to the authorisation for issuance of shares by the Directors, if passed, will enable the Directors to issue up to 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting.

As at the date of this Notice, no new share of the Company was issued pursuant to the mandate granted to the Directors at the Seventeenth Annual General Meeting held on 31 May 2017.

The renewed mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment, working capital and/or acquisition.

### (10) Ordinary Resolution 10

Ordinary Resolution 10, if passed, will allow the Group to enter into the Recurrent Related Party Transactions in its ordinary course of business and will not require to convene separate general meetings from time to time to seek shareholders' approval as and when such Recurrent Related Party Transactions occur. This will reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group. The shareholders' mandate is subject to renewal on an annual basis.

Further information on the Recurrent Related Party Transactions is set out in the Circular to Shareholders dated 27 April 2018 which is despatched together with the 2017 Annual Report of the Company.

### (11) Ordinary Resolution 11

Ordinary Resolution 11, if passed, will give authority to the Company to purchase its own shares up to ten per centum (10%) of the issued and paid-up share capital of the Company as at the point of purchase. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting. Further information on the Proposed Renewal of Share Buy-Back Authority is set out in the Circular to Shareholders dated 27 April 2018 which is despatched together with the 2017 Annual Report of the Company.

## PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Eighteenth Annual General Meeting of the Company ("AGM") and/or any adjournment thereof, the member (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) 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 or service providers) 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 or service providers), 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 or service providers) 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.

# PRIVACY NOTICE

Dear Sirs/Madams,

This privacy notice for personal data ("**Privacy Notice**") is issued to all shareholders of LBS Bina Group Berhad ("**Company**", "**we**", "**us**" or "**our**"), pursuant to the statutory requirements of the Personal Data Protection Act 2010 ("PDPA").

During your course of dealings with us, we will collect and process your personal data for purposes, including, to communicate with you, provide administrative assistance to you in the course of you being our shareholder, respond to your enquiries or input, invite you to meetings and events, provide you with notices, documents, information and/or updates relating to us and any matters relating to your involvement in the Board of Directors, for publication and dissemination of your personal data in any circulars, reports, minutes, websites, newsletters, bulletins, brochures, pamphlets or any other materials which may be published and circulated internally or to the general public, to comply with our legal and regulatory obligations (including monitor and where necessary make disclosure of matters relating to your involvement in any shares, debentures, participatory interests, rights, options, transactions and contracts) and other purposes required to operate and maintain our business as set out in our Privacy Policy (collectively referred to as "**Purposes**").

We will not disclose any of your personal data to any third party without your consent except to the Company's group of companies (including the Company's subsidiaries, related and/or associated companies), our professional advisers, vendors, suppliers, agents, contractors, service providers, business partners, insurance companies, banks and financial institutions, any governmental agencies, regulatory authorities and/or statutory bodies, within or outside Malaysia, where necessary, for the Purposes mentioned above, to any party who undertakes to keep your personal data confidential, to any person as set out in our Privacy Policy, or to whom we are compelled or required under the law to disclose to. A copy of our Privacy Policy is available on our website at <http://www.lbs.com.my/>.

It is necessary for us to collect and process your personal data. If you do not provide us with your personal data, or do not consent to this Privacy Notice, we will not be able to effectively provide services to you in connection with or incidental to your role as our shareholder or process your personal data for any of the Purposes, if at all.

We are committed to ensuring that your personal data is stored securely. You have the right to request for access to, request for a copy of and request to update or correct, your personal data held by us. You also have the right at any time to request us to limit the processing and use of your personal data, subject to our right to rely on any statutory exemptions and/or exceptions to collect, use and disclose your personal data.

Your written requests or queries should be addressed to:

**Personal Data Protection Officer**

Address: LBS Bina Group Berhad, Plaza Seri Setia, Level 1-4, No. 1, Jalan SS9/2, 47300 Petaling Jaya, Selangor Darul Ehsan

Contact No.: 03 - 78777333

Fax No.: 03 - 78777111

Email Address: [pdpa@lbs.com.my](mailto:pdpa@lbs.com.my)

By providing your personal data to us, you consent to us processing your personal data in accordance with this Privacy Notice, and you confirm that all personal data provided by you is accurate and complete, and that none of it is misleading or out of date. You will promptly update us in the event of any change to your personal data. You shall also procure the consent of your proxy appointed to attend any general meeting of the Company on your behalf whose personal data is provided to us by you for any purpose relating to the general meeting.



## PRIVACY NOTICE

To the extent that you have provided (or will provide) personal data about your family members, spouse and/or other dependents/individuals, you confirm that you have explained to them that their personal data will be provided to, and processed by, us and you represent and warrant that you have obtained their consent to the processing (including disclosure and transfer) of their personal data in accordance with this Privacy Notice.

