



EMPOWERING INDIVIDUALS ENHANCING COMMUNITIES

ANNUAL REPORT 2019

EMPOWERING INDIVIDUALS

LBS family consists of our employees, homebuyers and ultimately the communities that we have created. Journeying and growing with them, seeing them empowered to embrace life and all its opportunities deliver returns on investment that is unmeasured.

ENHANCING COMMUNITIES

Building communities takes delicate planning and consideration. Each township and community is built on the pillars of affordability, connectivity and community while ensuring potential growth within the surrounding area. With the right environment, communities can be rooted and flourish.



OUR VISION

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



OUR MISSION

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



WWW.LBS.COM.MY

LIST OF ABBREVIATIONS USED IN THIS ANNUAL REPORT

LBS or the Company : LBS Bina Group Berhad

LBS Bina : LBS Bina Holdings Sdn Bhd

LBS Group or the Group : LBS and its subsidiaries

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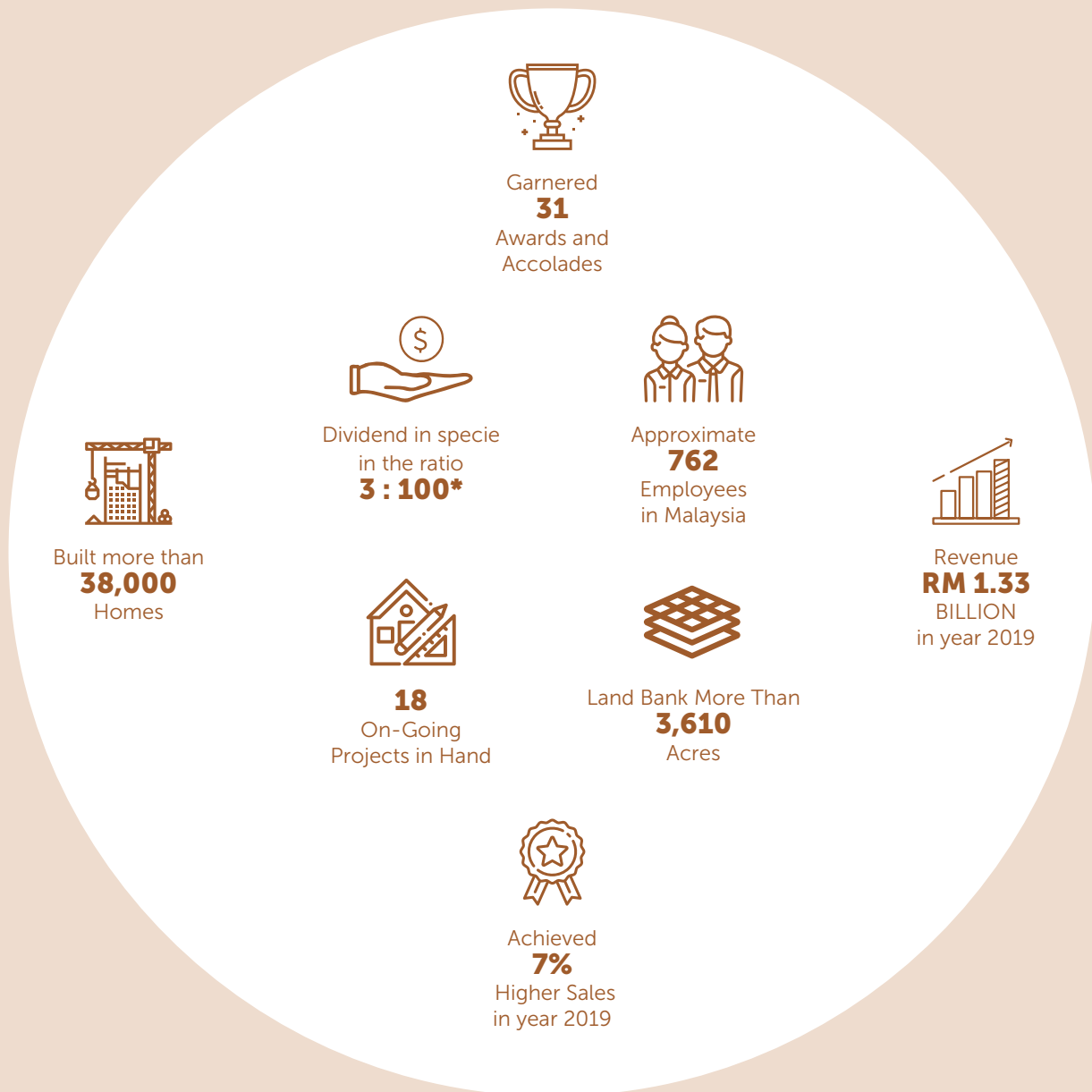
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LBS

At A Glance

As At 31 May 2020



* Subject to the shareholders' approval

CARING TO COMMIT

Caring for the people is the motivation to our commitment to develop and create opportunities and safe environment for all our existing and potential homeowners. Through this commitment, we have strived toward excellence and many of our townships and developments have been consistently recognised with awards by local and international bodies within the industry. Beyond the business, LBS's caring extends via its Corporate Social Responsibility in the areas of health, education, environment and community.

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

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



Empowering Individuals Enhancing Communities

LBS offers homes for every stage of your life that allow you to live your dreams – whether it is your first home, an upgrade to a spacious living space, investment home, holiday home or a place for your business. LBS creates inspiring and delightful spaces. Because LBS is people-oriented, we are motivated by your priorities and needs to achieve your dream home and lifestyle.

Through community-centric development, we want to ensure LBS homes, townships and premises provide you with the environment to experience balanced lifestyle, be it active or relaxed; suitable to meet your needs in today's fast-paced world of technology, from affordability to design, aesthetics to sustainability.

We are always improving on our processes to ensure the journey from sales enquiry to home ownership is smooth. We've refined our processes so that our products deliver environment that meets the needs of every generation and community, as well as making sure that business are handled professionally in terms of property design, township planning & development and customer service.

The LBS Brand

Over the years, LBS succeeded in establishing a solid foundation in building homes that meet the needs of Malaysians. Our ongoing commitment to focus on the needs of families and bring improvement to the overall community wellbeing has enabled us to become who we are today. We are motivated by our commitment to create sustainable living, working and recreational environments that will provide a better future for everyone, consequently empowering individuals and enhancing communities.



Actual view: LBS, Head Office



BELIEVE
BECOME
BEHOLD

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 striving for excellence. The interwoven pattern is then further expanded into an infinite monogram design, symbolising LBS' mission in delivering exceptional performance through progressive creations.

Corporate Information As At 31 May 2020

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 (PROJECT)

No. L3-12, L3-21 & 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. L3A-03
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

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 + 605 548 6137

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

[REGISTRATION NO. 197101000970
(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

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

KITA @ CYBERSOUTH

Kita @ Cybersouth Sales Gallery
Cybersouth
43800 Dengkil
Selangor Darul Ehsan
Malaysia
Hotline: 1700 81 8998

SOLICITORS

Ezzah Elia & Associates
Gan & Zul
H.S.Lim & Malik
Haq & Salleh
Ismail Sabri Wee & Wong
Khairul Azwan & Co
L.M.N. Amran L. Ibrahim
Lee, Ong & Partners
Mandy Tan & Partners
Manjit Singh Sachdev, Mohammad Radzi & Partners
Nanthakumar & Co
Ong & Partners
Rashid Asari & Co
Stella, Lim & Co
Steven Tai, Wong & Partners
Teh Kim Teh, Salina & Co.
The Law Chambers of Hedzril
Ting & Ting

AUDITORS

UHY

PRINCIPAL BANKERS / FINANCIERS

Affin Bank Berhad
Al Rajhi Banking & Investment Corporation (Malaysia) Berhad
Alliance Bank Malaysia Berhad
AmBank (M) Berhad
Bank Kerjasama Rakyat Malaysia Berhad
Bank of China (Malaysia) Berhad
Bank Pembangunan Malaysia Berhad
CIMB Bank Berhad
Industrial and Commercial Bank of China (Malaysia) Berhad
Malayan Banking Berhad
MBSB Bank 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

EMAIL

Customer Service: cs@lbs.com.my

SOCIAL MEDIA

Follow us on:

**WeChat**

[lbsbinagroupmy](https://www.lbsbinagroupmy)

**Youtube**

LBS Bina Group

**Twitter**

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

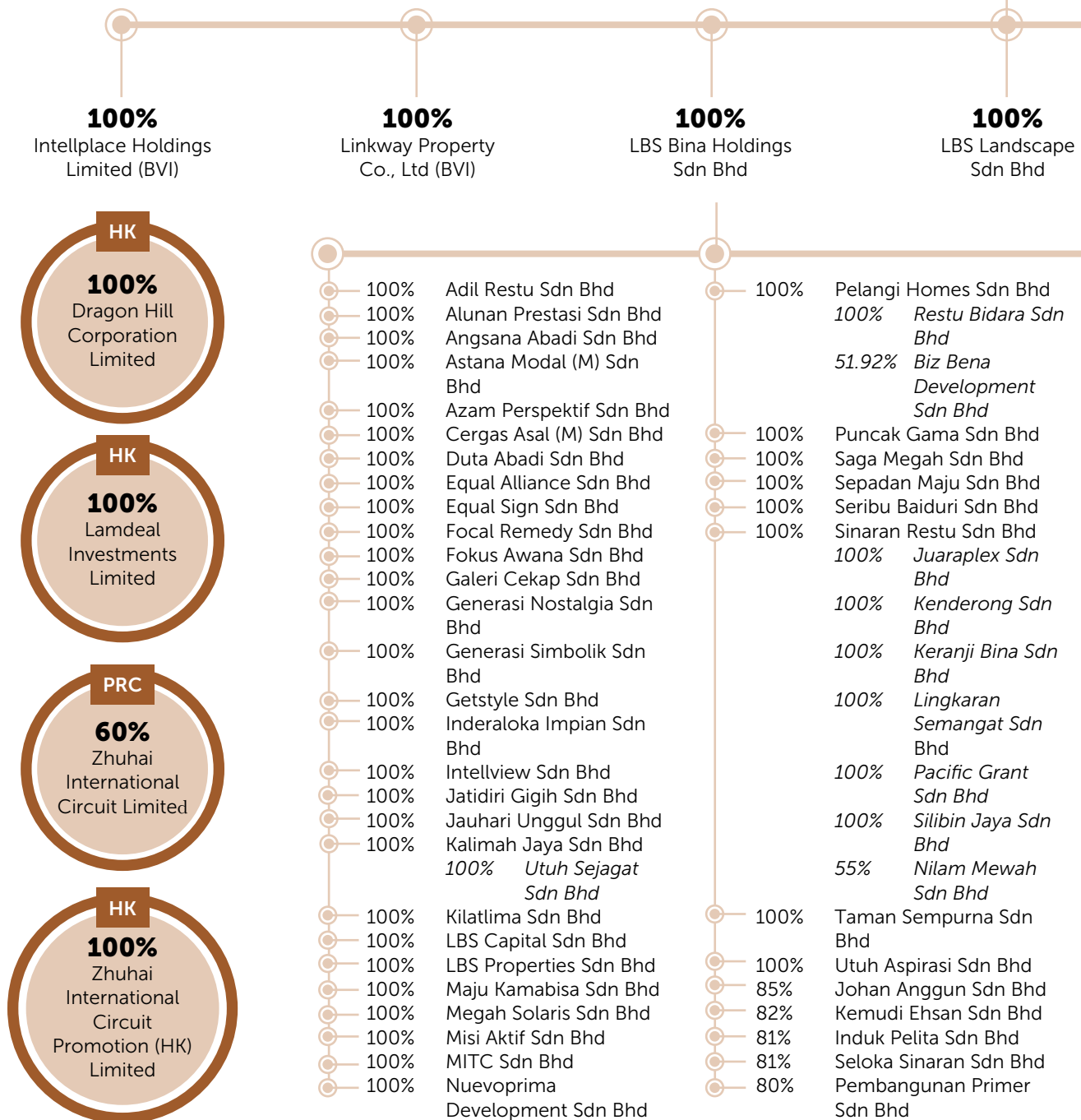
**Facebook**

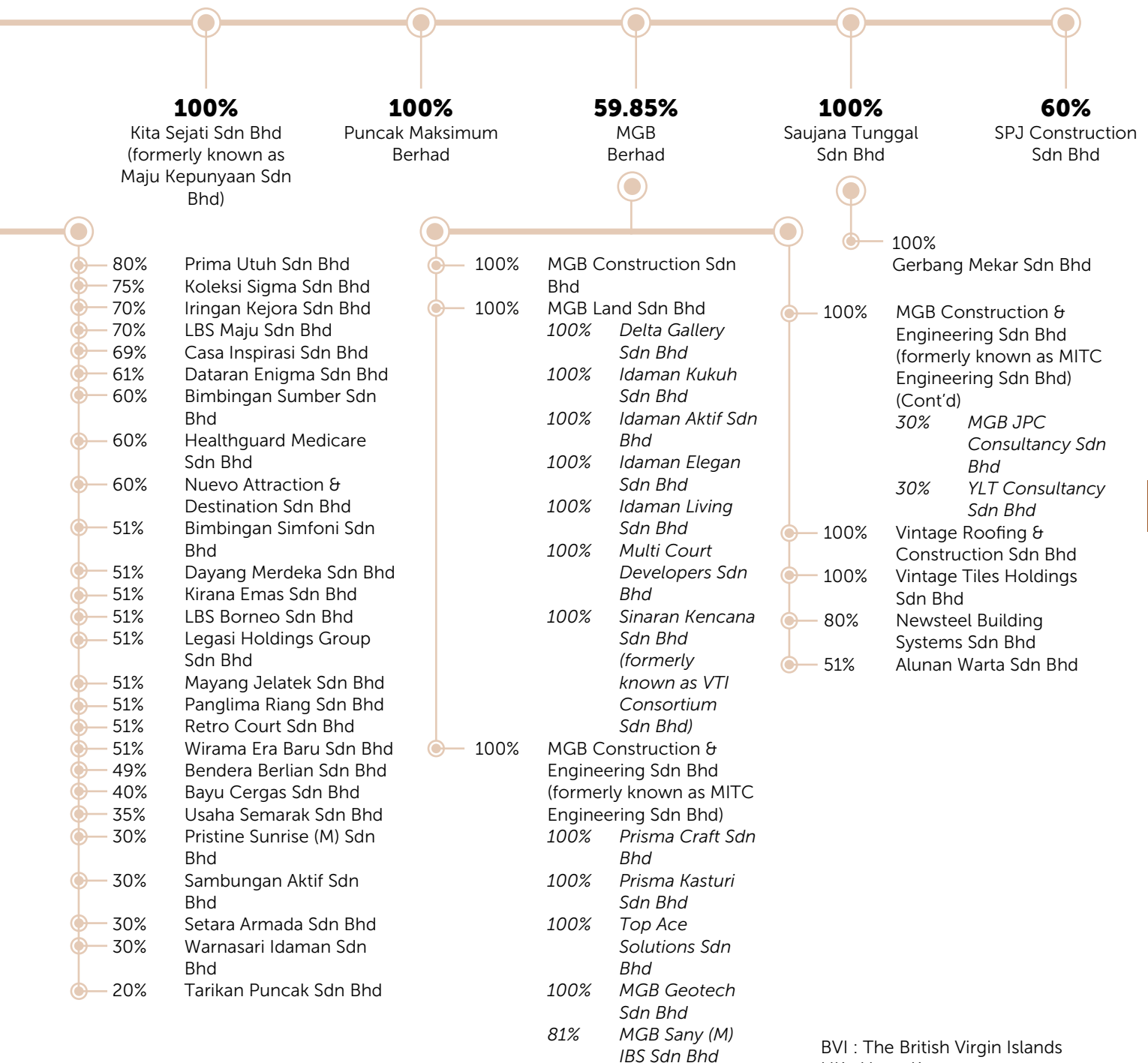
LBS Bina Group

**Instagram**

[lbsbinagroup](https://www.lbsbinagroup)

Corporate Structure As At 31 May 2020





BVI : The British Virgin Islands
 HK : Hong Kong
 PRC : The People's Republic of China

Corporate Calendar 2019

January

4 January 2019

2019 Media Briefing:
LBS Achieved Fourth
Consecutive Year of Growth



23 January 2019

LBS and Perak State Secretary
Incorporated (SSI) signed a
MoU to Jointly Develop Land
in Perak



30 January 2019

LBS Photography and
Creativity Contest



31 January 2019

LBS Town Hall Meeting
(1st Half Year of 2019)



February

23 February 2019

LBS foundation signed MoU with Kuala Selangor District Council to Revitalise Kampung Kuantan Firefly Park and Enhance Sustainability of Local Communities



March

4 March 2019

LBS launched "LBS Bonus Kaw-Kaw" reward programme for Homebuyers



5 March 2019

StarProperty.my Awards 2019



7 March 2019

Tan Sri Dato' Sri Lim Hock San as the Main Speaker at Entrepreneurial Leader Seminar held at University College, Skudai, Johor



15 March 2019

Des Prix Infinitus ASEAN Property Award



Corporate Calendar 2019 (Cont'd)

**15 March 2019****MGB opens First Permanent IBS Precast Concrete Plant**

The opening was officiated by YB Puan Hajah Zuraida Binti Kamaruddin, Minister of Housing and Local Government

**21 March 2019**

World Down Syndrome Day:
LBS sponsored RM30,000 for Kiwanis Down Syndrome Foundation-National Centre on 36th Kiwanis Treasure Hunt



April

**9 April 2019**

LBS Kita @ Cybersouth-
Unveiled new Township Project for Affordable Housing

12 April 2019

LBSclub 10th Bowling Tournament 2019





14 April 2019

PropertyGuru Asia Property Awards (Malaysia) 2019

May



3 May 2019

Property Insight Prestigious Developers Awards 2019

3 May 2019

National Housing and Property Focus Summit 2019
Tan Sri Dato' Sri Lim Hock San, as a panel guest speaker at the CEO National Housing and Property Focus Summit 2019 at the 3rd Asia Pacific CEO Forum



4-6 May 2019

LBSclub 8th Treasure Hunt from KL to Penang
36th Kiwanis Treasure Hunt



15 May 2019

Tan Sri Dato' Sri Lim Hock San is the First Malaysian Business Leader to receive Highest Recognition at the 3rd Asia Pacific CEO Forum



Corporate Calendar 2019 (Cont'd)

June

**18 June 2019**

Signing Ceremony between
PCSB-MGB Consortium &
Must Ehsan Development
Sdn Bhd for "Rumah Idaman"
affordable Homes

21 June 2019

BCI Asia Awards 2019 - Top
10 Developers Awards 2019

**28 June 2019**

19th Annual General Meeting
2019



July

8 July 2019

Malaysia-China Outlook
Forum 2019

Tan Sri Dato' Sri Lim Hock San
as a speaker





19 July 2019
LBS Town Hall Meeting
(2nd Half Year of 2019)



28 August 2019
Malaysia Hokkien
Entrepreneurship Award
2019-Golden Brick Award
Dato' Sri Daniel Lim Hock
Sing received the Business
Leadership Award

October

9 October 2019
iProperty Development
Excellence Awards (IDEA)
2019

24 October 2019
Launch of "Melodi Perdana"



30 October 2019
Training for Directors & Staff:
The New Section 17A on
Corporate Liability in the
Malaysia Anti-Corruption Act



Corporate Calendar 2019 (Cont'd)

November

**11 November 2019****9th Media Appreciation Night 2019****25 November 2019****Launch of Ajar-Ajar Malaysia
Wangsa Maju Branch**

LBS foundation collaborated with Ajar-Ajar Malaysia and Tunku Abdul Rahman University College to establish Pusat Tuisyen at M3 Shopping Mall and was launched by YB Datin Paduka Dr Tan Yee Kew, member Parliament of Wangsa Maju



December

5 December 2019**In-House Training: Essential
First Aid, CPR & AED**

CULTIVATING TO GROW

Healthy communities will grow and blossom and we believe that our developments should provide individuals and families the environment, the right foundation. Hence, our developments are planned and built on three key pillars – affordability, connectivity and community. In affordability, every endeavour is explored to ensure homes are affordable for the *rakyat*. We also ensure that the development comes with a solid future plan and connectivity so families can set a foundation with peace of mind. Finally, we ensure that our developments are designed to enhance community ties through the facilities provided.

Board and Board Committees

BOARD OF DIRECTORS

Dato' Seri Lim Bock Seng
SSSA, DPMS, AMN
(Chairman)

Tan Sri Dato' 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
PJK, PIS
(Independent Non-Executive Director)

Lim Tong Lee
(Independent Non-Executive Director)



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 Dato' 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 SECRETARIES

Lee Ching Ching
Chooy Wai Nee



From left to right:

1. Datuk Dr. Haji Baharum Bin Haji Mohamed
2. Dato' Lim Mooi Pang
3. Datuk Wira Lim Hock Guan
4. Dato' Sri Lim Hock Seong
5. Dato' Seri Lim Bock Seng
6. Maj (Hon) Dato' Sri Lim Hock Sing
7. Tan Sri Dato' Sri Lim Hock San
8. Dato' Chia Lok Yuen
9. Datuk Lim Si Cheng
10. Lim Tong Lee

Directors' Profile

DATO' SERI LIM BOCK SENG

Chairman,
Non-Independent Non-Executive Director



Male



89 years old



Malaysian



Dato' Seri Lim, the founder of LBS Bina, was appointed as the Chairman of LBS 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.

Dato' Seri Lim is the father of Tan Sri Dato' 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).

TAN SRI DATO' SRI LIM HOCK SAN

PSM, SSAP, DSSA, JP

Group Managing Director of
LBS Bina Group Berhad,
Non-Independent Executive Director



Male



62 years old



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.

With excellent entrepreneurship, acquired management skills and experienced technical expertise, Tan Sri Lim became the Key Leader and spearheaded LBS 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 9th 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
- xiv. 8th Global Leadership Awards 2018 – Lifetime Achievement Award, 2018
- xv. The BrandLaureate Prominent Business Brand Awards: Most Eminent – Prominent Business Brand Leadership Award, 2018
- xvi. The BrandLaureate Special Edition World Awards: BrandLaureate World Brandpreneur Hall of Fame – Lifetime Achievement Award, 2018

- xvii. FIABCI Malaysia Property Award – Property Man of the Year, 2018
- xviii. Des Prix Infinitus Asean Property Award 2019 – Lifetime Achievement, 2019
- xix. Property Insight Prestigious Developers Awards (PIPDA) 2019 – Lifetime Achievement Award, 2019
- xx. iProperty Development Excellence Awards (iDEA) 2019 – Innovative Leader of the Year, 2019

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

1. Chairman, Board of Governors of SMJK Katholik
2. Chairman, Board of Governors of SJK (C) Tun Tan Siew Sin
3. Chairman, Selangor/ K.L. Lim Clansmen Association
4. President, The Federation of Hokkien Associations Malaysia
5. President, The Federation of Malaysia Lim Associations
6. President, Malaysia-Guangdong Chamber of Investment Promotion
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 Chamber of Commerce
16. Honorary President, Malaysia-China Silk Road Entrepreneurs Association

17. Honorary President, The Federation of Malaysian Clans and Guilds Youth Association
18. Honorary President, Catholic High School Alumni Association
19. Honorary President, Persatuan Penganut Tho Guan Sen
20. Honorary President, Young Malaysians Movement
21. Honorary Life Adviser, The Federation of Chinese Associations Malaysia
22. Honorary Life Adviser, Tan Kah Kee Educational Charity Foundation
23. Honorary Adviser, The Federation of Malaysia Chinese Surname Association
24. Honorary Adviser, Gabungan Persatuan Keturunan Cina Negeri Sembilan
25. Adviser, Persatuan Ko Chow Sungai Way
26. Adviser, Kelab Sungai Way
27. Adviser, Majlis Pembangunan Sekolah Menengah Jenis Kebangsaan Malaysia
28. Advisory Committee, Malaysia China Mergers & Acquisitions 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 10th Plenary Session
33. Committee, Fujian Provincial Federation
34. Committee, The 5th China Overseas Friendship Association

In addition, Tan Sri Lim holds directorship of several subsidiaries in the LBS Group, Chairman of Risk Management Committee in LBS and Managing Director of MGB Berhad.

Tan Sri Lim is the eldest son of Dato' Seri Lim Bock Seng (Chairman) and brother of 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 (Cont'd)

DATUK WIRA LIM HOCK GUAN

Executive Director,
Non-Independent Executive Director



Male



58 years old



Malaysian



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

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

Datuk Wira Lim Hock Guan sits on the board of several subsidiaries of the Group and a member of the Risk Management Committee and ESOS Committee in LBS. He also sits on the board of MGB Berhad, a listed company as a Non-Independent Executive Director and several subsidiaries of the Group.