In respect of minors (i.e. individuals under 18 years of age) or individuals not legally competent to give consent, you confirm that you are the parent or guardian or person who has parental responsibility over them or the person appointed by court to manage their affairs or that they have appointed you to act for them, to consent on their behalf to the processing (including disclosure and transfer) of their personal data in accordance with this Privacy Notice.

We reserve the right to update and amend this Privacy Notice or our Privacy Policy from time to time. We will notify you of any amendments to this Privacy Notice or our Privacy Policy via announcements on our website or other appropriate means. If we amend this Privacy Notice or our Privacy Policy, the amendment will only apply to personal data collected after we have posted the revised Privacy Notice or Privacy Policy.

In accordance with Section 7(3) of the PDPA, this Privacy Notice is issued in both English and Bahasa Malaysia. In the event of any inconsistencies or discrepancies between the English version and the Bahasa Malaysia version, the English version shall prevail.

# NOTIS PRIVASI

Kepada tuan-tuan dan puan-puan,

Notis privasi untuk data peribadi ini ("**Notis Privasi**") diberikan kepada semua pemegang saham LBS Bina Group Berhad ("**Syarikat**", "**kita**" atau "**kami**"), selaras dengan obligasi statutori di bawah Akta Perlindungan Data Peribadi 2010 ("**PDPA**").

Sepanjang masa urusan anda dengan kami, kami akan mengumpul dan memproses data peribadi anda untuk tujuan berkomunikasi dengan anda, memberi bantuan pentadbiran kepada anda, memberi maklum balas terhadap pertanyaan atau input anda, menjemput anda ke mesyuarat dan acara kami, memberi anda notis, dokumen, maklumat dan/atau isu-isu terkini berkaitan dengan kami dan perkara-perkara berhubungan dengan penglibatan anda di Lembaga Pengarah, untuk penerbitan dan pendedahan data peribadi anda di pekeliling, laporan, minit, laman web, surat berita, buletin, brosur, risalah atau media lain yang mungkin diterbitkan dan diedarkan di dalam organisasi kami atau kepada orang awam, untuk memenuhi kewajipan kami dalam mematuhi undang-undang dan peraturan-peraturan (termasuk memantau dan membuat pendedahan tentang perkara-perkara yang berkaitan dengan penglibatan anda dalam apa-apa saham, debentur, kepentingan penyertaan, hak, opsyen, urus niaga dan kontrak), serta tujuan-tujuan lain yang kami perlukan untuk mengendalikan dan mengekalkan perniagaan kami sepertimana yang tertera dalam Polisi Privasi kami (secara kolektifnya dirujuk sebagai "**Tujuan-Tujuan**").

Kami tidak akan mendedahkan apa-apa data peribadi anda kepada mana-mana pihak ketiga tanpa kebenaran anda kecuali kepada syarikat-syarikat di dalam kumpulan Syarikat (termasuk subsidiari, syarikat berkaitan dan/atau syarikat bersekutu kami), penasihat profesional, ejen, vendor, pembekal, kontraktor, pembekal perkhidmatan, rakan kongsi perniagaan, syarikat insurans, bank dan institusi kewangan, agensi kerajaan, pihak berkuasa dan/atau badan berkanun, di dalam atau di luar Malaysia, jikalau perlu, bagi Tujuan-Tujuan yang disebut di atas, kepada mana-mana pihak yang berjanji untuk menyimpan data peribadi anda secara sulit, kepada mana-mana pihak sepertimana yang tertera dalam Polisi Privasi kami, atau sekiranya diperlukan di bawah undang-undang. Sesalinan Polisi Privasi kami boleh didapati di laman web kami di <http://www.lbs.com.my/>.

Kami perlu mengumpul dan menyimpan data peribadi anda. Sekiranya anda tidak memberikan data peribadi anda kepada kami, atau tidak bersetuju dengan Notis Privasi ini, kami mungkin tidak dapat memberikan perkhidmatan secara efektif kepada anda berkaitan atau bersampingan dengan peranan anda sebagai pemegang saham kami atau memproses data peribadi anda bagi Tujuan-Tujuan yang disebut di atas.

Kami akan memastikan data peribadi anda disimpan dengan selamat. Anda mempunyai hak untuk meminta akses kepada, mendapat salinan, mengemaskini atau memperbetulkan data peribadi anda yang disimpan oleh kami. Anda juga mempunyai hak untuk meminta kami menghadkan pemprosesan dan penggunaan data peribadi anda pada bila-bila masa. Walaubagaimana pun, kami mempunyai hak untuk bergantung kepada mana-mana pengecualian dalam mengumpul, mengguna dan mendedah data peribadi anda.