Being active in community works and non-profit-making organisation, 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 is the son of Dato' Seri Lim Bock Seng (Chairman) and brother of Tan Sri Dato' 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).

Directors' Profile (Cont'd)

MAJ (HON) DATO' SRI LIM HOCK SING

Executive Director,
Non-Independent Executive Director



Male



57 years old



Malaysian



Maj (Hon) Dato' Sri Lim Hock Sing was appointed as Executive Director of LBS 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 Bina 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 Group with his accountancy background and with 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.

Dato' Sri Lim Hock Sing is one who care for community development and his environmental concerns is 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. He is also President of Sungai Way Hokkien Association since 2019.

He is 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 505th 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 also sits on the board of several subsidiaries of the Group.

He is the son of Dato' Seri Lim Bock Seng (Chairman), brother to Tan Sri Dato' 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 (Cont'd)

**DATO' SRI
LIM HOCK SEONG**

Executive Director,
Non-Independent Executive Director



Male



54 years old



Malaysian



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

He is in charge of property development projects in Perak, monitoring 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 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.

Dato' Sri Lim Hock Seong is the son of Dato' Seri Lim Bock Seng (Chairman) and brother of Tan Sri Dato' 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).

Directors' Profile (Cont'd)

DATO' CHIA LOK YUEN

Executive Director,
Non-Independent Executive Director



Male



61 years old



Malaysian



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

Dato' Chia was previously a banker by profession with an established local bank for more than 16 years. He has gained vast experience and exposure in local and international corporate business dealings.

He joined the LBS Group as Senior General Manager in 1996 being in charge of the overall management and business operations of the Group. He has contributed significantly towards the growth of LBS and its eventual 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 LBS.

Directors' Profile (Cont'd)

DATO' LIM MOOI PANG

Executive Director,
Non-Independent Executive Director



Female



53 years old



Malaysian



Dato' Lim Mooi Pang was appointed as Executive Director of LBS on 16 July 2009. She graduated with an Honours 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. She is a Fellow Member 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 multi-national 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 LBS.

Dato' Lim Mooi Pang is the daughter of Dato' Seri Lim Bock Seng (Chairman), sister of Tan Sri Dato' 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).

Directors' Profile (Cont'd)

LIM TONG LEE

Director,
Independent Non-Executive Director



Male



52 years old



Malaysian



Lim Tong Lee was appointed as Independent Non-Executive Director of LBS on 22 May 2013. He also sits on the Boards of ValueMax Group Limited and Versalink Holdings Limited, both listed on Singapore Stock Exchange, as Independent Non-Executive Director.

He has extensive experience in private equity, corporate finance and audit; starting his career with Ernst & Young Kuala Lumpur for 5 years before joining AmInvestment Bank Berhad in 1995. After two years, he was employed as the General Manager, Corporate Finance of a property development company in 1997. He went back to AmInvestment Bank Berhad in 1999 until 2007 holding the position of the Director of Corporate Finance. Subsequently, he joined AmFraser Securities Pte. Ltd. Singapore, as the Director/Head of Corporate Finance in 2007. He left AmFraser in

2013 and joined AmWater Investments Management Pte. Ltd. Singapore, as the Chief Investment Officer. By 2014, he was recruited by Venstar Capital Management Pte. Ltd. Singapore, as their Senior Vice President; he then left in 2015 to join KGI Fraser Securities Pte. Ltd. Singapore, as the Head of Corporate Finance until 2017.

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

Lim Tong Lee is Chairman of the Audit Committee and ESOS Committee in LBS and a member of Nomination and Remuneration Committee in LBS.

Directors' Profile (Cont'd)

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

Director,
Senior Independent Non-Executive Director



Male



63 years old



Malaysian



Datuk Dr. Haji Baharum bin Haji Mohamed was appointed as Independent Non-Executive Director of LBS on 20 August 2013 and was designated as Senior Independent Non-Executive Director on 19 April 2014.

Datuk Dr. Haji Baharum holds a Bachelor of Social Science (Honours) Degree from the UKM, Malaysia. He also holds a certificate in Business Management from AIM, Manila. He obtained his Master Degree from EUI, Ireland and graduated with a doctorate in Environmental Studies from University Utara Malaysia in 2015.

He started his career as officer with Majlis Amanah Rakyat (MARA) from 1982 to 1986 and was appointed as the Deputy Director of MARA in the states of Negeri Sembilan from 1987 to 1989 and Sabah from 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.

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

Datuk Dr. Haji Baharum is Chairman of the Nomination and Remuneration Committee and member of the Audit Committee and ESOS Committee in LBS.

Directors' Profile (Cont'd)

DATUK LIM SI CHENG

Director,
Independent Non-Executive Director



Male



70 years old



Malaysian



Datuk Lim Si Cheng was appointed as Independent Non-Executive Director of LBS 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 the House of Representative, Parliament Malaysia and served as Deputy Speaker 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 a council member of University Tunku Abdul Rahman, Trustee in Huaren Education Foundation, Trustees in Chang Ming Thien Foundation 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 LBS.

Key Senior Management

01



SALLY LAU SAU KHENG

General Manager of Sales and MarCom Dept.

04



**PUAN SRI DATIN SRI
KAREN WANG SWEE HONG**

Senior General Manager of IT Dept.

02



NICHOLAS LOO KONG CHIN

Assistant General Manager of Project Dept. –
Cameron Highlands

05



CHEN SAU HIONG

General Manager of Project Dept.

03



WONG KAH YEEN

General Manager of Credit Administration Dept.

Key Senior Management (Cont'd)

06



LEE CHEONG SAN

Assistant General Manager of Project Dept.

09



LOH YIN HUI

General Manager of Property Management/
Maintenance & Project Audit Dept.

07



VICTOR LIM SENG LEE

Senior General Manager of Investor Relations Dept.

10



DORIS LEE CHING CHING

General Manager of Secretarial &
Corporate Affairs Dept.

08



CHANG YEE KHIM

General Manager of Accounts and Finance Dept.

Key Senior Management Profile

SALLY LAU SAU KHENG

General Manager of Sales and MarCom Dept.



Female



52 years old



Malaysian

Sally Lau Sau Kheng has been working with the Group since May 1994. Prior to joining the 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 LBS 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. In 2011, she was promoted again to General Manager leading Sales and MarCom Department.

Apart from being 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 of Sales and MarCom Department since January 2011.

NICHOLAS LOO KONG CHIN

Assistant General Manager of Project Dept. – Cameron Highlands



Male



44 years old



Malaysian

Nicholas Loo Kong Chin, graduated from the prestigious university in United Kingdom, Heriot-Watt University in Edinburgh. He holds a Degree in Construction Management and obtained a Second Upper Diploma in Quantity Surveyor. He is a member of Chartered Institute of Building in UK.

He has more than 20 years' of experience in the property development and construction sector and hospitality projects. His past experience includes the township developments in Taman Setapak Jaya Baru, Bandar Pinggiran Subang and Taman Kintaman Klang. His involvement in hospitality projects such as Hotel at Bangsar and Amari Hotel at Tanjung Tuah, Melaka.

He joined LBS in 2014 and was assigned to manage the Cameron Highlands township development. Currently, he is mainly responsible for the planning and implementation of LBS's Cameron Highlands projects.

He holds his current position as Assistant General Manager of Project Department in charge of Cameron Highlands since June 2014.

WONG KAH YEEN

General Manager of Credit Administration Dept.



Male



51 years old



Malaysian

Wong Kah Yeen joined the Group in September 1999. He is a member of London Chamber of Commerce and Industry with Third Level Group Diploma in Cost Accounting and Business Management from a local Institute Examination Board (Associated College of The University of Wales, UK).

Prior to joining the 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, security and loan documentation, loan disbursement and customer banking operations.

He holds his current position as General Manager of Credit Administration Department since August 2014.

Key Senior Management Profile (Cont'd)

PUAN SRI DATIN SRI KAREN WANG SWEE HONG

Senior General Manager of IT Dept.



Female



60 years old



Malaysian

Puan Sri Karen started her career with LBS Group in September 1982. She first joined the company 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 the Managing Director and Head of Administration & IT Department.

Under the portfolio of the IT Department, Puan Sri oversees the components for licensed software and hardware, telecommunications system, network infrastructure, application servers, access card system, office equipment and maintenance of computer peripherals within the LBS Group.

Puan Sri also took 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. She is also the Chief Editor of the LBS monthly e-news publication.

The special CSR projects under Puan Sri's purview are the annual Kiwanis Motor Treasure Hunt of which LBS is a Gold Sponsor for the 13th consecutive year and for Hospis Malaysia Charity Treasure Hunt, LBS is a Platinum Sponsor for the 3rd consecutive year.

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

1. Honorary President, Persatuan Shing An Selangor dan Kuala Lumpur
2. Adviser, Gabungan Persatuan Keturunan Cina Negeri Sembilan
3. Adviser, Hokkien Association Seri Setia (Women)
4. Adviser, Federation of Hokkien Association (Women)
5. Adviser, The Federation of Malaysian Lim Associations (Women)
6. Chairlady, JMB of Tropicana Avenue

She is currently the Senior General Manager of IT Department since 1 January 2014.

CHEN SAU HIONG

General Manager of Project Dept.



Male



57 years old



Malaysian

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

He has more than 27 years' of 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 LBS, he has been working in a public listed company for 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 under the Group, particularly projects under the administration of Majlis Perbandaran Sepang, Selangor.

He holds his current position as General Manager of Project Department since July 2011.

Key Senior Management Profile (Cont'd)

LEE CHEONG SAN

Assistant General Manager of Project Dept.



Male



52 years old



Malaysian

Lee Cheong San joined the Group in April 1999. He obtained his Bachelor of Science Degree in Civil Engineering from Ohio State University, Columbus, USA. He also holds a Diploma in Civil Engineering from Universiti Teknologi Malaysia. He is a graduate member of Board of Engineer Malaysia (BEM) and Institute of Engineer Malaysia (IEM).

He has more than 20 years of experience in property development, planning, implementation and construction of township development which consist of residential/commercial condominiums, office buildings and landed properties.

Prior to joining LBS, he worked in construction company as Project/ Site Engineer for 6 years and handled projects for Putrajaya parcel B, Pearl Point Condominium Old Klang Road and Scott Villa Condominium Brickfield.

Currently, he is in-charge of mixed development township in *Bandar Saujana Putra (BSP)*, Prestige Residences service apartments at Seri Kembangan and Telok Gong industrial park at Port Klang.

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

VICTOR LIM SENG LEE

Senior General Manager of Investor Relations Dept.



Male



60 years old



Malaysian

Victor Lim Seng Lee joined LBS in June 2013. He 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 worked with the Singapore International Monetary Exchange (SIMEX/SGX) for 5 years as a full time Proprietary Trader, trading 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 LBS, 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).

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

CHANG YEE KHIM

General Manager of Accounts and Finance Dept.



Female



54 years old



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 LBS in 2000 to assist in the listing exercise for LBS 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 the 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 the Group.

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

Key Senior Management Profile (Cont'd)

LOH YIN HUI

General Manager of
Property Management/
Maintenance & Project Audit Dept.



Male



51 years old



Malaysian

Loh Yin Hui joined LBS in July 2000; he is a qualified civil engineer by profession and graduated from University Technology of Malaysia Johor Bahru. He has more than 25 years of experience in project management in construction & property development, contract & project implementation and maintenance of landed as well as high rise buildings across Malaysia.

His past experience includes the development of the commercial building Low Yat Plaza Shopping Mall & Capitol Hotel in Kuala Lumpur, construction of deep foundation works for the Galleria Shopping Mall basement in Kuala Lumpur and Gasing Height Condominium in Petaling Jaya. His involvement in larger scale township development started with the mix development of Taman Kota Perdana project in Seri Kembangan. He is actively involved in project implementation & property management/maintenance.

Currently, he is responsible in overseeing the Group's Property Management and Contract Administration that include Project Audit, which emphasises on the quality & cost control.

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

DORIS LEE CHING CHING

General Manager of
Secretarial & Corporate Affairs Dept.



Female



50 years old



Malaysian

Doris Lee Ching Ching is a Fellow member of the Institute of Chartered Secretaries and Administrator, UK (FCIS). 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 LBS, she was transferred to LBS in April 2002.

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

She holds her current position as General Manager in charge of Secretarial & Corporate Affairs since 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 LBS, have no conflict of interest with LBS, 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 2019.

Group Financial Highlights

		2015 ¹	2016 ¹	2017 ²	2018	2019
Revenue	(RM'000)	680,296	993,619	1,347,412	1,122,088	1,325,260
Profit before tax	(RM'000)	108,835	143,954	189,527	159,135	154,065
Profit after non-controlling interests	(RM'000)	76,074	85,301	102,687	85,560	67,511
Share capital	(RM'000)	551,437 *	641,424 *	901,193	922,232	922,473
Equity attributable to owners of the parent	(RM'000)	1,031,661	1,165,819	1,282,514	1,349,454	1,348,655
Net tangible assets	(RM'000)	945,183	1,036,578	1,165,641	1,231,352	1,231,701
Basic earnings per share	(sen)	6.39 **	6.58 **	6.99	5.53	3.93
Gross dividend per share						
- ordinary share	(sen)	9.50	10.00	8.20	1.80	-#
- redeemable convertible preference share ("RCPS")	(sen)	-	-	-	6.60	6.60
Net assets per share	(sen)	189.18 @	181.77 @	186.70 @	86.57	87.25
Net tangible assets per share	(sen)	173.33 @	161.62 @	169.69 @	78.99	79.68

Remarks

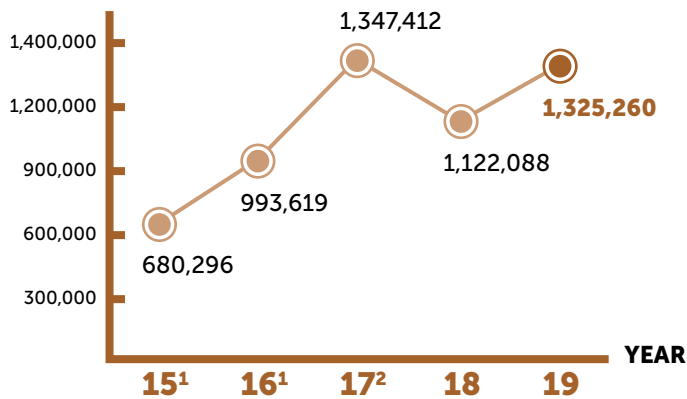
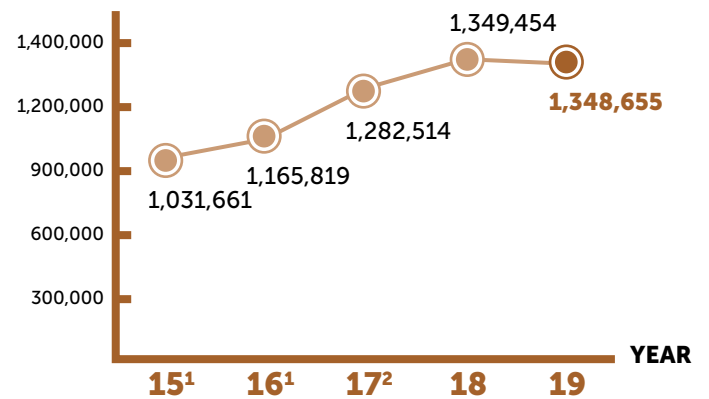
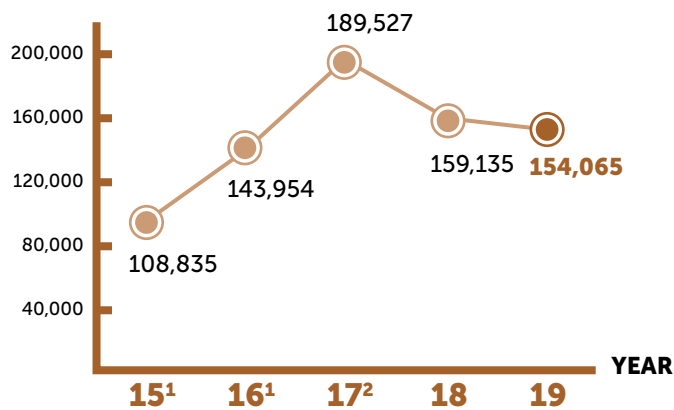
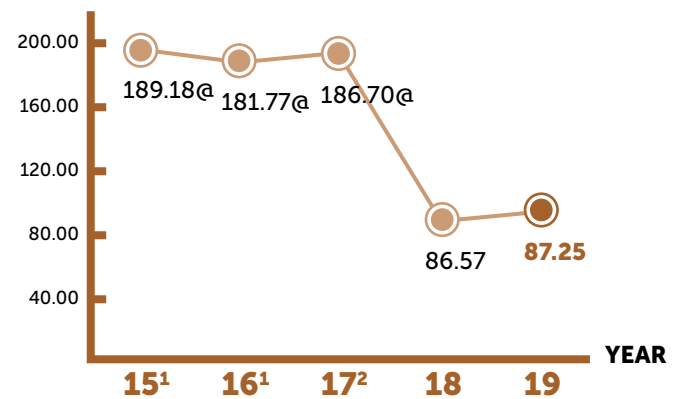
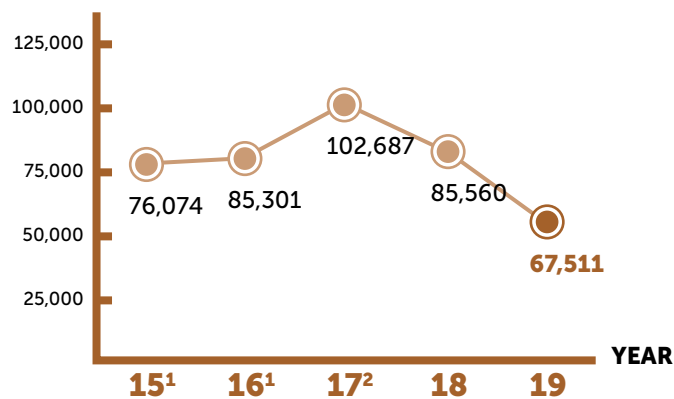
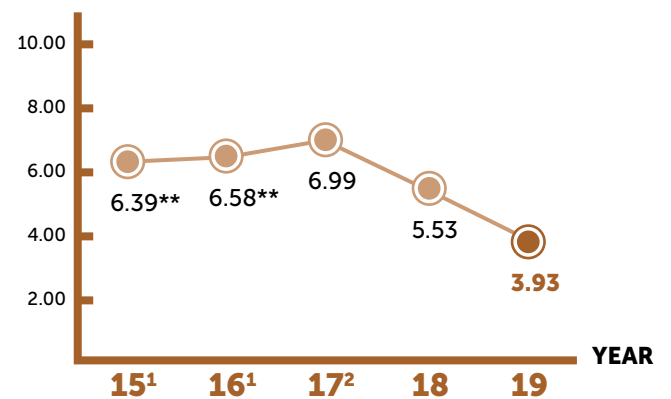
- 1 The comparatives have not been restated following the first-time adoption of MFRS framework, adoption of MFRS 9 - Financial Instruments and MFRS 15 - Revenue from Contracts with Customers.
- 2 Restated following adoption of the MFRS framework, MFRS 9 and MFRS 15.
- * Not included effects from adoption of Companies Act 2016 - transition to no par value.
- ** The comparative figures for basic earnings per share have been restated to reflect the adjustments arising from the share subdivision and bonus issue.
- # Single-Tier First and Final Dividend via share dividend distribution on the basis of 3 treasury shares for every 100 existing ordinary shares held, fractions of treasury shares will be disregarded, has been proposed by the Board of Directors and subject to the approval of the shareholders at the forthcoming 20th Annual General Meeting.
- @ The comparative figures have not been restated to reflect the adjustments arising from the share subdivision and bonus issue.

Financial Calendar

Financial Year Ended 31 December 2019

Announcement of Quarterly Results:

First Quarter ended 31 March 2019	31 May 2019
Second Quarter ended 30 June 2019	30 August 2019
Third Quarter ended 30 September 2019	25 November 2019
Fourth Quarter ended 31 December 2019	27 February 2020

REVENUE (RM'000)**EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (RM'000)****PROFIT BEFORE TAX (RM'000)****NET ASSETS PER SHARE (SEN)****PROFIT AFTER NON-CONTROLLING INTERESTS (RM'000)****BASIC EARNINGS PER SHARE (SEN)**



Artist Impression: *Residensi Bintang Bukit Jalil*

CREATING TO INSPIRE

Beyond the corporate vision to build spaces that inspire, we aim to create quality affordable homes. Homes that deliver more value through the facilities offered and through the potential growth of the area. By delivering this, we will empower and inspire LBS homeowners to reach for ever bigger dreams in their future. All our undertakings aim to create value that will inspire our stakeholders – these include employees, individuals, families, investors and the people we positively impact through our Corporate Social Responsibility efforts.

Letter From The Chairman



DATO' SERI LIM BOCK SENG

Chairman,
Non-Independent Non-Executive Director



Sales increased to
RM1.6 billion
from RM 1.5 billion
in 2018



The Group's Revenue has
increased by
18%



A total
3,610 acres
of undeveloped
land bank

“

The success of our business stemmed from our culture that is based on the values and effort put in by our people across our businesses who are working towards our vision, which is delivering properties that inspire individuals and enriching communities. ”

Dear Shareholders of LBS

We ended 2019 in a positive note despite it being a sluggish year for the residential property market. The highpoint in our results can be attributed to our business strategy employed. In an environment such as this, we use it to refine our strengths and plug our weaknesses.

CREDITABLE PERFORMANCE

LBS' results for 2019 reflect the strength of the Group's positioning in offering a broad choice of homes for all, at an affordable price range. Sales for 2019 increased to RM1.6 billion from RM1.5 billion in 2018. This marked the fifth consecutive year of improved results. Overall, the Group's operating and financial performance remained positive. Further details of the Group's performance are covered under the section on "Management Discussion and Analysis".

SHAREHOLDERS' VALUE CREATION

In light of the extreme market uncertainty, the Board believes that conserving liquidity is in the best interests of shareholders. Therefore, the Board has taken the prudent decision to replace our cash dividend with a Dividend in Specie involving distribution of Treasury Shares to the shareholders in the ratio of 3 Treasury Shares for every 100 Ordinary Shares held. This proposed Dividend in Specie is subjected to the approval by the shareholders at the forthcoming 20th Annual General Meeting.

We remain committed to creating long term shareholders' value and will regularly review the position on future dividend payment.

FOCUS IN OUR STRENGTHS

Land banking

We have been mindful of the current state of the economy and have adopted a selective approach to new land acquisition and joint venture. For the current scale of the business, we are minimising financial risk by providing sufficient reserves for any unexpected critical business environment, while maintaining flexibility to deploy capital should attractive opportunities arise.

Commitment to Sustainability

LBS recognises the significance of sustainability strategies and addresses the issues that are of great importance to the Group and its stakeholders, which have significant impact socially, economically and environmentally. We have made progress in our sustainability journey. Our work in planning and contributing to sustainable communities, meeting our environmental obligations and sustainably integrating with our communities are features of our operations and are covered in more detail in this report.

Human Capital Development

With people as the cornerstone of our business, we are committed to nurture and empower a diverse, competent and dedicated talent pool to drive the Company's growth. To this end, we are prioritising communication and engagement with our employees. We will continue to sharpen our focus on developing and grooming a new generation within LBS who are committed to our core values and operating principles. Key to achieving this are innovative, collaborative and nimble workforce.

Health and Safety

Health and safety are fundamental in sustaining our human capital and all employees should work in a safe and healthy working environment. Our commitment is to maintain an exceptional standard of health, safety and security in all of the working environments that we control. The effective management of health, safety and security is essential to the productivity, culture and reputation of our business. We maintained our OHSAS 18001 certification, the benchmark for health and safety management systems. With detailed measures and careful implementation, we continued to maintain zero fatality and serious injury at all of our project sites in the year 2019.

Letter From The Chairman (Cont'd)



Actual view: Board Room, LBS HQ

Recognition

LBS continued to receive recognitions for its corporate excellence, products and sustainability efforts. These awards signify the growing strength of our team and served as a great encouragement for us to attain even better performance for the years to come. For more details of our awards garnered, please refer to the section on "Awards & Accolades" of this report.