Permintaan atau pertanyaan bertulis anda perlu disampaikan ke alamat di bawah:

## **Pegawai Perlindungan Data Peribadi**

Alamat: LBS Bina Group Berhad, Plaza Seri Setia, Level 1-4, No. 1, Jalan SS9/2, 47300 Petaling Jaya, Selangor Darul Ehsan

No Telefon: 03 - 78777333

No Faks: 03 - 78777111

Alamat E-mel: [pdpa@lbs.com.my](mailto:pdpa@lbs.com.my)



## NOTIS PRIVASI

Dengan memberikan data peribadi anda kepada kami, anda bersetuju untuk kami memproses data peribadi anda sepertimana yang tertera dalam Notis Privasi ini, dan anda mengesahkan bahawa semua data peribadi yang diberikan oleh anda adalah betul dan lengkap, dan tiada data peribadi yang mengelirukan atau yang belum dikemaskinikan. Anda mesti, dengan segera, mengemaskini data peribadi anda sekiranya terdapat apa-apa perubahan kepada data peribadi yang anda beri kepada kami. Anda juga harus mendapatkan persetujuan proksi anda yang dilantik untuk menghadiri apa-apa mesyuarat agung Syarikat bagi pihak anda, sekiranya data peribadi mereka dibekalkan oleh anda kepada kami untuk apa-apa tujuan yang berkaitan dengan mesyuarat agung.

Setakat mana yang anda telah memberikan (atau akan memberikan) data peribadi tentang ahli keluarga, pasangan, tanggungan anda dan/atau individu lain, anda mengesahkan bahawa anda telah menjelaskan kepada mereka bahawa data peribadi mereka akan didedahkan kepada, dan akan diproses oleh, kami dan anda menyata dan menjamin bahawa anda telah diberi kuasa untuk mendedahkan data peribadi mereka kepada kami dan anda telah memperolehi persetujuan daripada mereka berkenaan dengan pemprosesan (termasuk pendedahan dan pemindahan) data peribadi mereka sepertimana yang tertera dalam Notis Privasi ini.

Berkenaan dengan individu yang belum mencapai usia dewasa (iaitu individu di bawah umur 18 tahun) atau individu yang tidak mempunyai kompeten untuk memberi persetujuan, anda mengesahkan bahawa anda ialah ibu bapa atau penjaga atau orang yang mempunyai kewajipan terhadap mereka atau orang yang dilantik oleh mahkamah untuk menguruskan urusan mereka atau mereka telah melantik anda untuk mewakili mereka, untuk memberi persetujuan bagi pihak mereka berkenaan dengan pemprosesan (termasuk pendedahan dan pemindahan) data peribadi mereka sepertimana yang tertera dalam Notis Privasi ini.

Kami berhak untuk mengemaskini dan meminda Notis Privasi ini atau Polisi Privasi kami dari semasa ke semasa. Sebarang perubahan atau pemindahan kepada Notis Privasi ini atau Polisi Privasi kami akan dimaklumkan melalui pengumuman di laman web kami atau melalui cara yang bersesuaian. Jika kami meminda Notis Privasi ini atau Polisi Privasi kami, pindaan itu hanya akan berkuat-kuasa untuk data peribadi yang dikumpul selepas kami memaparkan Notis Privasi atau Polisi Privasi kami yang terpinda.

Mengikut Seksyen 7(3) PDPA, Notis Privasi ini diterbitkan dalam Bahasa Inggeris dan Bahasa Malaysia. Sekiranya terdapat sebarang ketidakseragaman atau percanggahan di antara versi Bahasa Inggeris dan Bahasa Malaysia, versi Bahasa Inggeris akan digunapakai.

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# FORM OF PROXY



I/We \_\_\_\_\_ NRIC No. / Company No. \_\_\_\_\_

of \_\_\_\_\_

being a member/members of **LBS BINA GROUP BERHAD**, hereby appoint:-

Full Name	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or

Full Name	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Eighteenth Annual General Meeting of the Company to be held at Banquet Hall, First Floor, Main Lobby, TPC Kuala Lumpur, 10 Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Wednesday, 6 June 2018 at 10.00 a.m. or at any adjournment thereof.

RESOLUTIONS	For	Against
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3		
Ordinary Resolution 4		
Ordinary Resolution 5		
Ordinary Resolution 6		
Ordinary Resolution 7		
Ordinary Resolution 8		
Ordinary Resolution 9		
Ordinary Resolution 10		
Ordinary Resolution 11		

Please indicate with (X) how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2018

No. of Shares Held	
CDS Account No.	

Signature/ Common Seal of Shareholder(s)

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- (7) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice of Eighteenth Annual General Meeting will be put to vote by way of poll.



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STAMP

The Company Secretary

**LBS BINA GROUP BERHAD** (518482-H)  
Plaza Seri Setia Level 1-4  
No. 1 Jalan SS9/2  
47300 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

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**LBS BINA GROUP BERHAD** (5110482-H)

Plaza Seri Setia, Level 1-4

No.1, Jalan SS9/2

47300 Petaling Jaya

Selangor Darul Ehsan, Malaysia

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