Achievement

Our Group Managing Director, Tan Sri Dato' Sri Lim Hock San has been awarded with the following accolades which honoured his outstanding achievements, visionary leadership quality and steadfast dedication that have led to the successful growth of the Group over the years: -

- Property Insight Prestigious Development Awards 2019 - Lifetime Achievement Award
- iProperty Development Excellent Awards 2019 – Innovative Leader of the Year
- Des Prix Infinitus Asean Property Award Malaysia 2019 - Lifetime Achievement Award

2020 CHALLENGES

Whilst market conditions are expected to remain stringent in the short term, with many macroeconomic uncertainties impacting the timing of customer investment decisions, the year started well and the group is well positioned to benefit from the positive medium and long term market trends of domestic urbanization, infrastructure growth and low interest rate.

Regardless of current situation, the prevailing economic and political backdrop for the industry is still positive in the long term. We remain positive of the country's prospect given its strong fundamentals and the dedication shown by the government in battling the issues of health and economy of the country. Home ownership is still the choice for the majority of Malaysian, combined that with the long-term undersupply of affordable housing the underlying demand remains strong. We applaud various initiatives from the Government aimed to stabilise the supply and demand mismatch in affordable houses and to assist first-time home buyers as these measures are harmonised with our strategy and focus.

Due to the prolonged and weakening property market, we have evolved our corporate strategy to a more conservative approach. We will continue to strengthen our governance efforts, enhance operation efficiency, accelerate our expansion for income streams in an organic and sustainable manner, while keeping our focus on the property market in the affordable segment.

The strengthening strategy and intensifying experience will allow us to address the challenges in today's property market, while taking the measures needed to seize tomorrow's opportunities.

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 for their commitment, dedication and efforts in continuing to deliver meaningful returns to our shareholders.

The year ahead will not be without its challenges. We will continue to monitor the market and economy and believe that our strong financial position provides us with the resilience and flexibility to react to potential changes in the operating environment in 2020 and beyond.

DATO' SERI LIM BOCK SENG

Chairman
8 June 2020



Awards and Accolades 2019

01

STARPROPERTY.MY AWARDS 2019

- i. All-Star Award - Top Ranked Developers of the Year
- ii. StarProperty.my Reader's Choice Award
- iii. The Cornerstone Award (Best Landed Development) *Desiran Bayu* (Honours)
- iv. The Five Elements Award (Above 500 Acres) – *Kita @ Cybersouth* (Merit)
- v. The Skyline Award – *Residensi Bintang Bukit Jalil* (Merit)
- vi. The Starter Home – *Simfoni Perdana @ LBS Alam Perdana* (Merit)

03

PROPERTYGURU ASIA PROPERTY AWARDS 2019

- i. Winner for Best Mass Market Landed Development – *Rentak Perdana @ LBS Alam Perdana*
- ii. Highly Commended for Best Mid End Condo / Apartment Development (Klang Valley) – *Residensi Bintang Bukit Jalil*
- iii. Highly Commended for Best Township Development (Klang Valley) – *LBS Alam Perdana*

05

BCI ASIA AWARDS 2019

- i. Top Ten Developers

06

IPROPERTY DEVELOPMENT EXCELLENCE AWARDS (IDEA) 2019

- i. Best Developer People's Choice Award
- ii. Best Township Development (*LBS Alam Perdana*)
- iii. Innovative Leader of the Year (Tan Sri Dato' Sri Lim Hock San)

2020

STARPROPERTY AWARDS 2020

- i. The Creative Space Award – *Residensi Bintang Bukit Jalil* (Excellence)
- ii. The Family-Friendly Space Award (High Rise) – *BSP21* (Excellence)
- iii. The Starter Home Award – *KITA Bayu* (Honours)
- iv. The Neighbourhood Award (Below 500 Acres) – *LBS Alam Perdana* (Honours)
- v. The Cornerstone Award – *Rentak Perdana* (Merit)
- vi. All-Stars Award – Best Overall Champion – LBS Bina Group Berhad
- vii. StarProperty Consumers' Choice Award

02

DES PRIX INFINITUS ASEAN PROPERTY AWARDS MALAYSIA 2019

- i. Best Affordable Housing Development
- ii. Best Township Development
- iii. Best Developer
- iv. Lifetime Achievement Award (Tan Sri Dato' Sri Lim Hock San)
- v. Best Family Living Development
- vi. Best CSR Award

04

PROPERTY INSIGHT PRESTIGIOUS DEVELOPERS AWARDS 2019

- i. Best Township Developer (less than 500 acres)
- ii. Top 10 Developer
- iii. Lifetime Achievement Award (Tan Sri Dato' Sri Lim Hock San)
- iv. Best Township Development (less than 500 acres) – *LBS Alam Perdana*
- v. Best Affordable Landed (*Kita @ Cybersouth*)

01



04



02



05



03



06



Management Discussion And Analysis



TAN SRI DATO' SRI LIM HOCK SAN
PSM, SSAP, DSSA, JP

Group Managing Director of LBS Bina Group Berhad,
Non-Independent Executive Director

SEGMENTAL REVIEW

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



Property
development



Construction
and trading



Motor racing
circuit



Management,
investment
and others

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.

Property Development

“ LBS builds homes that meet the needs of Malaysians. ”

Being Malaysia’s prominent township builder, LBS has carefully nurtured a reputation for delivering properties that inspire individuals and enrich communities. By insisting on continually improving not only the construction technologies and architectural trends, but also empowering individuals as well as enhancing communities, LBS lives up to its belief that Malaysians deserve houses that they can call homes. ”

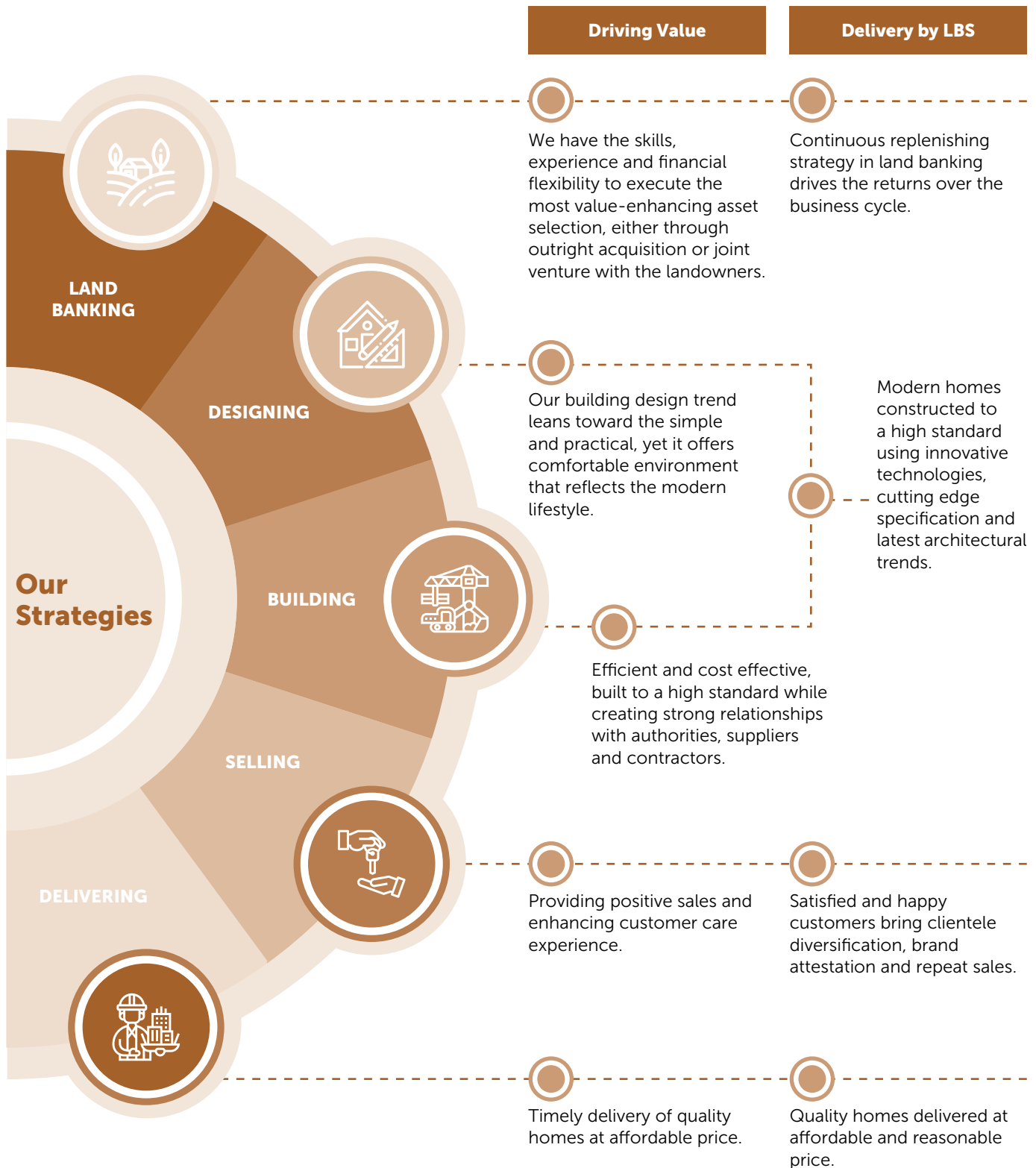
Our product range encompasses high rise apartments, landed homes - from single storey terraced house to triple storey bungalow, commercial units; with design and construction blending tradition with innovation, creating spaces and developments with contemporary living standards.

Our people are experienced and skilled across a range of fields, from land acquisition, planning, design, surveying, engineering, purchasing, construction, sales and marketing, public relations and communication, as well as customer service.





Actual view: D' Island Residence

Management Discussion And Analysis (Cont'd)



CREATING VALUE ACROSS THE DEVELOPMENT CYCLE

Our value creation business model, with competitive advantage across all the fields we operate, set up to deliver a sustainable performance across the cycle.

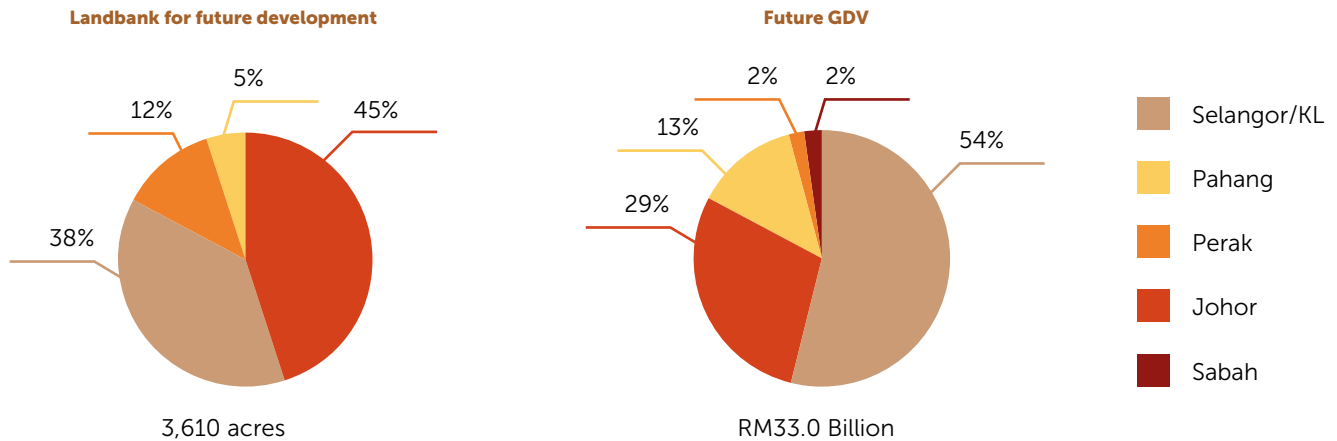
Strategies	Effect and advantages	2019 activities
LAND BANKING 		
<p>Land or project acquisition opportunities are identified by our Management using their knowledge and contacts. A feasibility assessment is prepared by the Project Department, which is reviewed at Top Management level before submitting it to the Board, where the final decision is made.</p> <p>Land acquisitions or joint venture projects are considered against a series of criteria, such as gross margin, forecast sales rates, location and planning prognosis.</p>	<p>Lands at strategic location helps to augment our land bank and complements our strategy of growth.</p> <p>Development via joint venture is expected to lower our upfront cost and give greater flexibility in timing for launches and fixing types of properties.</p>	<p>We have been stringent in our land banking replenishment initiatives to ensure the sustainability of the business and to provide a cushion for any unexpected future cost escalation; this is also to reserve our war chest for critical business environment. In 2019, we have acquired approximately 6.5 acres (2018: Nil) of land through joint venture with the landowners. These land are next to our existing project land in Batu Pahat.</p> <p>Total land bank for future development recorded was approximately 3,610 acres as at 31.05.2020 with estimated Gross Development Value ("GDV") of RM33.0 billion, which would enable the Group to have sufficient capacity for future growth.</p>
DESIGNING 		
<p>Designing appropriate range of products at reasonable price to cater to the different income group.</p> <p>Simple and practical are the key focus in designing process in terms of space and materials used.</p> <p>Undertaking research to ensure we know our customers and their preferences.</p>	<p>Good product quality enhances customer satisfaction and ultimately our LBS Brand, which enhance our ability to sell the properties we develop.</p>	<p>We constantly review on the layouts that demonstrated savings in design and construction costs.</p> <p>We design our products to be attractive to a wider and growing range of customers.</p> <p>Actively monitoring and positioning our brand and offering to appeal to a broad range of customers.</p>

Management Discussion And Analysis (Cont'd)

Strategies	Effect and advantages	2019 activities
BUILDING 		
<p>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.</p> <p>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.</p>	<p>Having suitable materials at competitive prices enables us to meet our growth aspirations, helps support our margin and brings better control over the cost.</p> <p>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.</p>	<p>Major building materials in the construction process, such as bricks, steels, cements and lintels are subjected to our bulk purchasing arrangements, ensuring consistently high quality at competitive prices.</p> <p>Our properties were regularly inspected during the construction process both by in-house management and the consultants to ensure that building standards were achieved.</p> <p>Our main contractor, MGB Berhad ("MGB"), 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 has effectively reduced construction workforce and construction time.</p>
SELLING 		
<p>We aspire to sell properties that are desirable and affordable for our customers.</p> <p>The satisfaction of our purchasers is important to us as this can ultimately determine the success of our business.</p> <p>We aim to deliver a positive experience to our customers, from sales until the delivery of vacant possession.</p>	<p>Good customer care and services help to perpetuate a positive reputation for the Group and assists in generating further sales through individual recommendation.</p>	<p>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.</p> <p>Our regular customer survey and feedback help to enable us to measure our service and direct our attention.</p>
DELIVERING 		
<p>We strive to deliver the property on schedule.</p>	<p>Timely delivery of completed units to purchasers will smoothen the cash flow position and avoid Liquidated Ascertained Damages (LAD) and negative corporate image.</p>	<p>We continue to deliver completed units to the purchasers on time.</p>

OUR LANDBANK

The Group has a total undeveloped land bank of 3,610 acres and the breakdown by geographical area is as follows: -



OUR PRESENCE

PERAK

- Chemor land
- Jelapang Maju Industrial Park
- Puncak Jelapang Maju
- Kinta, Ipoh
- Kampar

CAMERON HIGHLANDS

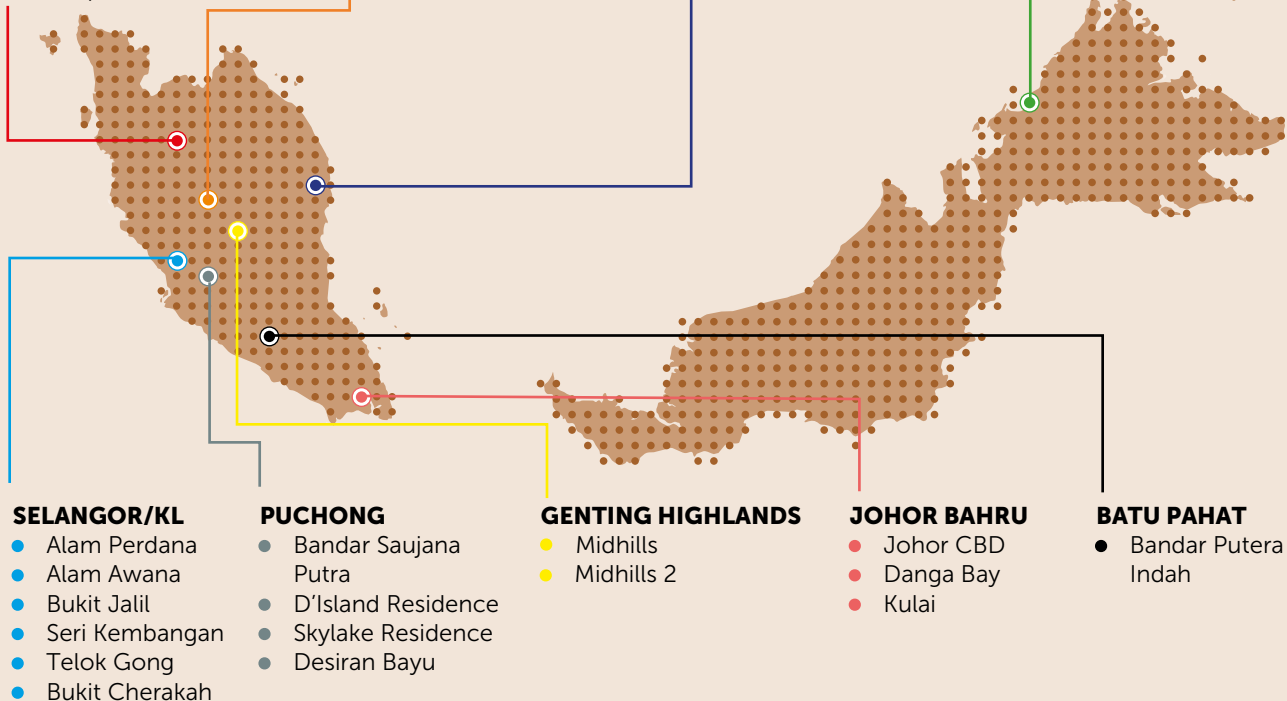
- Cameron Centrum
- Golden Hills
- Taman Royal Lily
- Tengkolok land
- Kampung Raja land

KUANTAN

- Sinaran Mahkota

KOTA KINABALU, SABAH

- Celebrity Residence



Management Discussion And Analysis (Cont'd)

OUR BUSINESS MODEL



OUR INPUTS

RELATIONSHIPS

- Our customers and joint venture partners
- The communities who live and work in and around our properties
- Our suppliers and contractors

OPERATIONAL EXPERTISE

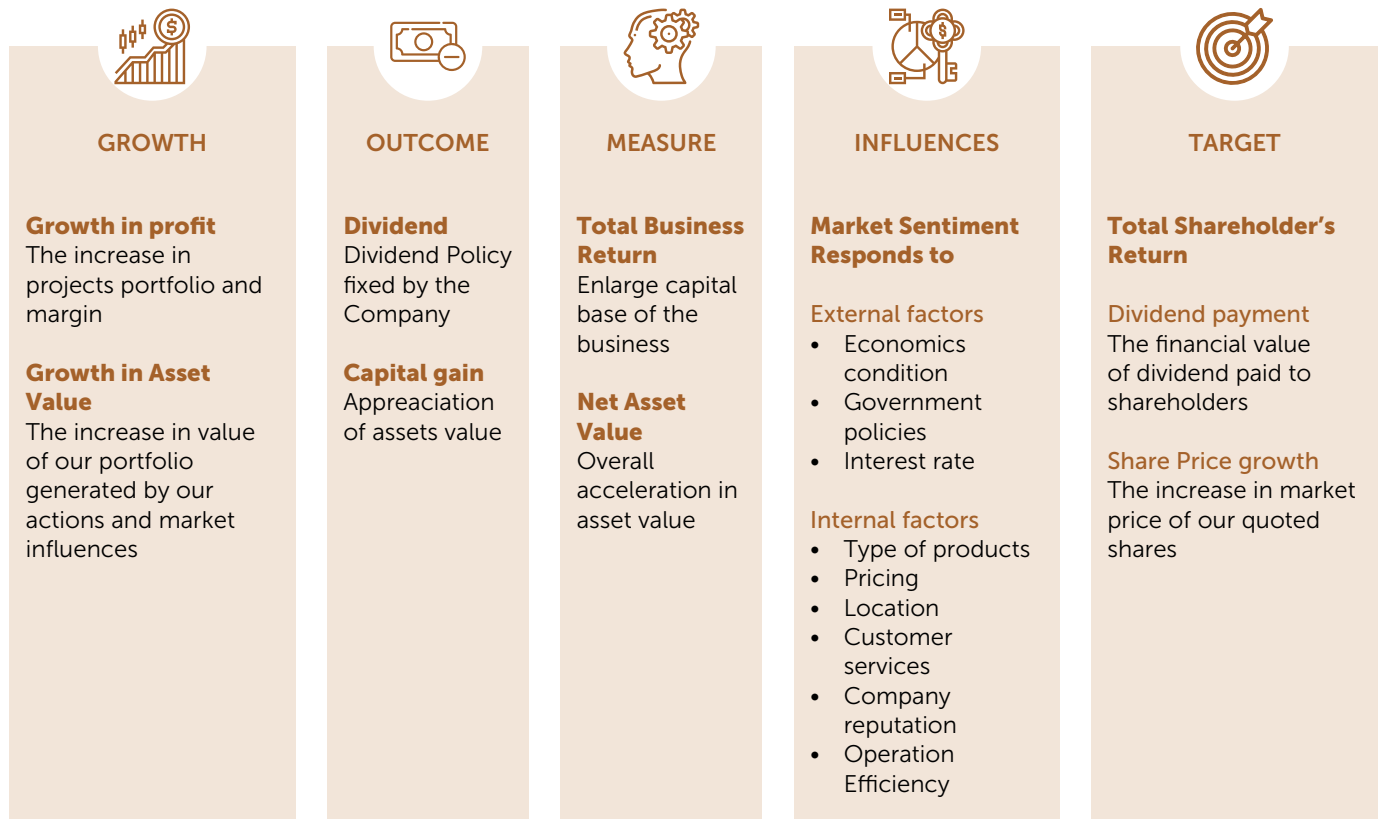
- Our expert workforce
- Our culture of collaboration enhances effective working across teams
- Our Digital Transformation provide data and analysis tools giving insight on stakeholders needs

OUR WAR CHEST

- Joint ventures with landowners mitigate the risk, increase expertise, ease project financing
- Diverse and flexible finances from range of source

ACHIEVING OUR OBJECTIVES

Financial Objectives



Non-Financial Objectives



Management Discussion And Analysis (Cont'd)

ECONOMY OUTLOOK & OVERVIEW

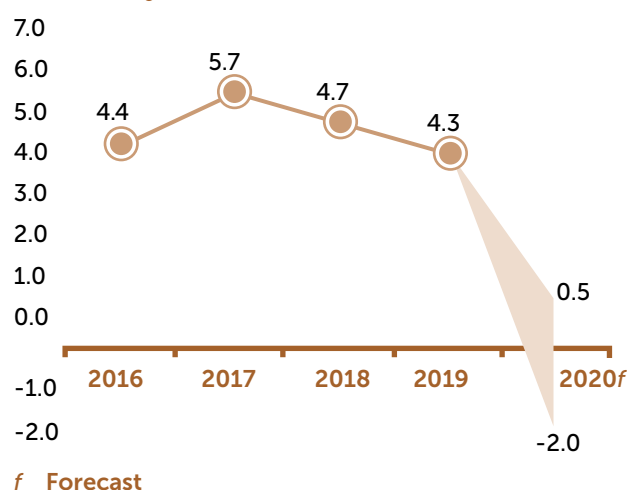
Economic Developments in 2019

The global economy and global trade in 2019 expanded by 2.9% and 1.0% respectively (2018: 3.6% and 3.7% respectively), amid protracted and unresolved trade tensions which exacerbated the cyclical downturn in global manufacturing and investment activities.⁽¹⁾

Amid this challenging global economic environment and domestic supply disruptions, the Malaysian economy in 2019 expanded by 4.3%, supported by resilient private sector spending. Headline Consumer Purchasing Index (CPI) inflation was lower at 0.7% (2018: 1.0%), while underlying inflation remained relatively stable (2019: 1.5%; 2018: 1.6%).⁽¹⁾

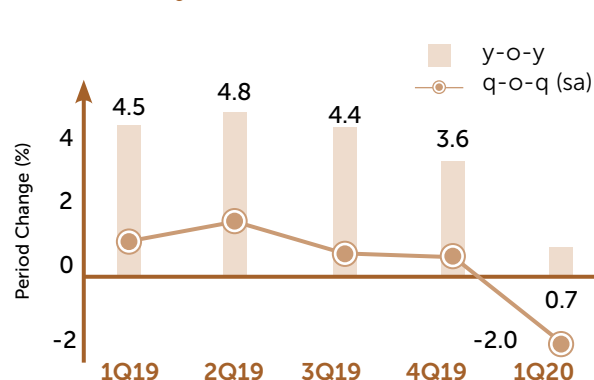
The benchmark Overnight Policy Rate (OPR) which was kept by Bank Negara Malaysia (BNM) since Jan 2018 at 3.25% was reduced to 3.00% in May 2019. In the year 2020, OPR has been further reduced by a total of 100 basis points to 2.00% to preserve the degree of monetary accommodativeness, thus cushion the economic impact and support the improvement in economic activity.⁽²⁾

Malaysia's GDP Growth (forecast 2020)



Source: Department of Statistics, Malaysia, Bank Negara Malaysia estimates

Malaysia's GDP Growth (1Q2020)



Source: Department of Statistics, Malaysia

Outlook in 2020

Global recession is expected in 2020 due to the measures taken to contain the COVID-19 pandemic. The International Monetary Fund (IMF) projects global growth in 2020 to be -3.0%, the weakest since the Great Depression in 1920s. A recovery in 2021 is expected, conditional on the gradual dissipation of the COVID-19 pandemic in the second half of 2020, as well as its successful containment by end-2020. Domestically, the economic impact of the MCO is expected to be broad-based, with the largest impact likely felt by the consumer-oriented and labour-intensive industries. This includes the services sector, particularly consumer services and construction sectors.⁽⁴⁾

The Malaysian economy registered a lower growth of 0.7% in the first quarter of 2020. At 0.7%, this was the lowest growth since 3Q 2009 (-1.1%), reflecting the early impact of measures taken both globally and domestically to contain the spread of the COVID-19 pandemic, including the introduction of the Movement Control Order (MCO) in Malaysia.⁽⁴⁾

Against this highly challenging global economic outlook, Malaysia's Gross Domestic Product (GDP) growth in 2020 is projected to be between -2.0 to 0.5% (2019: 4.3%) impacted not only by the necessary global and domestic actions taken to contain the outbreak which dampen consumption and investment activity, as well as the sharp decline and volatile shifts in crude oil prices and supply disruption in the commodities sector.⁽¹⁾

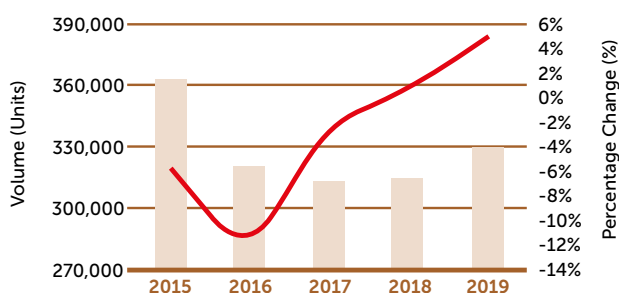
To ensure economic risks associated with the outbreak are effectively addressed, a number of stimulus measures have been taken by the government as announced in February and March 2020 with aims to protect the people, supporting business and strengthening economy, these include financial relief measures, regulatory and supervisory measures, and lending assistance.

Economic activity is expected to gradually pick up in 2H 2020, following the lifting of the MCO, support from fiscal, monetary and financial measures and progress in transport-related projects by the public sector. The Malaysian economy is expected to register a positive recovery in 2021, in line with the projected improvement in global growth.⁽⁴⁾

Market & Industry Overview

The property market performance recorded a slight improvement with a marginal increase in 2019. Based on data from the National Property Information Centre (NAPIC), a total of 328,647 transactions worth RM141.40 billion were recorded, showing an increase of 4.8% in volume and 0.8% in value compared to 2018, which recorded 313,710 transactions worth RM140.33 billion.⁽³⁾

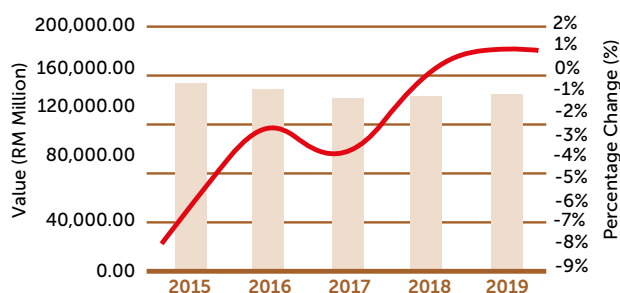
Overall Volume of Transactions (2015–2019)



	Volume	% Change
2015	362,105	-5.7%
2016	320,425	-11.5%
2017	311,824	-2.7%
2018	313,710	0.6%
2019	328,647	4.8%

Source: NAPIC

Overall Value of Transactions (2015–2019)



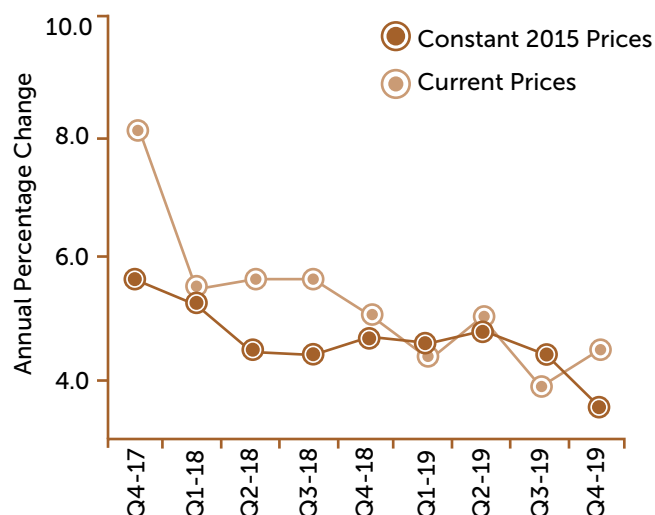
	Value (RM)	% Change
2015	149,897.95	-8.0%
2016	145,408.09	-3.0%
2017	139,839.72	-3.8%
2018	140,326.70	0.3%
2019	141,403.22	0.8%

Source: NAPIC

According to Malaysian Institute of Economic Research (MIER), the Consumer Sentiments Index (CSI) and Business Condition Index (BCI) were recorded at 88.3 points (Q4 2019) and 82.4 points (Q4 2019) respectively, below the 100-point threshold. Despite the low note in both indicators, the property market remained resilient with a marginal increase in volume and value of transactions.

Management Discussion And Analysis (Cont'd)

Consumer Sentiments Index (CSI)



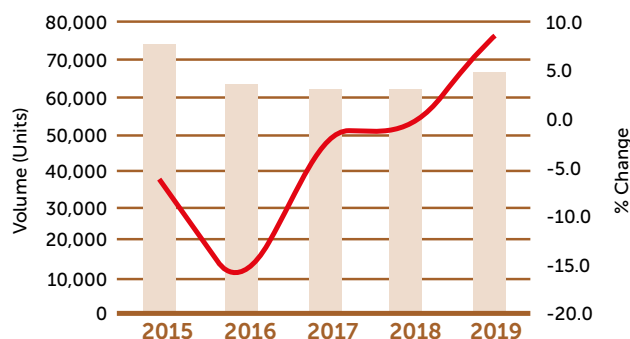
Source: MIER

Residential properties continued to chart the largest transaction volume by 63.7% of the total 209,295 transactions worth RM72.41 billion. Houses priced below RM300,000 dominated the residential market with 61.7% share. For all houses valued RM500,000 and below, it accounted for 83.0% of the residential market share.

Fewer new launches in 2019 and better sales performance led to the decrease in residential overhang and unsold under construction and not constructed. After four consecutive years of increase, the overhang recorded a decline in 2019. There were 30,664 overhang units worth RM18.82 billion, decreased by 5.1% in volume and 5.2% in value against 2018 (32,313 units worth RM19.86 billion).

Property market in Selangor firmed up in 2019 as indicated by the positive movements in market activity. There were 66,548 transactions recorded worth RM46.52 billion, up by 8.6% in volume and 11.6% in value (2018: 61,266 transaction worth RM41.70 billion). The residential sub-sector spearheaded the property market, contributed 78.1% of the total market activity.

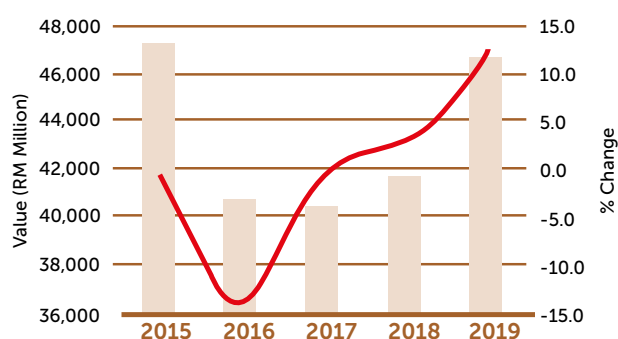
Overall Volume of Transactions in Selangor (2015–2019)



	Volume	% Change
2015	74,905	-5.9
2016	62,959	-15.9
2017	61,500	-2.3
2018	61,266	-0.4
2019	66,548	8.6

Source: NAPIC

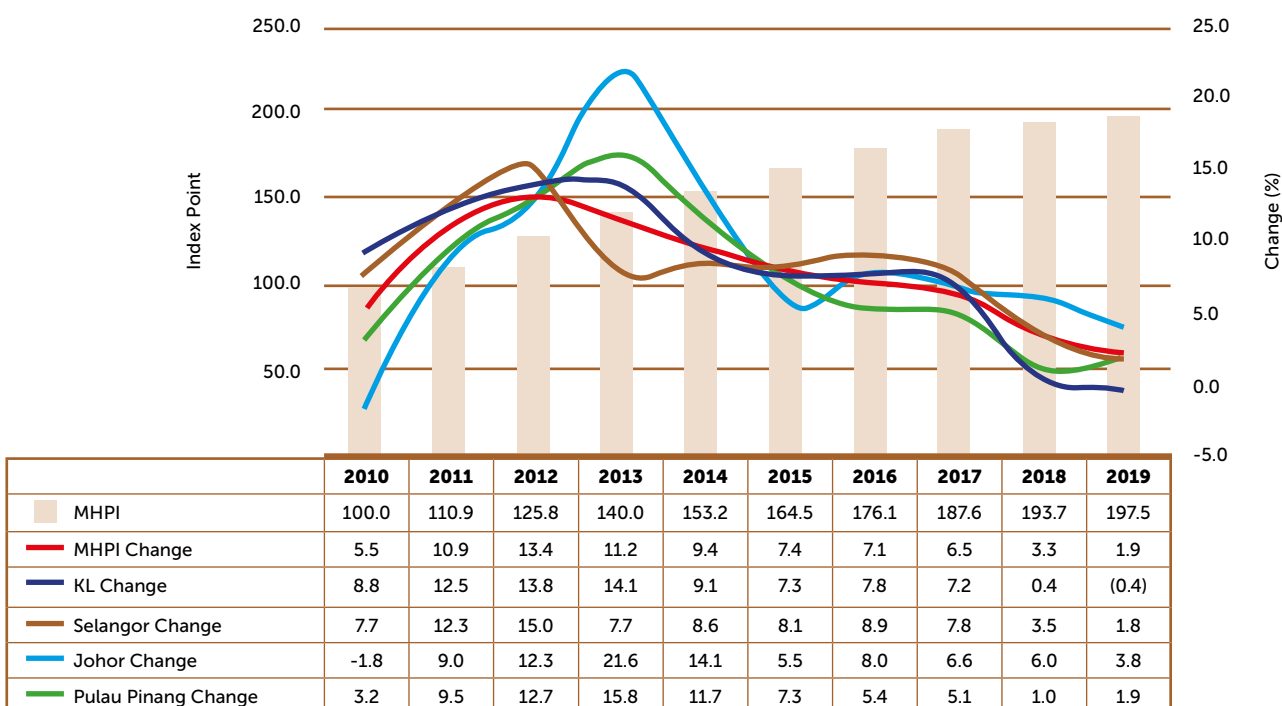
Overall Value of Transactions in Selangor (2015–2019)



	Value (RM)	% Change
2015	47,153.87	-0.7
2016	40,705.22	-13.7
2017	40,534.63	-0.4
2018	41,695.07	2.9
2019	46,523.89	11.6

Source: NAPIC

The Malaysian House Price Index (MHPI) continued to increase at a moderating trend. The MHPI stood at 197.5 points (at base year 2010), increased by 1.9% (3.8 points) on annual basis (2018: 193.7 points), the lowest annual growth recorded since year 2010.



Source: NAPIC

- (1): Economic & Monetary Review 2019, BNM; BNM Annual Report 2019
 (2): Monetary Policy Statement Press Release, 5 May 2020, BNM
 (3): Napic, Annual Market Report 2019
 (4): Economic and Financial Developments in the First Quarter of 2020 (BNM)

Management Discussion And Analysis (Cont'd)

OPERATION REVIEW

LBS saw a sustained step up in its sales in 2019 to RM1.6 billion worth of properties, an increase of 6.8% as compared to 2018. Achieved against a backdrop of both political and economic uncertainty, this uplift reflects the Group's constant improved customer offering and construction procedures. This new record marks the fifth consecutive year of improved results with a strong 20.4% compounded annual growth rate (CAGR) from 2014 to 2019. Sales from projects located in Klang Valley continued to outperform those from Pahang, Johor and Perak.

Properties from the Klang Valley contributed to approximately 85% (2018: 90%) of our total sales of RM1.63 billion for the year 2019. *LBS Alam Perdana, Kita @ Cybersouth, Residensi Bintang Bukit Jalil*, and *Zenopy Residences* all located in the Klang Valley were our chief contributors towards the total sales.

The business goes from strength to strength and 2019 was a year of strong sales performance, despite more pressure on house price growth, as we continue to become more heavily focused on township development through joint venture partnerships in affordable homes segment. Properties priced below RM500,000 made up 83% (2018: 63%) of our total sales for the year 2019, representing an increase of approximately 31.7% as compared to 2018. 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 of 2019, a total of 11 new projects comprising 4,008 units of various properties were launched with total GDV of RM1.82 billion across 5 locations. The two key township projects, *KITA @ Cybersouth*, which was officially unveiled in April 2019, and *LBS Alam Perdana* township, have been the main sales contributor. In addition, other

ongoing landed developments, such as the *Emerald Garden 3* and *Laman Bayu* in *Bandar Putera Indah* township, Johor and *Taman Kinding Flora* in Chemor, Ipoh, have also contributed to the Group's solid performance.

As at 31 December 2019, the Group still has a total of 18 on-going projects with total GDV of RM4.5 billion after delivered vacant possession of 1,407 units of properties worth RM745 million to the purchasers.

To read more information about our projects go to Portfolio 2019 (page 76 to 94).

PROSPECTS

Our main focus continued to stay on developing properties priced at an affordable range with the middle-income group being our main target market.



Sales increase by
6.8%
as compared to 2018



Total sales of
RM1.63 billion
in the year 2019



A total of
11
new projects were
launched



Artist Impression: *Kita Ria*

As reported by Napic, the residential sector is expected to be challenging in 2020. With the downside in the CSI at 82.3 points as at Q4 2019, coupled with the insecurity of employment and household income, there is a high likelihood that the purchase for big-ticket items such as houses may have to be put on hold by prospective purchasers. Nevertheless, government have introduced several incentives to help cushion-off the impact on the property market namely:

- The revision of the base year for RPGT to 1 Jan 2013 (initially 1 Jan 2000) for property purchased before the date.
- The reduction of price threshold for foreign purchasers from RM1 million to RM600,000 for unsold completed high-rise properties in urban areas.
- The revision in OPR, which was cut by 25 basis points to 2.75% in Jan 2020 and further reduced to 2.0% in May 2020, will lead to lower borrowing cost for home loans, to remain accommodative and supportive of property market.

We were glad to note that government has given continuous support, with special focus on the affordable segment and more affordable homes priced below RM300,000 would be built for lower- and middle-income groups under the National Housing Policy 2.0 programmes. Various incentives are initiated to tackle the affordability and home ownership issues for the nation, lower- and middle-income groups in particular, which include:

- Youth Housing Scheme by BSN - to extend the scheme from January 1, 2020 until December 31, 2021.

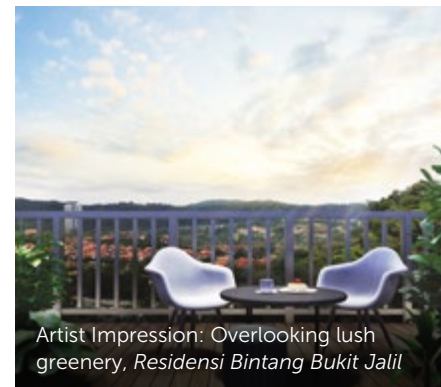
- Rent-to-own (RTO) financing scheme for first-time homebuyers for housing projects priced up to RM500,000. The applicant will rent the property for up to 5 years and after the first year, the tenant will have the option to purchase the house based on the price fixed at the time the tenancy agreement is signed.
- Property Crowdfunding - In September 2019, the Securities Commission Malaysia (SC) announced that EdgeProp Sdn Bhd (EdgeProp) has been registered as the first recognised market operator to establish and operate a property crowdfunding (PCF) platform in Malaysia.
- MyKNP (Khidmat Nasihat Pembiayaan) launched by Bank Negara Malaysia (BNM) to provide free of charge advisory service to applicants who failed to secure home loan

We welcomed these initiatives as it is not only aimed to stabilise the supply and demand mismatch in affordable houses, it also would assist the first-time home buyers. These measures are harmonised with our road map and focus, we certainly would continue to closely collaborate and coordinate with the Government to support the Government's initiatives to provide more Malaysians with affordable homes.

As reported last year that we were cautious to the downside risks of the economic environment, especially those relating to the advanced economies, global trade tensions and the future path of interest rates, the COVID-19 pandemic is beyond expectation. Besides being careful

in our measures of implementation, strategies execution and policy revision, we have lowered our annual sales target as compared to last year and may further revise depending on the impact of the development in the economies. It is difficult at this stage to predict the Group's performance in 2020 but we are confident that the Group will continue to operate profitably.

Our strategy to focus on more affordable units within self-sustaining and matured townships, with modern designs, complete amenities and easy accessibility, continues to be well received by the market and would help us ride through the challenging market conditions.



Artist Impression: Overlooking lush greenery, Residensi Bintang Bukit Jalil



Artist Impression: Games Room, Residensi Bintang Bukit Jalil

Management Discussion And Analysis (Cont'd)

Construction

Our construction arm, MGB Berhad ("MGB"), is a subsidiary listed on the Main Market of Bursa Malaysia. It is an established construction player with a strong track record of more than 10 years in general construction for residential, commercial and industrial buildings as well as infrastructure works. As at 31 March 2020, MGB Group has successfully completed over 15,000 units of properties, particularly in affordable homes.

Since early 2010s, the MGB Group has broaden its capabilities to offer 'Design and Build' services from the initial planning and design stages right up to the final stages of operations and management in order to meet the rapidly growing demand for a comprehensive and integrated planning and design services.

In 2017, it further expanded its construction value chain to include other synergistic businesses such as foundation and geotechnical engineering services as well as manufacturing of precast concrete products to further enhance the service offerings and elevate its total solution capabilities to the next level.

Today, MGB has evolved as a comprehensive and fully-integrated construction and development company providing a full range of design and construction and development services including design and build, project management, civil engineering, value engineering, geotechnical specialisation and manufacturing in Industrialised Building System (IBS) precast concrete products.

Certified with ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environmental Management System) and OHSAS 18001:2007 (Health & Safety Management System), this Division also obtained the Class Grade 7 licence approved by the Malaysian Construction Industry Development Board (CIDB) which allowing tender for all types of construction work of any contract value in Malaysia.



Artist Impression: Building the future with IBS pre-cast concrete, MGB Berhad

PROMISE FOR THE FUTURE UPHOLDING VALUES HELD THROUGH GENERATIONS

While we place great emphasis on innovation, there is great wisdom in knowing when to place faith in tried-and-tested innovations. Thus, MGB fully adopts the values of LBS in its day-to-day operations – a formula that has been applied successfully and to great effect for both parties.



**INTEGRITY
EFFICIENCY
ACCOUNTABILITY**



VISION

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



MISSION

To constantly push boundaries and surpass expectations through Quality, Reliability and Innovation.

MARKET & INDUSTRY OVERVIEW

Growth in the construction sector for the year 2019 moderated to 0.1% (2018: 4.2%), reflecting mainly the completion and near completion of large infrastructure and mixed development projects. In the non-residential and residential sectors, fewer and smaller new projects amid the commercial property glut and elevated level of unsold residential properties also contributed to the lower growth. While the civil engineering sector remained the key contributor to growth, the delay in construction work for major highways, in addition to the completion of large petrochemical projects, led to a moderation in construction growth during the year.

(Source: Economic & Monetary Review 2019, BNM)

During the first quarter of 2020, the construction sector declined by 7.9% (4Q 2019: +1.0%), reflecting mainly the halt in activities during the MCO. This had more than offset the progress in the large transportation projects and activities in the affordable housing segments during the early part of the quarter.

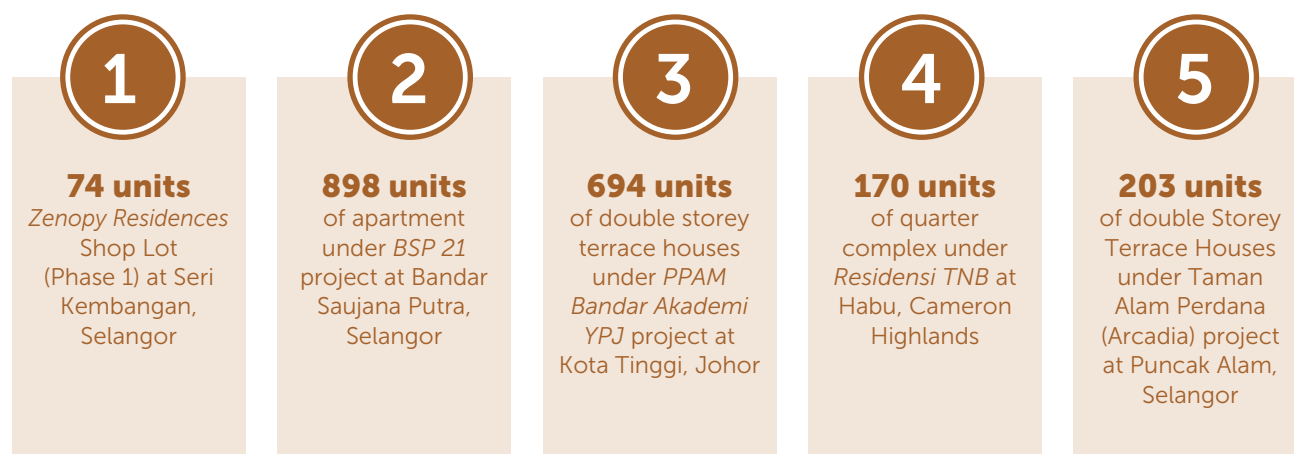
(Source: Economic and Financial Developments in the First Quarter of 2020, BNM)

Measures implemented to contain the rapid spread of COVID-19, including broad-based travel restrictions, enforced business closures and restrictions on social activities, will suppress private sector activity globally. Nonetheless, the measures taken such as policy rate cut and various stimulus packages across economies are expected to cushion the economic disruptions, thus support a gradual normalisation in economic activities. ⁽¹⁾

Management Discussion And Analysis (Cont'd)

OPERATION REVIEW

In 2019, the Division has successfully completed five (5) construction projects with a total contract value of RM477.78 million comprising:



During the year, the Division was awarded with a total of RM419.5 million of construction projects (including contracts from property development segment) and four piling contracts worth RM16.4 million, closing the year with an order book of RM1.38 billion.

It was a new milestone charted in 2019 when MGB launched its new IBS permanent plant in Nilai, Negeri Sembilan with a production capacity of 2,000 units of properties per year. The plant has an order book to supply IBS pre-cast products to more than 2,000 units of terrace houses at CyberSouth development. This was in addition to the mobile plant operating in Alam Perdana since May 2018 with the same production capacity; both plants currently cater mainly for projects of LBS Group with an endeavour to expand the supply to external projects.

Constant review and innovate the way we work for better results is the culture of the Group. More results have been seen in the journey to evolve the way construction is carried out in 2019 with the adoption of tools that can increase efficiency and productivity. In addition to the IBS plants, the Division has also undertaken digital transformation exercise aimed to optimise project profits as well as minimise project risk while delivering better value to the stakeholders.

The Division has invested in a software system that enables the Management and operation teams to monitor and control the progress of its ongoing construction projects in three main areas namely; project management, program management and portfolio/cost management. The system allows the Management and the operation teams to monitor the real-time progress of the projects including its' material usage and cost incurred, while improving the team's collaboration as everyone is able to access the same dashboard. Real time update also equips the teams with the necessary information to make informed and timely decisions as well as to manage the projects efficiently. To-date, this system has been successfully implemented in five (5) pilot projects namely Cybersouth Kita Impian 1F, Cybersouth 1C, BSP Flyover, Alam Perdana – Phase 3 and Phase 5.

The Management recognises the importance of safety vigilance, and serve to focus every employee and subcontractor on the continuous improvement of safety practices and outcomes. The Division, through its subsidiary, MGB Construction and Engineering Sdn Bhd was awarded the 'Platinum Premier Award' under the category of OSH Management in Construction of High Rise at the 15th MOSHPA OSH Excellence Award 2019 hosted by the Malaysian Occupational Safety & Health Practitioner's Association ("MOSPHA"). This was the recognition by MOSPHA for the fourth consecutive year.

CHALLENGES AND STRATEGIES

Whilst recognising that the instability of political and economic sector may create volatility in sentiment in the construction industry in the near term, the Division is mindful of the changing regulatory environment for the sector in the short to medium term and will continue to monitor this closely to ensure leveraging on this opportunity.

In line with the planned strategies, the Division continues to build a sustainable advantage, remain committed to focus in areas that will drive long term benefits and future value for customers and investors, such as our investment in human capital, digitalisation in implementation process and industrialise in construction.

The Division is committed to further strengthen the environmental, social and governance (ESG) strategy and will gradually set out further targets in key areas such as biodiversity and continuing to reduce carbon footprint.

Pricing will always be an important factor in construction industry. Raw material prices, labour cost and currency rates fluctuation may lead to higher input costs and lower profit margin. To remain competitive, the Division has worked with all parties in the supply chain, focused on establishing a costing platform that enables delivery of high quality, value added services at market price whilst maintaining performance target commitments.

Effective cost management measure where negotiation with suppliers on bulk purchase to secure better pricing and terms is implemented whilst diversifying supplier base for essential raw materials and sourcing locally to avoid unnecessary foreign currency exchange fluctuation.

BRAND VALUES



PASSION

We believe that passion in the business causes us to self innovate. It spurs us to explore and embrace new ideas of working, new software and new ways of communication to create greater timeliness and efficiency for our clients. Greater efficiency means a better bottom line.



CREATIVITY

We understand that every generation has different needs. Innovation can come through creative thinking that provides apt solutions that cater to the specific needs so that greater value is felt to the end consumer.



CARE

We believe in a working culture that puts people first- people innovation. Apart from caring for their well-being, we believe in promoting and nurturing talent by providing the right environment and guidance to create a culture of seeking progress.

PROSPECTS

The Division would continue to focus on its business strategies by actively tendering for construction projects particularly on affordable home segment. The government remains supportive of the residential properties sector. Its key action plans announced in the National Housing Policy 2.0, particularly the target of building one million affordable homes in 10 years, would bring a positive impact to construction industry, specifically in the affordable homes segment. Our joint venture projects in hand with GDV of RM900 million for the development of approximately 3,800 units of Rumah Idaman is expected to enhance the earning base for the property development segment as well as the construction segment.

The Division will focus on increasing the IBS production capacity which will also enable the Group to benefit from economies of scale as the IBS business will be complementary to the profitability in the long run. Thus far, significant benefits in terms of cost control was reaped as the utilisation of IBS pre-cast products have managed to reduce construction waste and labour cost at site.

Management Discussion And Analysis (Cont'd)

Motor Racing Circuit

Since the street racing was introduced in 1993, Zhuhai has activated the “roaring era” of China, becoming the pioneer for China motorsport racing and have built an international and professional racing management team. Zhuhai International Circuit (“ZIC”) is the first permanent racing Circuit built in China. ZIC is an FIA (International Motor Sports Federation) approved, 4.3 km 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 (“Jiuzhou”), 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 hosted four events under one roof, which are the formula car racing, RV, motorcycle, and drifting events. This marked the bold step forward for the automobile racing sports to enter into the market for the masses. For the past 14 years, ZIC has attracted over 5,000 racing drivers and more than 900,000 audience to the events. In 2017, the value of media coverage hit a new height of more than RMB160 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”.

OPERATION REVIEW

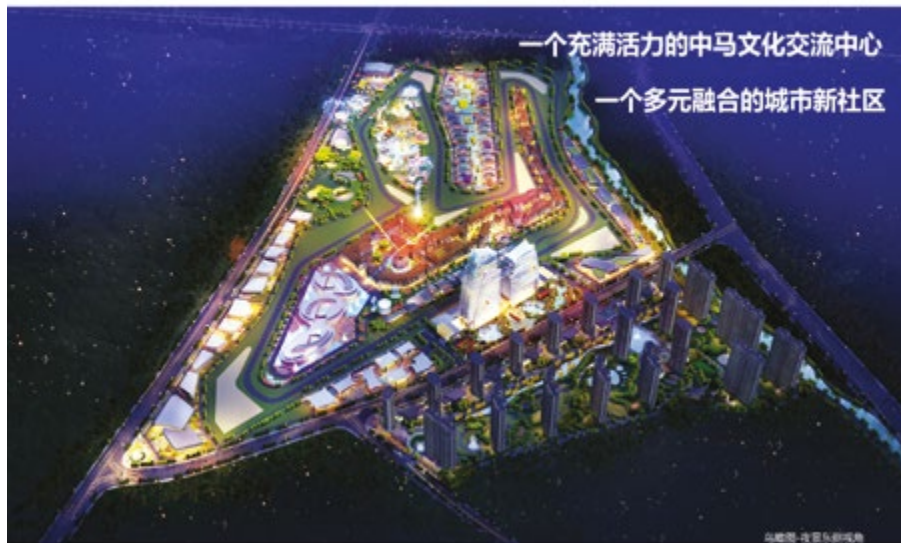
In 2019, ZIC has hosted its annual Pan Delta Super Racing Festival for the Spring, Summer and Autumn races. The action-packed event featured fast-paced racing in the form of Circuit Hero Series, Superbikes, Asian Formula Renault, drifting and stunt show, auto show, food festival and interactive activities. This is the venue for top overseas players to enhance the level of competition and to offer an opportunity for domestic players to learn and progress.

Other popular events held in 2019 include the Superbike 3 Hours Endurance Race, Circuit Hero 700km Endurance Race, Speed Hero 3 Hours Endurance Race, Circuit Hero Time Attack Winter Challenge.

With more than 20 years of motorsports experience, ZIC has started to provide its expertise in circuit management services. Circuit design and circuit operation services for Zhengzhou International Autodrome and consultation services for circuit operation for VI Autoworld are examples of the expertise rendered.



Actual view: Pan Delta Super Racing Festival 2019



Artist Impression: ZIC Transformation Plan

REMOVING WALLS AND WELCOMING ALL

The ZIC Upgrade and Transformation Plan was first detailed in a Memorandum of Understanding (MoU) between LBS and the Zhuhai Jiuzhou Group Holdings Ltd on 19 September 2015. ZIC welcomed its fourth big change that is transforming the racing circuit into an integrated platform combining motor sports, tourism and cultural elements. The transformation plan is in line with the 21st Century Maritime Silk Road strategy introduced by China President Xi Jinping and is also leveraging on the establishment of "Friendly State and Province" between Malacca State and Guangdong Province to promote tourism and cultural exchange between the two states.

Through this transformation plan, ZIC will become an integration factor with China-Malaysia friendship interaction center, healthy business support facilities as well as cultural and sports facilities.

This transformation and upgrading will improve China-Malaysia economic and commercial co-operation, as well as to promote and execute the "One belt one road" strategy.

The 264-acre land is divided into two plots, i.e. East Land and West Land. West Land, which 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.

The East Land 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 and shopping arcade.

PROSPECTS

Following the promulgation of the Outline Development Plan ("Plan") for the Greater Bay Area (GBA) in February 2019, which signified a milestone in the development of GBA, we believe that the value of ZIC will increase significantly. The Plan, an important outline document guiding the current and future cooperation and development of the GBA, covers the period from now to 2022 in the immediate term and extends to 2035 in the long term.

In May 2020, the Chinese government has announced a financial supportive guideline to promote the financial opening-up and integration of the GBA. The guideline put forward 26 specific measures for five areas: promoting the GBA's cross-border trade and facilitating investment and financing, expanding the opening-up of the financial sector, promoting the connectivity of financial markets and infrastructure, boosting innovation of the GBA's financial services, and preventing cross-border financial risks. The new guideline is expected to further promote financial opening-up and innovation, strengthens financial cooperation, enhances the role of the GBA in supporting and leading the economic development and opening-up, as well as providing strong financial support for building a dynamic and internationally competitive first-class bay area and a world-class city cluster.

The GBA has the potential to become the most diversified city cluster if we can leverage its wide range of industries and strengths across its cities, such as financial and professional services, high-tech manufacturing, and technology and innovation. In planning and implementing the ZIC Transformation Plan, we will carefully align our strategies to tap onto these advantages and capitalise them into these great opportunities.

Management Discussion And Analysis (Cont'd)

ABOUT THE GREATER BAY AREA

The Guangdong-Hong Kong-Macao Greater Bay Area ("Greater Bay Area" or "GBA") comprises two Special Administrative Regions of Hong Kong and Macao, and the nine municipalities of Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing in Guangdong Province covering a total area of 56,000km square, with total population of around 70 million (as at end 2017).

The development of the GBA is accorded the status of key strategic planning in the country's development blueprint, having great significance in the country's implementation of innovation-driven development and commitment to reform and opening-up. The objectives are to further deepen cooperation amongst Guangdong, Hong Kong and Macao, fully leverage the composite advantages of the three places, facilitate in-depth integration within the region, and promote coordinated regional economic development, with a view to developing an internationally first-class bay area ideal for living, working and travelling.

The increased connectivity and integration of the GBA will also facilitate the movement of goods and services, capital, people and information within the region. As the GBA continues to develop, it will play a larger role in boosting the domestic market, facilitating the implementation of the 13th Five-Year Plan, and serving as a key hub connecting countries along the 21st-Century Maritime Silk Road under the Belt and Road Initiative.



COMPARISON BETWEEN GBA AND WORLD'S LEADING BAY AREAS:

	Guangdong - Hong Kong - Macao Bay Area	Tokyo Bay Area	New York Metropolitan Area	San Francisco Bay Area
Size	56,000 km ²	36,900 km ²	21,500 km ²	17,900 km ²
Population	71.1 million	4.4 million	20.2 million	7.7 million
GDP	US\$1.6 Trillion	US\$1.8 Trillion	US\$1.7 Trillion	US\$ 0.8Trillion
Annual Airport Freight Turnover	8 million tonnes	3.6 million tonnes	2.2 million tonnes	1.2 million tonnes
Annual Air passenger traffic	202 million	124 million	132.2 million	81.3 million
Annual Port container throughput	66.5 million TEUs	7.8 million TEUs	6.3 million TEUs	2.4 million TEUs

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.

Source: Constitutional and Mainland Affairs Bureau of Hong Kong

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2019 ("FY2019"), the Group achieved revenue and profit before tax ("PBT") of approximately RM1.3 billion and RM154 million respectively. The Property Development segment remains as the major revenue and PBT contributor for FY2019.

In FY2019, the Group's revenue increased by approximately 18% and PBT decreased by 3% as compared to the results recorded in FY2018. The increase in revenue is mainly from Property Development segment.

The contribution from each operating business segment is set out as follows:



Property Development

During FY2019, Property Development segment recorded higher revenue and PBT.

The increase in both revenue and PBT were largely driven by the good take up rate and steady construction progress from our ongoing projects within the Klang Valley, Pahang and Johor.

Revenue and PBT were mainly derived from projects at *LBS Alam Perdana*, *Kita@Cybersouth*, *Bandar Saujana Putra*, *Cameron Golden Hills* and *Skylake Residence*.

Projects within the Klang Valley remain as the largest revenue contributor, accounting for more than 75% of the Group's revenue for FY2019.



Construction and Trading

During FY2019, Construction and Trading segment recorded revenue and PBT of approximately RM656 million and RM16 million respectively as compared to revenue of RM710 million and PBT of RM43 million in FY2018.

The revenue was primarily contributed from in-house projects. The PBT has decreased mainly due to soft profit margin from on-going construction projects, increase in operating expenses, finance costs and depreciation.



Motor Racing Circuit

During FY2019, the Motor Racing Circuit segment recorded higher revenue and loss before tax. The increase in revenue was primarily due to higher income derived from consultancy services.



Management, Investment and Others

During FY2019, Management, Investment and Others segment recorded revenue of RM130 million and loss before tax of RM32 million as compared to revenue of RM47 million and PBT of RM9 million in FY2018. The increase in revenue and decrease in PBT were mainly due to intra-group transactions.





Management Discussion And Analysis (Cont'd)

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 FY2019, the Group's total assets decreased by 2% to RM4.3 billion (FY2018:RM4.4 billion). The decrease was mainly attributable to the followings:

Inventories 	The Group's inventories decreased by 2% to RM2.3 billion (FY2018:RM2.4 billion). The decrease was mainly due to sale of completed properties and progressive recognition of property development cost to profit or loss.
Trade receivables 	The Group's trade receivables decreased by 42% to RM413 million (FY2018:RM711 million). The decrease was primarily due to improved collection from property purchasers and construction sector.
Other Investments 	The Group's other investments decreased by 22% to RM60 million (FY2018:RM77 million). The decrease was mainly arising from the disposal of 60 million shares which are listed on the Main Board of The Stock Exchange of Hong Kong Limited.
Contract assets 	The Group's contract assets increased by 90% to RM388 million (FY2018:RM204 million). The increase was mainly due to construction cost incurred but pending progress billing in accordance with Housing Development Act.

Total equity

Total equity increased by 3% to RM1.46 billion (FY2018:RM1.42 billion). The increase was mainly arising from the net profit attributable to the owners of the parent made in FY2019 offset against acquisition cost of additional treasury shares.

Total liabilities

Total liabilities decreased by 4% to RM2.83 billion (FY2018:RM2.96 billion). The decrease was mainly attributable to the repayment of landowners' entitlement, provision for affordable housing in prior year no longer required and reduction in finance lease payables, lease liabilities, bank borrowings, bank overdrafts, redemption of redeemable convertible preference shares and Sukuk ("loans and borrowings").

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

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 loans and borrowings decreased by 4% to RM1.25 billion (FY2018:RM1.31 billion). Gross gearing reduced to 0.86 times (FY2018:0.92 times) mainly due to reduction in loans and borrowings.

Dividend Policy

The Group had adopted 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.

In recommending payment of dividend, the Board endeavours to maintain a consistent and regular dividend payment policy that promotes a stable stream of return to shareholders, taking into consideration the allocation of capital resources to support the organic business growth of the Group, provided that the distribution would not be detrimental to the Company cash requirement or any plans approved by the Board.

The dividend policy reflects the Directors' current views on the Company financial position and shall not constitute a legal binding statement in respect of the Company future dividends which are subject to modification at the Board's discretion.

For the FY2019, the Board has recommended a First and Final Single Tier Dividend in Specie comprising treasury shares distribution in the ratio of 3 Treasury Shares for every 100 existing Ordinary Shares held, fraction of treasury shares will be disregarded. This proposed First and Final Dividend in Specie is subject to the shareholders' approval at the forthcoming Twentieth 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.

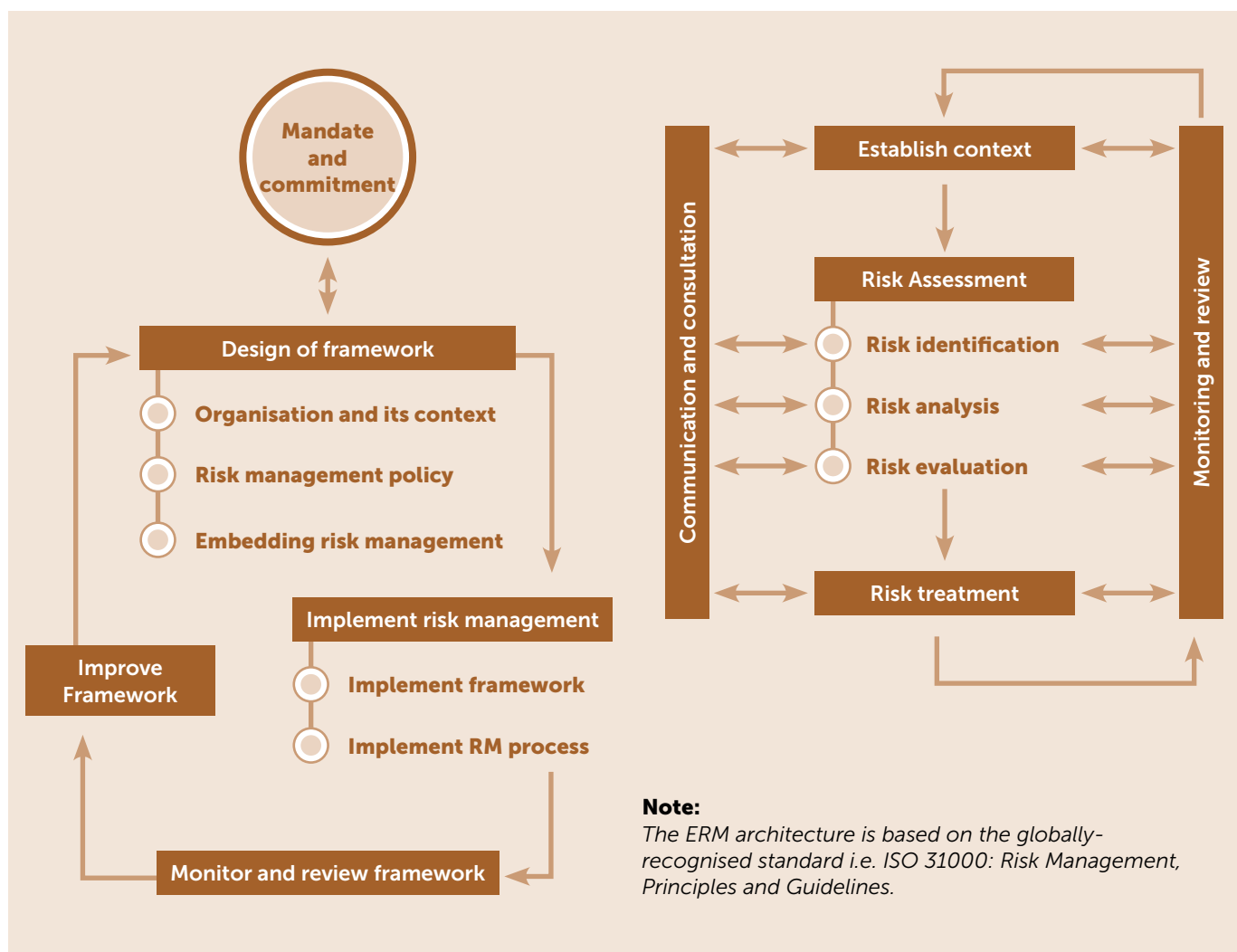
The Company has outsourced its entire ERM framework by engaging an external service provider, Deloitte Enterprise Risk Services Sdn Bhd to facilitate the risk control self-assessment exercise with various stakeholders. Risk analysis and evaluation were performed to update the existing risk registers.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

Under the revamped framework in 2019, we have further strengthened our risk management and “three lines of defense” 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 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 by the risk owner/business unit and where necessary, to improve the management action plans and mitigation measures.

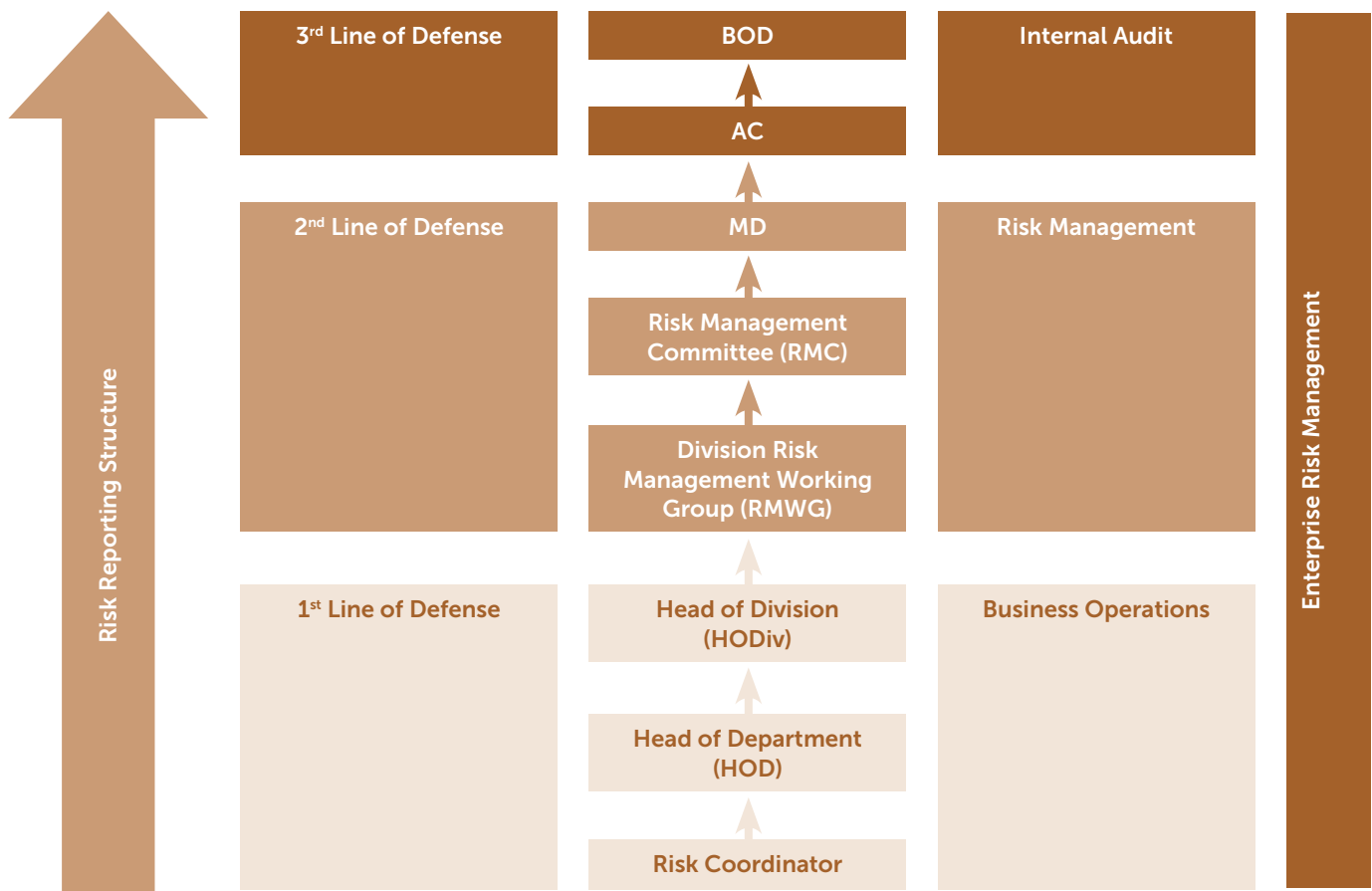
THE FRAMEWORK

THE PROCESS:





Management Discussion And Analysis (Cont'd)

RISK GOVERNANCE STRUCTURE





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 page 150 to 152.

The Group has carried out an assessment of the principal and emerging risks and uncertainties which might prevent the Group from achieving its strategic objectives. Below table shows how the major risks are affecting the strategies of the Group, its impacts and the mitigation actions. They are largely consistent with those reported in 2018 as the Group is affecting by similar stringent operation environment :

Strategies	Area of risks	Impact towards Strategies	Mitigation of risks
LAND BANKING 	<p>The possibility that the Group is unable to source for 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>	<p>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.</p> <p>Major land acquisition process was done through careful due diligence, risk assessment and feasibility studies on the proposed land purchases.</p> <p>The Group's undeveloped land of about 3,610 acres is sufficient for the supply of project development source for more than 10 years.</p>
DESIGNING 	<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>	<p>Keep abreast with fast changing trend and preferences of different group of customers by constant communication with customers.</p> <p>Established policy and procedures in selection of architects to ensure only qualified professional firms with proven track records are awarded with contracts.</p>

Management Discussion And Analysis (Cont'd)

Strategies	Area of risks	Impact towards Strategies	Mitigation of risks
BUILDING 	Prices increase in labour market and building materials.	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.	Identify training needs and allocate appropriate resources for training.
	Shortage of appropriate skilled personnel at site.		Consider outsourcing manpower recruitment.
	Inconsistent contractors' performance.		Ensuring competitive remuneration policies are in place to retain staff.
	Delay in obtaining approval from authorities or non-compliance in any regulations.	Level of capacity and capability of contractor performs its contract would delay the progress of a project and complication of process.	Improving forward planning in building material sourcing function.
	There are significant risks in health and safety inherent in the construction industry.	The property development industry is subject to extensive and complex laws and regulations, particularly in areas such as land acquisition, planning and the environment. Detailed planning and ensuring compliance in these areas may result in delays in construction and completion. Any failure to comply with regulations could result in damage to the Group's reputation and financial lost.	Invest in IBS precast and prefabrication building technology.
	The climate change which lead to extreme rainfall, flood, land slide and heat wave.		Group purchasing function is in place to ensure competitive prices are obtained.
		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.	Established policies and procedures in selection of contractors to ensure only qualified contractors with proven track records are awarded with contracts.
		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.	Early Pre-project planning whenever possible and maintain close engagement with authorities to ensure new requirements are known and fulfilled early.
			The Health and Safety Department review and monitor the health and safety issues on a monthly basis.
			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.
			The Environment Policy is in place and relevant procedures are implemented to address the relevant issues at site.

Strategies	Area of risks	Impact towards Strategies	Mitigation of risks
SELLING 	<p>The risks that affect the sales of the Group include:</p> <ul style="list-style-type: none"> • Interest rate increase • Stringent bank lending rules • Sales incentives • Change in housing policies by government • Low market sentiment in property market • Over promised by outsourced sales agent. • Major IT failure or cyber-attack disabling critical operational system 	<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 approved 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> <p>Failure of any of the Group's IT operational systems, particularly those in relation to customer information and customer service, could result in significant financial costs, reputational damage and business disruption.</p>	<p>Established financial assistant plan for selected projects and qualified applicants as an alternative to those who are unable to obtain bank loan.</p> <p>Strengthen the determination process for pricing strategy and product range.</p> <p>Strategise sale incentives to encourage sales, such as flexi down payment terms, interest free instalments for initial down payment.</p> <p>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.</p> <p>Strengthen the monitoring process of external sales agent and consultant including project briefing and training.</p> <p>Maintain centralized IT systems with a fully tested disaster recovery programme and to ensure all infrastructure is highly resilient, with geographically diverse data centers that have a series of backups.</p>
DELIVERING 	<p>Timely delivery of completed units to purchasers may not be achieved due to delay in construction process.</p>	<p>Delay in delivery 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>	<p>Strengthen the construction process and procedures so that timely delivery of quality homes is achieved at all sites.</p> <p>Special task force has been formed to check the quality of the completed units before hand over of vacant possession.</p>

Portfolio 2019

Kita @ Cybersouth by LBS is situated in the southern corridor of the Greater Klang Valley. Sited on Malay reserved land about 633 acres, the development is anticipated to comprise various types of properties including shops, commercial lots, terrace houses, town houses, service apartments, etc. The current ongoing development consists of 3 main projects namely *Kita Bayu*, *Kita Harmoni* and *Kita Impian*.



KITA @ CYBERSOUTH BY LBS, DENGKIL, SELANGOR

Strategically located in Dengkil, the neighbourhood of Cybersouth City, *Kita @ Cybersouth* by LBS is well connected by major highways including Putrajaya-Cyberjaya Expressway via the ELITE Highway, South Klang Valley Expressway (SKVE), Maju Expressway (MEX), North-South Expressway (NSE) and Damansara-Puchong Highway (LDP).

Besides the amenities to be developed in the township, there are educational centres such as SK Dengkil, SMK Dengkil and 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 sports arena are conveniently available in these two nearby towns.

This township emphasises on doing things together (hence, "KITA" – a Malay word that means "us") and is designed for families and community to build a lifetime of memories. It is an affordable, family focused development that enhances liveability within the community.



Artist Impression: *Kita @ Cybersouth*

Kita @ Cybersouth Sales Gallery
Cybersouth,
43800 Dengkil,
Selangor

Open daily from 10am - 6pm

Hotline: 1700 81 8998

DEVELOPMENT LAND SIZE
633 Acres

LAND TENURE
Leasehold 99 years

LAND TYPE
Malay Reserved Land

ACCESSIBILITY

- Putrajaya-Cyberjaya Expressway via ELITE Highway - Maju Expressway (MEX)
- South Klang Valley Expressway (SKVE)
- North-South Expressway (NSE)
- Damansara-Puchong Highway (LDP)

WEBSITE

<https://www.lbscybersouth.com.my/>

Kita Bayu

Phase 1 of *Kita Bayu* was launched in the fourth quarter of 2018 with 379 units of double storey terrace house measuring 20 ft. by 60 ft. with built-up area from 1,447 sq. ft. priced from RM550,000 onwards. Phase 2 comprising 698 units of town house measuring 22 ft. by 75 ft. with total built-up area from 1,346 sq. ft. priced at affordable range from RM409,900 onwards with a total GDV of about RM498.1 million.

Kita Harmoni

Kita Harmoni is a residential development project comprising a total of 674 units of double storey terrace house measuring 20 ft. by 65 ft. with built-up area of 1,491 sq. ft. priced from RM580,000 onwards with a total GDV of about RM392.7 million. A total of 465 units were launched in 2019 with total GDV of RM270 million while the remaining 209 units will be opened up for purchasers in second quarter of 2020.

Kita Ria

Kita Ria comprises 812 apartment units out of which, 680 units are with built-up area of 901 sq. ft. and the remaining 132 units with built-up area of 602 sq. ft. This project is slated to be launched in second quarter of 2020.

Kita Mekar

Kita Mekar comprises 342 units of single storey terrace house (20' x 70'), 432 units of town house (22' x 75') and 388 units of double storey terrace house (20' x 60'). All these 1,162 units of properties were planned to be launched gradually in 2020 and 2021 depending on the sentiment of the property market.



Artist Impression: Gasing Playground, Kita @ Cybersouth

Kita Impian

Kita Impian was launched in the second quarter of 2019. It comprises 964 units serviced apartment and 7 units shops priced from RM250,000 onwards for apartments and RM420,000 onwards for shops, with a total GDV of approximately RM316.2 million.



Artist Impression: Garden view, Kita @ Cybersouth

Portfolio 2019 (Cont'd)

LBS Alam Perdana is a township development with a land size of approximately 469.86 acres, located strategically in Bandar Puncak Alam, Ijok, Selangor. This project is in the Northwest of Klang Valley, approximately 45 km from Kuala Lumpur city centre, 35 km from Petaling Jaya city centre and 15 km from Sungai Buloh town centre.



LBS ALAM PERDANA, IJOK, SELANGOR



Artist Impression: LBS Alam Perdana

It is well connected to established suburban areas such as Kota Damansara, Damansara Perdana, Meru, 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 like the Guthrie Corridor Expressway (GCE), KL-Kuala Selangor Expressway (LATAR), North-South Expressway (NSE) and New Klang Valley Expressway (NKVE). The accessibility to the site is expected to be enhanced with new expressways such as the Damansara-Shah Alam Elevated Expressway (DASH), which is currently under construction and scheduled for completion by end of 2020, and the proposed West Coast Expressway (WCE). The Sultan Abdul Aziz Shah Airport in Subang is 25 km away and the UiTM campus a mere 6 km drive from *LBS Alam Perdana*.

It is a gated and guarded development that consists of landed residential development, high-rise development, commercial development and Perumahan Penjawat Awam Malaysia (PPAM) development to cater to the market demand.

LBS Alam Perdana (Show Gallery),
Persiaran Alam Perdana,
Bandar Puncak Alam,
42300, Selangor.

Open daily from
10am – 6pm

Hotline: 1700 81 8998

LAUNCH YEAR
2017

DEVELOPMENT LAND SIZE
469.8 Acres

LAND TENURE
Leasehold 99 years

ACCESSIBILITY

- Guthrie Corridor Expressway (GCE)
- KL-Kuala Selangor Expressway (LATAR)
- North-South Expressway (NSE)
- New Klang Valley Expressway (NKVE)

WEBSITE

<https://lbs-alamperdana.com.my/>



Artist Impression: Aerial View, LBS Alam Perdana

The development offers several education hubs, community halls, private and public gardens, serenity lake and some exercise equipments. The development is focused on community engagement and security protection; there will be many private gardens and common facilities that allow residents to interact with each other. Jogging path along the lake allows everyone to exercise and enjoy the outdoors activities with family members and friends. *LBS Alam Perdana's* unique feature is a landscaped back-lane-garden that connects the whole neighbourhood, which aims to promote communal interaction among the

residents without compromising on safety as the township is secured by gated and guarded system, with tight security.

Phase 1 of the project *Simfoni Perdana* was first launched in the fourth quarter of 2017, comprising 980 units of townhouse with built-up from 1,191 s.f. priced affordably at RM408,000 each. Phase 2 of *Irama Perdana* comprised 673 units of double storey terrace house, was also launched in the same year following the good demand of Phase 1.

As of today, a total of 2,976 units of residential properties comprising town house, double storey terrace homes, single storey semi-detached homes and apartments, with total GDV of about RM1.34 billion have been duly launched. Phase 1 and 2 of the projects have been completed and handover its vacant possession to the purchaser in first quarter of 2020.

Planned launches in the year 2020 are Phase 4A *Ritma Perdana* comprising 298 units of double storey terrace homes and 250 units of town house and also Block B of *Melodi Perdana* comprising 439 units of apartments.

Portfolio 2019 (Cont'd)

This project is a development on a 5.47-acre piece of land 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*.



RESIDENSI BINTANG BUKIT JALIL, KUALA LUMPUR

It is strategically located in the heart of Bukit Jalil, Kuala Lumpur, well connected by 5 major expressways: Lebuhraya Damansara-Puchong (LDP), Maju Expressway (MEX), Konsortium Expressway Shah Alam Selangor (KESAS), Bukit Jalil Highway and Kuala Lumpur-Seremban Expressway. Close to all conveniences where the pulse of vibrant metropolitan city is, from luxury indulgence to daily necessity i.e. Bukit Jalil City Mall (Pavillion 2), Paradigm Garden City Mall, Bukit Jalil Recreation Park, Bukit Jalil Golf & Country Resort, Kinrara Golf Club and Axiata Arena, *Residensi Bintang Bukit Jalil* has it all. International Medical University (IMU) and Asia Pacific University of Technology and Information (APU) are 7km away while the Tzu Chi International School is just next door. Bukit Jalil City Mall is 2 km while Paradigm Garden City Mall is 6.5 km drive away.

Residensi Bintang Bukit Jalil features 2 blocks of residential tower of 47 storeys North Tower & 50 storeys South Tower, comprising 1,342 units of condominium in 7 unique layouts ranging from 802 sq. ft. to 2,259 sq. ft. with a total GDV

of about RM943.8 million. Type A1 units come with a cosy 2 bedrooms and 2 bathrooms, while Type B units are designed with a luxurious 3 bedrooms and 2 bathrooms. The larger Type C units are also equipped with a yard and utility room. The North Tower, which consists of 730 units with GDV of approximately RM500 million has been launched in the final quarter of 2017 whereas the South Tower was launched in the third last of 2019 with 612 units and GDV of about RM443.8 million.



Artist Impression: *Residensi Bintang Bukit Jalil*

E13, Pusat Bandar Bukit Jalil,
Jalan Jalil Utama 2,
57000 Kuala Lumpur

Open daily from
10am – 6pm

Hotline: 1700 81 8998

DEVELOPMENT LAND SIZE
5.47 Acres

LAND TENURE
Leasehold 99 years

GROSS BUILT-UP
802 sq. ft. – 2,259 sq. ft.

TOTAL UNITS
1,342 Units (2 Towers)

WEBSITE
<https://www.bintangbukitjalil.com.my/>

Attentive to the needs of today's home buyers, *Residensi Bintang Bukit Jalil* has incorporated the convenience of amenities under one roof with a selection of over 90 facilities. These include a garden pool, aqua gym, games room, a quiet reading nook, indoor and alfresco gyms, and a children's playground among others. Another unique selling point of *Residensi Bintang Bukit Jalil* is its 15-meter elevation from the main road, which makes it the highest condominium in Bukit Jalil, giving residents a breathtaking view of the city skyline and the majestic backbone of the peninsula, the Titiwangsa range.



Artist Impression: Stargazing Deck, *Residensi Bintang Bukit Jalil*



PPAM MERCU JALIL, KUALA LUMPUR

PPAM Mercu Jalil which consists of 2 blocks of 47-storey apartment offers 1,360 units inclusive of a 9-storey car park facility in 2 different built-up areas of 1,000 sq. ft. and 1,200 sq. ft.

Each unit type is fully equipped with 3 bedrooms and 2 bathrooms. *PPAM Mercu Jalil* provides amenities catered for families, with a playground, kindergarten, nursery, resting benches and even a multipurpose hall for big family gatherings. Tower A was launched in the first quarter of 2018 with GDV of about RM177 million.



Artist Impression: *Mercu Jalil*

Portfolio 2019 (Cont'd)

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.



BANDAR PUTERA INDAH, BATU PAHAT, JOHOR

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 2,594 units of properties in *Bandar Putera Indah* have been handed over to purchasers as at 31 May 2020.

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 Expressway (NSE). 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 at about 52 km to the northeast. Johor Bahru is located at about 70 km to the southeast of the town.

Emerald Garden



Artist Impression: Single storey terrace house, *Emerald Garden 3*

EMERALD 2 | 翠园 GARDEN **EMERALD 3 | 翠园 GARDEN**

Emerald Garden 2 was first launched in early 2017. This project consists of 341 units of single storey terrace homes priced from RM322,900 each with built-up of 1,498 sq. ft. with a total GDV of RM117 million.

Emerald Garden 3 comprises 424 units single storey terrace homes with 4 bedrooms and 2 bathrooms. Its Phase A comprising a total of 46 units was introduced at the end of 2019 and another 378 units will be opened up in 2020.

No. 22, Jalan Kundang,
Taman Bukit Pasir,
83000 Batu Pahat,
Johor

Hotline: 1700 81 8899

LAUNCH YEAR
2002

DEVELOPMENT LAND AREA
1,288 Acres

LAND TENURE
Freehold

ACCESSIBILITY

- North-South Expressway (NSE)

WEBSITE

<https://lbs.com.my/township/bandar-putera-indah/>

Laman Bayu

Laman Bayu



Artist Impression: Double storey terrace house, *Laman Bayu*

Laman Bayu comprises 365 units of double storey terrace houses with 4 bedrooms and 3 bathrooms, measuring 20 ft. by 65 ft. with gross built-up from 1,426 sq. ft. Phase 1 consists of 134 units that was launched in the fourth quarter of 2018 whereas Phase 2 comprising 231 units have been duly launched in the second quarter of 2019. Phase 1 and 2 have a combined estimated GDV of about RM134 million.



Artist Impression: Double storey terrace house, *Laman Bayu*

Portfolio 2019 (Cont'd)

Taman Kinding Flora is a 107-acre land strategically located at Tanah Hitam, Mukim Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan. Situated at the North side of Ipoh, Perak, a capital town well-known to tourists for good food and natural attractions such as caves, limestone hills and temple within caves. This project is easily accessible to the main town of Ipoh, Tanjung Rambutan, Klebang Ria and Aman Jaya. Residents can also look forward to conveniences such as schools, hypermarket, hospital and clinics.

京丁翠園
Taman Kinding
f l o r a

TAMAN KINDING FLORA, CHEMOR, PERAK

Apart from boosting the social economics standard of living of that particular area, homes in *Taman Kinding Flora* have excellent access through the development from an upgraded 66-foot wide road, aimed to enhance traffic flow for the residents.

Taman Kinding Flora consists of a total of 789 units with different type of landed property which include single storey cluster terrace houses, single storey terrace houses and shops. These single storey residential homes are designed to suit the current market demand and will surely be affordable for middle income groups. The estimated GDV for this project is RM199 million.

A total of 254 units of various types of single storey residential properties were launched in year 2019 with total GDV of approximately RM60.6 million priced at affordable range from RM205,000 each. Another 168 units with total GDV of approximately RM42.0 million are expected to be launched in the year 2020.



Artist Impression: Single storey terrace house, *Taman Kinding Flora*

Taman Kinding Flora,
Changkat Kinding,
Mukim Hulu Kinta,
31250, Perak

Hotline: 05-255 8820

Open daily from
10am – 5pm

LAUNCH YEAR
May 2019

DEVELOPMENT LAND SIZE
107 Acres

LAND TENURE
Leasehold 99 years

ACCESSIBILITY

- North-South Expressway (NSE)
- Ipoh Railway Station
- Ipoh Airport

WEBSITE
<https://lbs.com.my/township/taman-kinding-flora/>

Bandar Saujana Putra (BSP), an 850-acre 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.

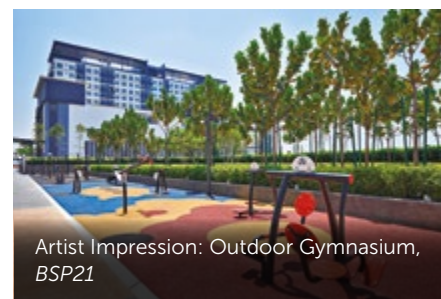


BANDAR SAUJANA PUTRA, KLANG VALLEY

BSP offers an environment designed for families to be nurtured; community to be celebrated and lifelong memories to be made. It is an integrated township with 11,900 units of residential and commercials that had been completed and delivered to purchasers. 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.



Artist Impression: *BSP21*



Artist Impression: Outdoor Gymnasium, *BSP21*

BSP Sales Gallery

No. 2 & 6, Jalan SPU 1,
Bandar Saujana Putra,
421610 Jenjarom, Kuala Langat,
Selangor Darul Ehsan, Malaysia

Open daily from
9am – 6pm

Hotline: 1700 81 8998

LAND TENURE

Leasehold 99 years

DEVELOPMENT LAND AREA

850 Acres

ACCESSIBILITY

- ELITE (Shah Alam – KLIA)
- SKVE (Putrajaya – Kajang)
- MEX (Putrajaya – KL)
- LDP (Damansara – Puchong)
- KESAS (Klang – KL)

WEBSITE

<https://bsptownship.com.my/>

Portfolio 2019 (Cont'd)

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 Lebuhraya Damansara-Puchong (LDP), ELITE Highway, Konsortium Expressway Shah Alam Selangor (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 etc., 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.

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 has appreciated more than 100%. As such, *BSP* has become a choice location for families and investors alike. As *BSP* continues to grow in stature and value, many have and will recognise 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.



Artist Impression: Flyover, *BSP*



BSP 21

BSP 21 is a 21-acre award-winning development that consists of 10 blocks of residential towers comprising 2,602 units of serviced residences within 18 storeys and 27 storeys and 28 units of shops. It is built on three separated podiums interconnected by sky bridges and green spaces. A lifestyle-focused development with 8 acres of space for 103 amazing recreational facilities and amenities organised into multiple active and quiet zone to ensure each dedicated area embodies the atmosphere of the allotted activities. The clubhouse, spreading 66,000 sq. ft. 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, 2.7 km jogging and cycling track and etc. With the myriad of facilities offered, *BSP 21* was proudly recognised by Malaysia book of Records for 'Most Number of Facilities' in a Residential Development in Malaysia.

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. All the 10 blocks of 2,602 residential units have been completed and handed over the vacant possession to the purchasers between 2017 and 2019.

Future launches in *BSP* are planned to include:



Idaman Saujana

Idaman Saujana is an affordable housing development project under the program of Rumah Selangorku.



BSP 6

BSP 6 is a serviced apartments project on a piece of 6-acre land next to *BSP* Village.



Artist Impression: Lap Pool, *BSP21*

Portfolio 2019 (Cont'd)

Zenopy Residences is a modern-day hybrid name, coined from the words Zen and 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 together, *Zenopy Residences* is the epitome of an ideal home which offers peace of mind in all senses with its serviced apartments that come with various amenities. With the lifestyle of urban tranquility, this project is equipped to provide peaceful sheltered space with the unique design of canopy-like gazebo to connote calmness and serenity.

ZENOPY
RESIDENCES

**ZENOPY RESIDENCES,
SERI KEMBANGAN,
SELANGOR**

Located in the heart of Seri Kembangan, it is easily accessible and conveniently connected via Lebuhraya Damansara-Puchong (LDP) and Maju Expressway (MEX). *Zenopy Residences* remains exclusive yet highly convenient with an established road network, it is merely minutes to Serdang town, Bukit Jalil, Puchong town, Putrajaya, Cyberjaya and KLIA.

This project is planned to cater to the needs of the young families, particularly with availability and easy access to the retail and public facilities within few kilometer radius, including prestigious educational institutions like the Alice Smith International School and Universiti Putra Malaysia (UPM). It is also within close proximity to Puncak Jalil Recreation Park and petting zoo 'Farm in the City'.

Zenopy Residences project is a 4.69-acre mixed development of double and 3-storey commercial shops, affordable shops and 30-storey serviced apartment. This project comprises 51 units of commercial shops with built-up area from 2,062 sq. ft. to 10,458 sq. ft. priced from RM1.0 million onwards, 23 units of affordable shops with built-up area from 968 sq. ft. to 1,367 sq. ft. selling at RM190,000.00 per unit and 398 units of serviced apartment with built-up area from 823 sq. ft. to 2,031 sq. ft. and price starting from RM477,000 onwards. The estimated GDV for this project is RM320 million.

The commercial shops which were launched in 2017 have been duly completed and handed over the vacant possession to the purchaser in 2019, while affordable shop is selling now. The serviced apartment is targeted to complete by 2020.



Artist Impression: *Zenopy Residences*

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 area 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.



D' ISLAND RESIDENCE, PUCHONG, SELANGOR



Artist Impression: *D' Island Residence*

No. 3, Jalan Timur 9,
D' Island Residence,
47130 Puchong,
Selangor Darul Ehsan

Hotline: 1700 81 8998

DEVELOPMENT LAND AREA

175 Acres

LAND TENURE

Leasehold 99 Years

ACCESSIBILITY

- Maju Expressway (MEX)
- Lebuhraya Damansara – Puchong (LDP)

WEBSITE

<https://lbs.com.my/township/d-island-residence>

Portfolio 2019 (Cont'd)

This unique island living concept development is well connected to several highways such as Lebuhraya Damansara-Puchong (LDP), ELITE Highway, Maju Expressway (MEX) and South Klang Valley Expressway (SKVE). It is also easily accessible from Puchong town center, Cyberjaya, Putrajaya, KLIA and is approximately 30 km south-west to Kuala Lumpur City Center. Nearby amenities include AEON Big, Tesco Hypermarket, IOI Mall and Giant Hypermarket.

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 playground equipment. 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 enjoyable 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 serviced 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.



Harbour Front Commercial Centre

The second high-rise development named as *Harbour Front Commercial Centre* is carefully planned to be launched in the near future depending on the sentiment of the property market. This upcoming launch is planned in such a way where all units enjoy view of the lake, with rooftop and sky gardens to allow the residents to truly soak up the surroundings. It features two blocks of serviced apartments comprises a total of 1,064 units, 43 units of shops at Ground Floor and 13 units of offices on the first floor for convenience and self-containment.

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.



Homes, The Vines and *Vines 2*, comprising shop apartment, double storey terrace homes, double and triple storey semi-detached homes and bungalow lots have been completed under different phases of *Cameron Golden Hills*.

Cameron Golden Hills is in the planning stage for a new launch of 41 units of double storey terrace homes (20' x 60') called *Vines 3* with total GDV of approximately RM35.6 million.



CAMERON GOLDEN HILLS, CAMERON HIGHLANDS, PAHANG

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 mesmerised 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. *Cameron Golden Hills*, which has a total GDV of approximately RM587 million is offering shop apartments, terrace and semi-detached homes, and bungalow lots strategised based on elegant and contemporary designs.

Various types of projects under the project names of *SomerSquare*, *Somer Mansion*, *Barrington Square*, *Barrington*

B3-31-G, Brinchang Square,
Jalan Besar Brinchang,
39100 Cameron Highlands,
Pahang, Malaysia

Hotline: 1700 81 8778

LAUNCH YEAR
2010

DEVELOPMENT LAND AREA
59 Acres

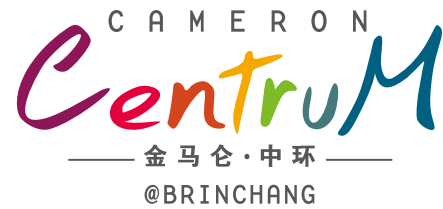
ACCESSIBILITY
• North-South Expressway (NSE)

LAND TENURE
Leasehold 99 years

Website:
<https://lbs.com.my/township/cameron-golden-hills/>

Portfolio 2019 (Cont'd)

Cameron Centrum is a mixed development comprising residential, commercial, hotel and retail facilities on an approximately 86-acre land strategically located in Brinchang. Brinchang town is one of the major towns 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, Time Tunnel Museum, Sam Poh Temple, Cameron Lavender Garden and Mossy Forest.



CAMERON CENTRUM, BRINCHANG, PAHANG

Cameron Centrum Precinct 1 is the first parcel launched in 2017. Spanning over 5.66 acres of land, it offers a combination of 58 units shop office and hotel. The shop office has an estimated GDV of RM184 million. The double 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.



Artist Impression: *Cameron Centrum*

B3-31-G, Brinchang Square,
Jalan Besar Brinchang,
39100 Cameron Highlands,
Pahang Darul Makmur, Malaysia

Hotline: 1700 81 8778

GROSS BUILT-UP

From 2,185 sq. ft. – 9,214 sq. ft.

TOTAL UNITS

58 Units

ACCESSIBILITY

- North-South Expressway (NSE)

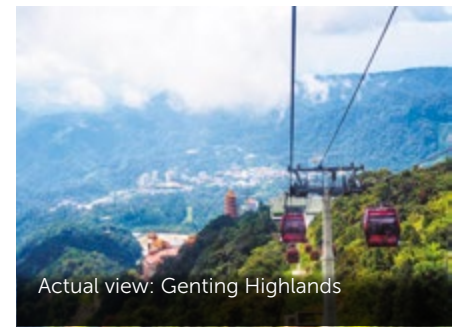
Website:

<https://lbs.com.my/property/cameron-centrum/>

Bayu Hills 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. *Bayu Hills* is a 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.

云顶雅苑
BAYUHILLS
©GENTING BY LBS

BAYU HILLS, GENTING HIGHLANDS, PAHANG



Following the success of *Midhills* @ Genting, the Group has seen the potential of this well-known tourism area and planned to launch its second project known as *Bayu Hills* @ Genting.

This project 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 International College (GIIIC), Highlands International Boarding School and Institute Aminuddin Baki (Ministry of Education).

Strategically located just 13 km from Genting Highlands where the World Genting themed park, the Skytropolis Funland are located, and 7 km away from the Genting Premium Outlet, *Bayu Hills* has a great potential for high rental yield and capital appreciation.

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

Bayu Hills @ Genting is a high-rise residential tower comprising service apartment residing on a 2.3-acre land next to Millhills.

Portfolio 2019 (Cont'd)

云顶翠苑
MIDHILLS
 AT GENTING

Midhills is a 5.35-acre wellness inspired mixed development comprising 3 blocks of 610 units of furnished serviced apartment of various sizes with GDV of about RM355 million; and a hotel block with 176 rooms. All the 3 towers of residential units have been completed and handed over to the purchasers in 2018.

The hotel block currently is under construction and is expected to operate in the near future.



Actual view: *Midhills Sales Gallery*



Actual view: *Midhills*

Midhills Sales Gallery
 Midhills, Genting Sales Gallery,
 Lot 15360, Mukim Bentong,
 Daerah Bentong,
 Pahang Darul Makmur.

Hotline: 1700 81 8998

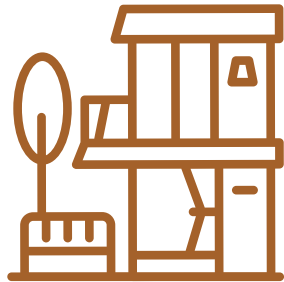
WEBSITE

<https://lbs.com.my/property/midhills-at-genting/>

SUSTAINING FOR TOMORROW

People are the motivation behind our sustainability endeavours. Our stakeholders include our employees, our homebuyers, our local communities and beyond. We strive to adopt best practices in our daily operations through embracing new technologies, implementing new and effective processes that will reduce environmental footprint, which includes educating and training our employees. As a developer, we have also invested in Industrialised Building Systems (IBS) and many of our projects use this form of construction. It has significantly lower environmental impact, minimising waste while increasing efficiency in construction time. Ultimately through our efforts, we aspire to become pillars of support that benefit families and society as a whole towards a brighter, sustainable and inclusive tomorrow.

Sustainability Report



“ I envision LBS to continue being a generous builder of the community, the nation, and a better future for all generations in Malaysia⁽¹⁾. ”

LBS Bina Group Managing Director,
Tan Sri Dato' Sri Lim Hock San.

ABOUT THIS REPORT GRI 102-46, 102-50, 102-51, 102-52, 102-53

Since its inception in 1961, LBS Bina Group Berhad (LBS) has strived to seamlessly embed sustainability as an integral part of its business. We believe in walking the talk and ensuring that our business performance also impacts areas that uphold the sustainability principles. As a responsible property developer, we want to ensure that our projects affect change through the social and economic pillars while ensuring that any environmental concerns arising from our business operations are well-managed.

We have been reporting our sustainability initiatives since 2016 and found that the reporting process has been the key in how we measure our sustainability performance. Through our Sustainability Committee, we have been guided through the reporting process to better initiate our sustainability roadmap and to oversee our current initiatives so that they are more effective in achieving our long-term goals.

Through our vision of incorporating sustainability practices into our business, we discovered that our success has been largely attributed to our supply of affordable housing to the Malaysian property market. It is on this success that has driven the belief that sustainability can truly drive a business. We constantly seek ways to better adopt the sustainability principles into our business.

This year, we are proud to present our fourth Sustainability Report and we hope that we can highlight the areas in which are material to secure the success of LBS's future.

OUR REPORTING APPROACH

This report has been prepared with reference to the Global Reporting Initiative (GRI) Standards 2016 as well as meeting the sustainability reporting requirements of Bursa Malaysia. The



report content includes:

- Stakeholder inclusiveness – capturing the stakeholder's expectations and concerns;
- Sustainability performance – presenting the performance aligned with the wider context of sustainability;
- Material matters – prioritising the key sustainability material matters identified by the stakeholder group; and
- Completeness – covering all reporting requirements relevant to the Group and aligning with the requirement context.

The materiality matters covered in this report are as follows:

- GRI 102 Corporate Governance;
- GRI 201 Economic Performance;
- GRI 307 Environmental Compliance;
- GRI 404 Training and Education;
- GRI 405 Diversity and Equal Opportunity;
- GRI 413 Local Communities; and
- GRI 416 Customer Health and Safety.

For more information on the materiality disclosures, please refer to the Materiality Matrix on page 102.

REPORTING PERIOD

This report covers sustainability data collected for the financial year from 1 January 2019 to 31 December 2019.

SCOPE AND BOUNDARIES

This report covers sustainability data collected from LBS Bina Group Berhad (LBS), which includes the property development division, LBS Bina Holdings Sdn Bhd's Head Office as well as our construction division, MGB Bhd's Head Office and the construction sites in Malaysia where MGB is the main contractor. The data from LBS Bina Group's China-based subsidiaries are excluded from this report due to differing statutory requirements.

This report covers sustainability data collected for the financial year from 1 January 2019 to 31 December 2019.

FEEDBACK

We welcome your views, comments or feedback, which may be directed to:

Name: Irene Chia

Email: cs@lbs.com.my

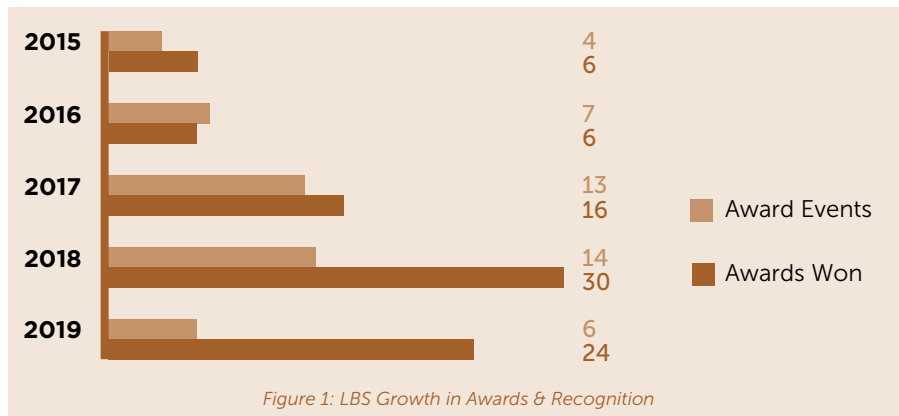
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Plaza Seri Setia Level 1-4
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AWARDS & RECOGNITION

The Group's unremitting work in the property, construction, and Corporate Social Responsibility (CSR) sectors, together with sustainability-related efforts, was recognised through various awards and recognition received throughout the year. The record of awards received by LBS Bina since the past five years can be noted in Figure 1.



During the year in review, we received a total of 24 awards from 6 award events. Among the most notable awards received in relation to environmental, social and governance (ESG) areas were:

- StarProperty Awards 2019
 1. The Five Elements Award (Best Comprehensive Township Above 500 Acres) – *Kita @ Cybersouth* (Merit)
 2. The All-Star Award – Top Ranked Developers of the Year – LBS Bina Group Berhad
- Des Prix Infinitus Asean Property Award 2019
 3. Best CSR Award – LBS Bina Group Berhad
 4. Best Affordable Housing Development – *Kita @ Cybersouth*
- Property Insight Prestigious Developers Awards (PIPDA) 2019
 5. Lifetime Achievement Award – LBS Group Managing Director, Tan Sri Dato' Sri Lim Hock San
 6. Best Affordable Landed – *Kita @ Cybersouth*
- iProperty Development Excellence Awards (iDEA) 2019
 7. Best Developer People's Choice Award – LBS Bina Group Berhad



Sustainability Report (Cont'd)

SUSTAINABILITY COMMITTEE CHAIRPERSON'S MESSAGE GRI 102-14



“ On behalf of the Board and Sustainability Committee, I am proud to present LBS Bina Group Berhad’s Sustainability Report for 2019. This report represents our fourth year of reporting on our sustainability performances and aspirations. Thus, sustainability is not a new concept for our Group. We believe in the need to be adoptive of our sustainability matters as to remain relevant to our stakeholders and the market. We are proud of the developments we have achieved this year, and I would like to present some key highlights in the following sections. ”



DATO' LIM MOOI PANG

LBS Sustainability
Committee Chairperson

GOVERNANCE

We strongly believe that good governance is the foundation of any business success. Each year, we review the available policies and ensure it mirrors new business needs and challenges. We closely align our Group's business governance with the Malaysian Code of Corporate Governance, Bursa's Listing Requirements, the Securities Commission Act and other local laws. It is imperative for us to satisfy all legislation requirements and provisions of good business conduct. We adopt a policy of zero tolerance towards unethical behaviour in our operations and services. To ensure transparency and protect our values, we have a Whistleblowing Policy that enables employees to report any suspected misconduct within the Group. Stern disciplinary action, including termination of service will be taken against any employee who commits any misconduct related to unethical behaviours.

SOCIETY

People are the most important component to our sustainability pillars; we endeavour to nurture and grow them alongside our business. Our stakeholders here means – our people, our employees and our local communities. We want to invest in our people and bring value to individuals - expand their credibility and reliability. As for our local communities, we want to assist in being part of the solution to societal issues. Back in June 2015, we established LBS Foundation to formalise the structure of our fund distribution mechanism, which integrates the four pillars of the Foundation – Health, Education, Environment and Community. We strive to

continue supporting our community initiatives through our Foundation's efforts.

ENVIRONMENT

We acknowledge that as we develop our business, we demand more natural resources, undoubtedly leaving an environmental footprint. We strive to adopt best practices in our daily operations through accounted processes, continuous monitoring and implementing effective initiatives. As a means to increase the efficiency of our construction processes and reduce energy emissions, LBS Bina Group has been employing the use of Industrialised Building Systems (IBS) for the most part of our projects.

SUMMARY

As a Group, we acknowledge that we bring both positive and negative impacts through our business processes. However, we desire to minimise our negative footprints by taking a pro-active approach through incorporating sustainability in our processes and discussions. We aspire to support both the local and global agenda on the Sustainable Development Goals (SDGs). Through our renewed commitment to sustainability, we aim to accomplish our sustainability vision, mission and values.



LBS Group has been
employing the use of
**Industrialised Building
Systems (IBS)**
for the most part of our projects.



Assist in being part of
the solution
to societal issues.

Sustainability Report (Cont'd)

STAKEHOLDER ENGAGEMENT GRI 102-40, 102-42, 102-43, 102-44

LBS's stakeholder groups have been integral in setting the perimeters of our sustainability report and since 2016, they have been a primary part of our sustainability journey. As a way of engaging with these stakeholder groups, LBS identified key stakeholders and proactively connected with them to understand their sustainability concerns with regard to LBS's impact on Economic, Environment and Social (EES) aspects.

The table below highlights the collated concerns and results from the stakeholder engagement activities during the reporting period.

Stakeholder Group	Mode of Engagement	Frequency of Engagement	Issues of Concern
Shareholders / Investors	• Annual General Meeting	• Annually	• Economic Performance
	• Annual Report	• Annually	• Corporate Governance
	• Quarterly Financial Report	• Quarterly	
	• Analyst Briefing	• As and when needed	
	• Extraordinary General Meeting	• As and when needed	
	• Regular Shareholder Communication	• Monthly, one-to-one and group	
	• Announcement on Bursa Malaysia and Corporate Website	• As and when needed	
Employees	• Annual Performance Appraisal	• Annually	• Training & Education
	• Briefings and Trainings	• Periodic	• Employment
	• Events such as Annual -Dinner, Celebrations and Sporting Activities	• Weekly and Periodic	• Occupational Health and Safety
	• Management, Operational and Committee Meetings	• Weekly and Periodic	• Market Presence
	• Townhall Meetings	• Half-yearly	• Local Communities
Customers	• Feedback Channels such as Emails, Phone Calls and Hotlines	• As and when needed	• Economic Performance
	• Corporate Website and Social Media Channels	• As and when needed	• Corporate Governance
	• Product Launches and Roadshows	• As and when needed	• Procurement Practices
	• Marketing and Promotional Programmes and Events	• As and when needed	• Customer Health & Safety

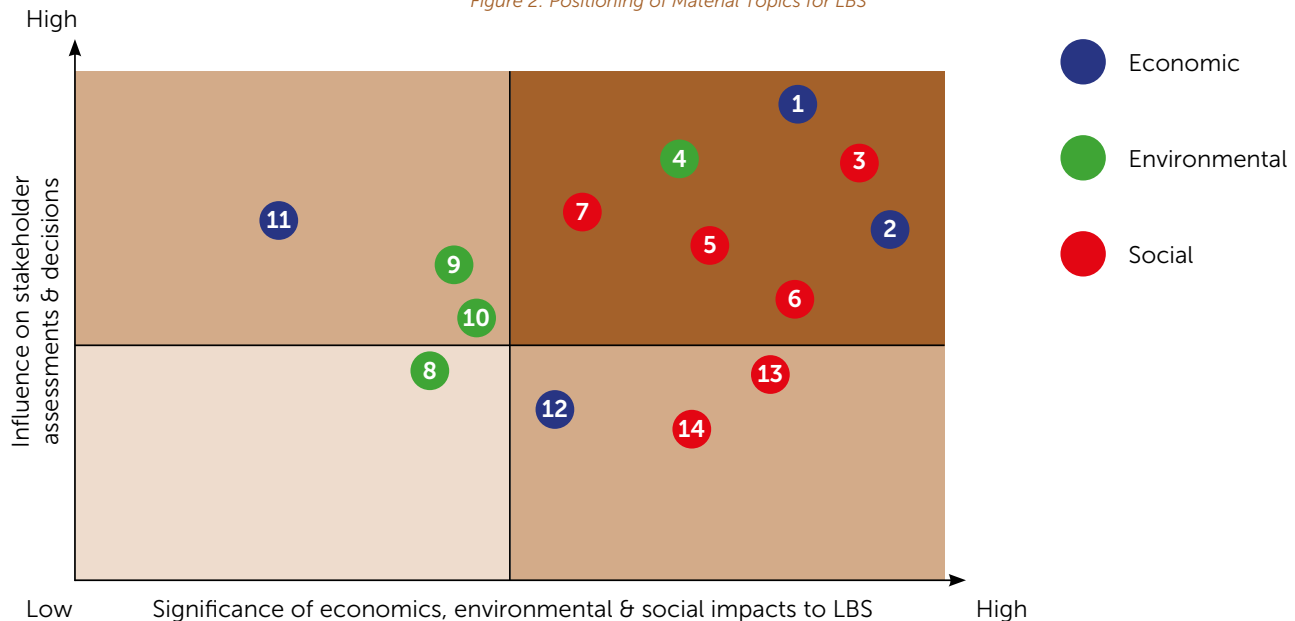
Government / Regulators	<ul style="list-style-type: none"> • Income Tax Filing • Annual Return • Official Meetings and Visits • Industry Events and Seminars 	<ul style="list-style-type: none"> • Annually • Annually • As and when needed • As and when needed 	<ul style="list-style-type: none"> • Corporate Governance
Suppliers / Contracts	<ul style="list-style-type: none"> • Product Launches and Roadshows • Meetings and Site Visits • Supplier Assessment System • Briefings and Trainings 	<ul style="list-style-type: none"> • As and when needed • As and when needed • As and when needed • As and when needed 	<ul style="list-style-type: none"> • Corporate Governance • Procurement Practices
Local Communities	<ul style="list-style-type: none"> • Community Outreach and Development Programmes • Strategic Partnerships • Charitable Contributions • Corporate Website and Social Media 	<ul style="list-style-type: none"> • Periodic • Upon Mutual Agreement • As and when needed • As and when needed 	<ul style="list-style-type: none"> • Local Communities
Media	<ul style="list-style-type: none"> • Press Releases • Site Visits • Interviews • Events • Website and Social Media 	<ul style="list-style-type: none"> • As and when needed • As and when needed • As and when needed • As and when needed • As and when needed 	<ul style="list-style-type: none"> • Corporate Governance • Customer Health & Safety

Sustainability Report (Cont'd)

MATERIALITY MATRIX GRI 102-47

Following the stakeholder engagement exercise and review of the 2018 materiality matrix, the outcomes were populated into the 2019 matrix to identify the topics that would be material and prioritised in this report. The matrix below concluded our materiality assessment process with 14 sustainability topics scaled from high priority to important. Subsequent to the establishment of this year's material matrix, LBS's Sustainability Committee then reviewed and endorsed the materiality matters.

Figure 2: Positioning of Material Topics for LBS



MATERIAL SUSTAINABILITY TOPICS

- 1 GRI 201: Economic Performance
- 2 GRI 102: Corporate Governance
- 3 GRI 416: Customer Health and Safety
- 4 GRI 307: Environmental Compliance
- 5 GRI 413: Local Communities
- 6 GRI 404: Training and Education
- 7 GRI 405: Diversity and Equal Opportunity

IMPORTANT SUSTAINABILITY TOPICS

- 8 GRI 302: Energy
- 9 GRI 303: Water
- 10 GRI 306: Effluents and Waste
- 11 GRI 204: Procurement Practices
- 12 GRI 202: Market Presence (Local Hiring)
- 13 GRI 401: Employment
- 14 GRI 403: Occupational Health and Safety

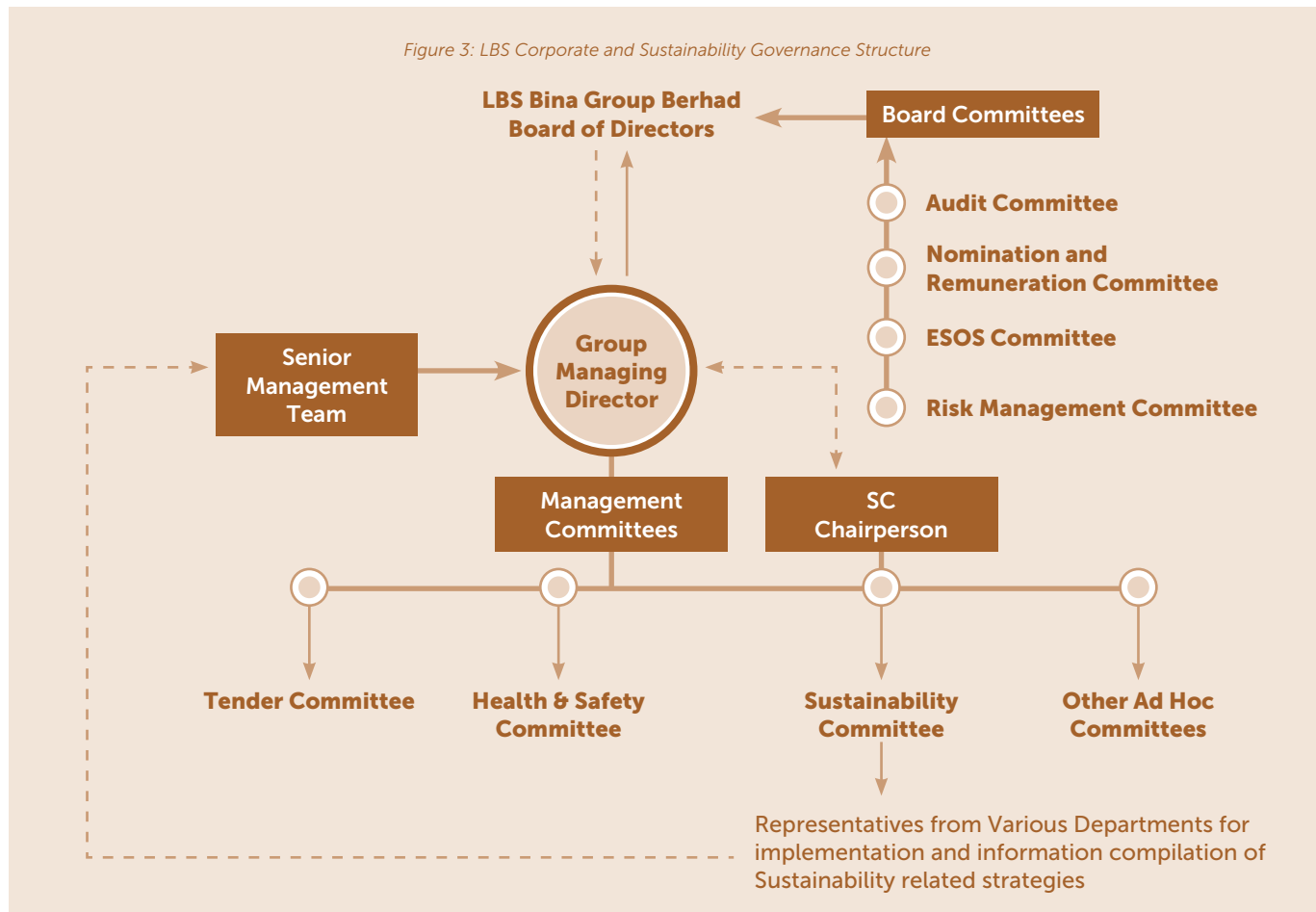
This year, our sustainability report focuses on SEVEN sustainability topics that were deemed high priority based on the results of the materiality assessment. To further refine our materiality matrix to better reflect the impacts of LBS's core business i.e. property development, this year, we included Diversity and Equal Opportunity as part of our efforts to demonstrate our commitment in providing a more positive and productive workplace for our employees. In addition, as Energy and Occupational Health and Safety are more relevant to our construction division, MGB Berhad, these two topics will be disclosed in MGB Berhad's Sustainability Report 2019.

In the following sections, we will discuss how LBS addresses these high priority sustainability topics with the relevant management approaches and performance data.

CORPORATE & SUSTAINABILITY GOVERNANCE GRI 102-18 to GRI 102-37

LBS Bina Group Berhad Governance Structure

Ensuring a robust governance structure has been one of the pillars of success at LBS. It allows our business to achieve success with an efficient and effective framework. The Sustainability Committee, established in 2017, has been tirelessly championing for sustainability initiatives to be embedded into LBS' business practices. The chart below showcases the corporate and sustainability governance structure established in LBS.



The Sustainability Committee (SC) champions and governs all environmental and social initiatives across LBS, and is responsible for revising and formulating the sustainability strategy as well as to communicate with the Head of Departments on implementing these initiatives.

The figure above highlights the Corporate and Sustainability Governance Structure of LBS and presents the communication flow of the SC with the board, the management and the company as a whole.

The SC comprises representatives from different departments and are appointed by the Group Managing Director (MD) with the advice of the SC Chairperson (who is also appointed by the Group MD). Through the SC Chairperson, sustainability matters are represented at the highest level of decision-making. The SC Chairperson is both an Executive Director and a Board Member who will relate sustainability matters to the Board.

The review of Economic, Environmental & Social (EES) policies and related

matters occurs every six months, based on the findings of the SC, with the exception of any urgent or critical matters. The SC has been meeting on an ad hoc basis, averaging twice a year since it was established in 2017. We target to hold half-yearly meetings to monitor and track our sustainability initiatives, to strengthen the quality of our data and help us better navigate our sustainability journey.

For further details on Corporate Governance, please refer to page 122 of the Annual Report.

Sustainability Report (Cont'd)

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED**GRI 103-1, 103-2, 103-3, 201-1****Why It Matters?**

Direct economic value generated and distributed is important because it ensures the long-term solidity and profitability of LBS. For this reason, it is paramount to maintain our position as a reliable and value-adding partner to all our stakeholders; including shareholders, employees, suppliers and community members. As a responsible property developer, we focus on increasing market share as well as enhancing community living. We achieve this through selling the right property type in the right location and at the right price, with an unwavering focus on delivering products of good quality and workmanship.

How We Approach It

At LBS, a wide range of internal stakeholders has the responsibility for managing direct economic performance. This includes the Group Managing Director, the Finance Director, the Board of Directors, sales department and also project teams and contract teams across our organisation.

Today, most of our products are from the affordable housing range, defined by a selling price below RM500,000. We are determined to continue responding to the growing demand for affordable and mid-range residential housing, which is in line with the Malaysian Government's directive on housing policy. This determination was one of the main motivation factors behind our participation this year in the House Ownership Campaign (HOC), backed by the Ministry of Finance. This initiative has allowed many Malaysians, particularly those that have never owned a house, to receive stamp duty exemptions and discounts to reduce the cost of home ownership. Key pillars of achieving our economic performance ambitions include the following:



A stronger engagement of sales agents;



Expediting construction works;



Minimising house defects;



Providing money lending services to property purchasers mainly on differential sums;



Offering more rebates, discounts and incentives to entice purchases; and



Achieving sales and profit targets.



Most of our products are from the affordable housing range, defined by a selling price below **RM500,000**



Total Economic Value Distributed by LBS in 2019, which was approximately **RM1,260,000,000**

LBS has made several other commitments such as investments in new technologies and related trainings, a new land bank established through joint venture agreements in Johor, as well as a new grant for affordable housing.

Monitoring and evaluating our economic performance is critical in recognising risks, opportunities, and impact of our investments and operations and to address these proactively and effectively.

We monitor our economic performance through quarterly management evaluations, monthly financial results briefings, feasibility study meetings with a focus on cost, regular sales and project meetings, and project site inspections by project teams and directors. In addition, we engage internal auditors to support us in improving the operational efficiency and effectiveness of our internal processes, which contributes to enhancing our economic performance. Our financial performance is reviewed on an annual basis by appointed external auditors.



Our Performance Data

Figure 4 shows the total Economic Value Distributed (according to type) by LBS in 2019, which was approximately RM1,260,000,000. Of this, around 97% or approximately RM1,220,000,000 has been reinvested for Business Operations, including operating and finance costs, corporate taxation and employee salaries and benefits. Dividends came up to 2.7% or slightly above RM34,000,000 while Community Investment was approximately 0.1% (around RM1,300,000). On the other hand, the total Economic Value Retained by our Group came up close to RM60,000,000 and can be found within the Financial Statements section of the Annual Report.

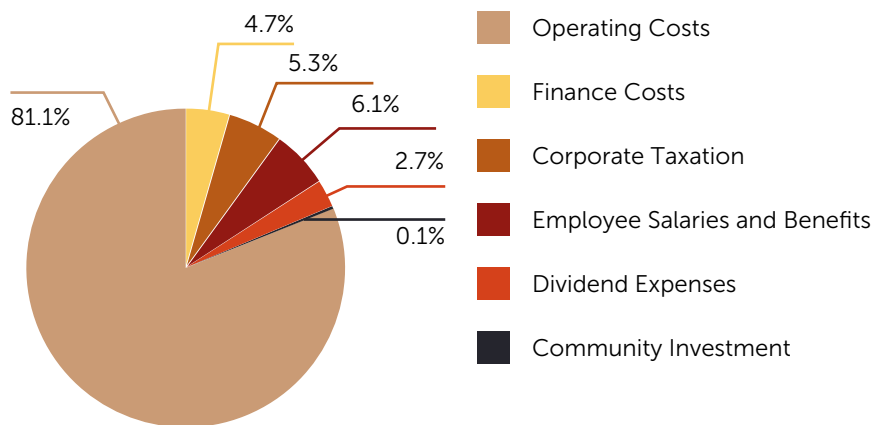


Figure 4: LBS Economic Value Distributed for 2019

Sustainability Report (Cont'd)

ENVIRONMENTAL COMPLIANCE**GRI 103-1, 103-2, 103-3, 307-1****Why It Matters?**

At LBS, we believe that adhering and complying with environmental laws are the most reasonable way of taking measures to reduce the impact from our business operations to the surrounding community. We take it a step further by striving to establish a sustainable community and environment for our home buyer(s) with minimal impact to the existing locality.

How We Approach It

One of LBS's key aspirations in our commitment to reduce the business impact on the environment is to:



Comply with all applicable environmental legislation at all times;



Implement all applicable measures to prevent pollution of the environment in our day-to-day operations;



Continually improve our environmental management practices; and

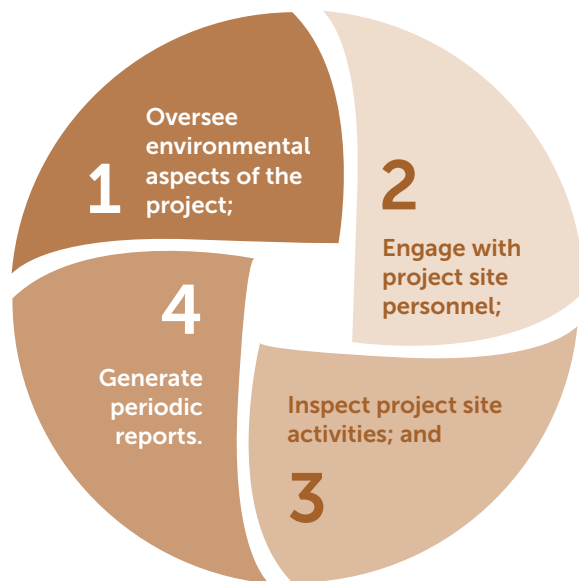


Ensure all our personnel and those under our employment receive the appropriate training in environmental protection.

The Environmental Performance Compliance Monitoring Committee (EPCMC) was established as a way to oversee the environmental compliance aspects across all our projects. Sitting in this committee are key personnel who are the main contractor, accredited laboratory, environmental consultants and engineering consultants.



The aforementioned approach is to ensure that diverse and relevant key stakeholders include sustainability impacts during the planning, implementation and project management of a said project. As way to ensure the committee remains effective, a budget is allocated for the environmental management and protection of a project during the business process. In addition to the committee, an environmental officer is appointed to:



Our Performance

LBS is committed to improve our impact on the environment by improving the environmental management system and business practices. On an annual basis, our operations are audited by external parties for environmental compliance. For the reporting year 2019, LBS is proud to have maintained zero non-compliance to environmental laws⁽²⁾.



Managing Environmental Impact

In managing our electricity consumption to conserve energy, the Group has taken proactive measures to reduce the use of energy at LBS Bina HQ building. We constantly remind all employees to switch off the office lights and other appliances when not in use. We conduct workshops to provide our employees with the awareness on best practices in conserving energy.

In 2019, the total annual electricity consumption for the Group was 664.6MWh as compared to 598.1 MWh in 2018 and 457.9 MWh in 2017. We have registered a slight increase in comparison to the previous year due to the growth of our business such as the usage of the new function room to host company events and trainings. In addition, the basement carpark and rooftop carpark were also upgraded with additional lightings to create a safer and more conducive environment for our employees and the general public.

Figure 5: 3-Year Electricity Consumption Trend

2017	2018	2019
457.9MWh	598.1MWh	664.6MWh

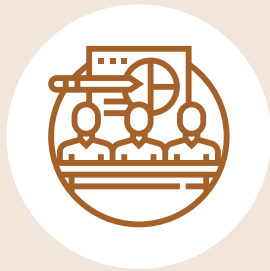
Going forward, we will continue to create new solutions to meet our energy needs that are economically and environmentally sustainable.



Zero

Incidents of non-compliance with environmental laws and regulations

Sustainability Report (Cont'd)

TRAINING AND EDUCATION**GRI 103-1, 103-2, 103-3, 404-2****Why It Matters?**

Our people are at the heart of LBS's success. We embrace the diversity and expertise they bring and are committed to support their professional and personal growth. We adhere to fair employment practices and invest in developing and training our workforce. Keeping our people motivated, satisfied and abreast of the latest technologies and trends are central to maintaining our position as one of the leading players in the property development industry. In doing so, we enhance our ability to attract and retain the best talent with the right experiences and to grow the in-house capabilities of the business.

How We Approach It

The Group Human Resources is responsible to build our internal talent by designing comprehensive training plans and rolling out an annual training calendar at the beginning of every year. The training curriculum is prepared in consultation with the training providers and is regularly refreshed to complement the Group's and its employees' evolving needs.

In 2019, we invested close to RM80,000 to equip our employees with future-ready skills and knowledge with the intention to groom them to achieve their fullest potential. The Management and Head of Departments (HODs) play a vital role in nominating our employees for job-related skill training, industry specific seminars and conferences on an as-needed basis. To drive productivity and encourage further development, we allow our employees to request for training programmes through a Training Requisition Form.

We monitor and evaluate training effectiveness by measuring employees' knowledge pre and post training, assessing employees' knowledge transfer and changes in on-the-job behaviour. Effective 1 January 2019, we launched an online Training Evaluation Form to enable our employees to improve their accessibility and convenience to provide feedback on training via personal computers and smartphones. The tool also enhances the Group Human Resources ability

to track employees' training, measure personal development progress and identify their learning and development needs.

We continue to work towards empowering our employees with the necessary knowledge and skills, as well as elevate their competencies. As a measure, a talent pool programme will be introduced in 2020 to support the growth of identified high potential employees and provide them with guidance on the targeted skills they will need to develop to progress in their careers.

Our Performance

More than 2,000 hours of training were successfully achieved in 2019 through 47 internal and external training programmes organised for employees across all levels. Figure 6 outlines various types of training aimed to develop our people in a holistic manner.

- **Technical Skills Development Training:** Engages in ongoing fundamental learning to stay up-to-date with the latest developments and technologies
- **Soft Skills Development Training:** Enables effective and harmonious interaction with other people in the workplace, such as co-workers, management and customers
- **Safety Training:** Encourages safety culture through regular "refresher" courses on compliance and safety protocols to create a safer workplace continuously



TECHNICAL

- Quality Assessment System in Construction (QLASSIC) Assessment for Building Projects
- The New Section 17A on Corporate Liability in the Malaysia Anti-Corruption Act
- MAICSA Annual Conference 2019: Next Dimension In Governance



SOFT SKILL

- Volatility, Uncertainty, Complexity, and Ambiguity (VUCA) Leadership
- Emotional Intelligence (EQ) in the Workplace The Cooler Earth: Sustainability Summit
- Your Show, Your Call: Delivering High Impact Presentation Skill



SAFETY

- Basic Fire Fighting
- Emergency Response & Preparedness

Figure 6: LBS Economic Value Distributed for 2019



More than
2,000 hours
of training were successfully
achieved in 2019



We invested close to
RM80,000
to equip our employees



Effective 1 January 2019,
we launched an
**online Training
Evaluation Form**

Sustainability Report (Cont'd)

DIVERSITY AND EQUAL OPPORTUNITY**GRI 103-1, 103-2, 103-3, 405-1, 405-2****How We Approach It**

Diversity at LBS Bina is practiced mainly through inclusion of Equal Opportunities at the Group level in areas such as talent recruitment and employment, compensation and benefits, learning and career development and employee engagement.

We are confident that celebrating a range of diverse backgrounds, experiences and cultures as well as nurturing different perspectives when approaching work topics will stimulate innovation and creativity. By consistently valuing diversity in our talent engagement and retention, we believe LBS will secure its reputation as a value-added workplace.

Our management approach to Diversity and Equal Opportunities is illustrated primarily through our employment processes where we ensure recruitment criteria is based on merit, relevant experience and skillset. For our employees, we encourage self-growth and opportunities are given throughout the organisation for employees at every level to attend trainings and activities that are focused on expanding their career horizons.

In our bid to move forward as an employer of choice, we are also committed to creating a work environment free from discrimination. In terms of gender diversity, our male to female ratio in all key positions from Board of Directors to Senior Management remain balanced as demonstrated in Figure 7. Beyond this, we are also consciously practicing equal opportunities when seeking to fulfil positions that are typically male dominated such as at project departments that are based at on-site offices.

The value of practicing Diversity and Equal Opportunities is not just practiced within LBS as we promote these values externally through initiatives such as:

**Why It Matters?**

The most positive impact comes from different ideas and points of view. At LBS, diversity in the workforce is vital in creating meaningful employee and stakeholder relationships as well as improving performance through addressing skills needs. We strive to create a work place that is inclusive and offer equal opportunities regardless of background, culture, age, race or gender.

**LBS Foundation**

The main initiative is aimed at giving back to society through four main pillars; Education, Community, Environment and Health. Diversity is practiced by providing free tuition to under-privileged children regardless of their race, religion or background at Sungai Way and Wangsa Maju.

**Internship Placements**

Since 2018 LBS has practiced equal opportunities without prejudice by providing internships for all Degree and Diploma holders with the prospect of securing full-time positions at the end of the internship period. LBS has offered 18 internship placements in various departments with three interns recruited as permanent employees in 2019.

Our Performance

In 2019, our bid to constantly demonstrate our commitment to equal opportunities and that opinions of all employees are taken into account and put into action. We initiated training programmes and fun, collaborative events that were specifically requested by our employees such as an inter-department friendly badminton match.

Two in-house leadership training workshops conducted during the year demonstrated diversity values as these were targeted at two very different groups of participants. Young leaders with job grade within SO-A and M1 were selected to participate in a junior leadership training while department heads and senior management were selected to attend an advanced leadership training. To attract talent from a diverse pool we have committed in 2019 to include a career webpage in the LBS Bina official website.

Moving forward, we continue to track and evaluate our performance in creating an inclusive workplace by yearly engagement activities and annual survey forms. We are committed that year-on-year our initiatives will continue to be aligned with our objectives in embracing diversity and equal opportunities.

Figure 7 demonstrates our Male to Female ratio which can be seen to be an almost 1:1 aspect⁽³⁾.

Figure 8 show that our age range for employment are diverse with 31% of under 30s, 55% of age 30-50 and 14% of over 50s respectively.



Sustainability Report (Cont'd)

LOCAL COMMUNITIES

GRI 103-1, 103-2, 103-3, 413-1

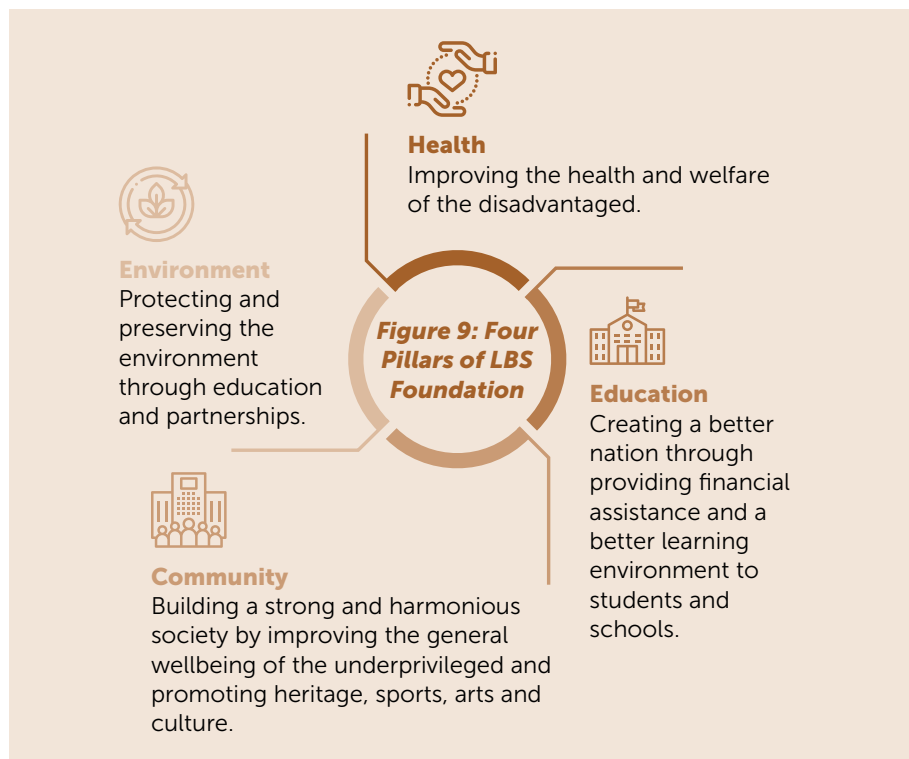
**Why It Matters?**

As a forward-thinking property developer, LBS aims to construct liveable buildings and also further empower individuals and create positive impacts within the local communities where we operate in. Since our humble beginnings in the 1960s', the commitment and dedication we have shown towards improving the quality of life in communities have been unwavering. We aspire to become pillars of support that benefit families and society as a whole towards a brighter, sustainable, and inclusive future.

How We Approach It

Driven by our mission to consistently deliver exceptional performance through progressive creations, realising value to all stakeholders and enriching communities at large, LBS Foundation was formed in 2015 as the centralised platform spearheading and managing the Group's Corporate Social Responsibility (CSR) programmes. It further acts as a platform for our employees to appreciate our core belief and motto; 'Growing with Compassion' and seek positive influences outside of work by involving in acts of empowerments facilitated by LBS Foundation.

LBS Foundation focuses on four pillars for sustainable societal wellbeing - Health, Education, Environment and Community. As a result, LBS Foundation offers a diverse range of CSR programmes that bring inclusivity and sustainable wellbeing across Malaysia. Each CSR programme follows strict guidelines and is assessed by a comprehensive evaluation system created in 2018. This system meticulously measures our CSR programmes impacts and ensure they match with both our pillars and the objectives of LBS Foundation. Subsequently, the results will be reviewed by Executive Directors and the Board of Trustees of LBS Foundation.



Our Performance

This year, we continued to assess our CSR programmes using the abovementioned evaluation system that provides a comprehensive understanding of the impacts generated by our CSR programmes. With this feedback, we can further enhance and take the opportunity to identify areas that we can improve on. Despite achieving a remarkable year for LBS Foundation, the assessment concluded five recommendations which will be incorporated into the future roadmap of LBS Foundation.

- 1 Repeat successful events on an annual basis**
 We seek to repeat successful events annually, emulating previous successes whilst increasing our outreach to more people within our local communities.
- 2 Refining SOPs**
 We aim to streamline our processes and SOPs to efficiently create more impactful CSR programmes.
- 3 Increase the number of committee members**
 To reflect the growth we have experienced this year, we seek to employ new team members to help support and assist our current committee.
- 4 Increasing levels of work and projects**
 Following 2019's success, we aim to facilitate more high quality CSR programmes for local communities.
- 5 Collaboration opportunities**
 While there are increasing offers for collaboration from external parties, we plan to establish a formal framework to ensure the quality of our CSR programmes are not compromised.

Figure 10: Five Recommendations for LBS Foundation's Future Operation

Through our continuous efforts, LBS Foundation was involved in more than 30 CSR programmes with over RM1.1 million in donations distributed in 2019. We have noted that our CSR programmes this year are 100% aligned with LBS Foundation's four-pillars of social contribution in Health, Education, Environment and Community. This is a marked improvement compared to the 76% of pillar-relevant criteria achieved in 2018. In future, we see more exciting opportunities for LBS Foundation to form meaningful partnerships and to constantly support local communities. We seek to deploy additional measures and to collaborate further to roll out programmes that have large-scale impact and to contribute to Malaysia's shared prosperity vision for 2030.



Donations distributed
in 2019
RM 1.17 million



Programmes that achieved
pillar relevance
100%

Sustainability Report (Cont'd)

Development Programmes/ Initiatives

HEALTH – Improving the health and welfare of the unfortunate

YAYASAN AL-SULTAN ABDULLAH HEMODIALYSIS CENTRE

LBS Foundation supported activities that helped improve the health and wellbeing of those within the B40 groups. It contributed towards the Yayasan Al-Sultan Abdullah (YASA) Hemodialysis Centre. The launch of the centre on 19 July 2019 was graced by His Majesty Seri Paduka Baginda Yang di-Pertuan Agong and Her Majesty Raja Permaisuri Agong. The YASA Hemodialysis centre caters to patients with kidney failure and those who are suffering from various kidney-related diseases.



EDUCATION – Creating a better nation through providing financial assistance and a better learning environment to students and schools

FREE TUITION FOR UNDERPRIVILEGED STUDENTS

To support underprivileged children in their search for education, we collaborated with Ajar-Ajar Malaysia and Tunku Abdul Rahman University College (TARUC) to establish Pusat Tuisyen Ajar- Ajar Malaysia at M3 Shopping Mall. LBS Foundation contributed by way of providing free tuition to the underprivileged children in the Wangsa Maju area, who will be the future members of our community. We have further signed a memorandum of understanding with TARUC on 25 November 2019 to continue collaborating towards removing barriers to education for the communities where we are present in.



ENVIRONMENT - Protecting and preserving the environment through education and partnerships

RECYCLING CAMPAIGN

In conjunction with Pejabat Daerah/Tanah Kuala Selangor, Jawatankuasa Tetap Alam Sekitar & Teknologi Hijau and Unit Perancang Ekonomi Kuala Selangor, LBS Foundation participated in the launching of Program Kempen Kitar Semula - "Reduce, Reuse, Recycle" Peringkat Daerah Kuala Selangor. It was held at SJK (C) Aik Thee, Tanjung Keramat, on 26 September 2019 targetting the youth. Through this initiative, our objective is to help members of our community gain a better understanding of how vital the environment is in achieving a sustainable future.



COMMUNITY - Building a strong and harmonious society by improving the general wellbeing of underprivileged groups and promoting heritage, sports, arts and culture

MOU SIGNING WITH MAJLIS DAERAH KUALA SELANGOR

LBS Foundation will be collaborating with the Kuala Selangor District Council (MDKS) to embark on a three-year programme, which aims to inject new life to the community of Kuala Selangor, specifically those living in the Kampung Kuantan area. The partnership was cemented in a signing ceremony witnessed by the DYMM Tengku Permaisuri Selangor, Tengku Permaisuri Norashikin at the Taman Alam Kuala Selangor on 23 February 2019.



Sustainability Report (Cont'd)

CUSTOMER HEALTH AND SAFETY

GRI 103-1, 103-2, 103-3, 416-2

**Why It Matters?**

LBS aspires to deliver properties of good quality to Malaysians. We are committed to the overall wellbeing of the communities within the vicinity of the homes, townships and premises that we build. Customer health and safety is fundamental to our philosophy, and we strive to maintain the highest standard in our product design and delivery in order to attain customers' trust and satisfaction.

How We Approach It

Our architects, engineers and contractors focused on the building design, making sure that these designs are both technically and practically sound with an emphasis on safety and health. The Project & Property Management/Maintenance & Project Audit (PMPMA) Department is entrusted to lead the efforts of internal building audits to ensure and sustain the safety of the homes, townships and premises that we build.

In an effort to facilitate best practices, our customers' health and safety policies are under regular reviews. In 2019, we revised the procedures by carrying out property audits before delivering vacant possession of each project. A Property Management Officer conducted the internal inspection of the property and gathered the required information. Red-flagged data points were reported to relevant departments to ensure the necessary action could be taken during the defects touch up duration. This new strategy enabled LBS to identify and address future potential safety and/or health issues prior to key collection, proactively minimising the exposure to such hazards to our valued customers.

Moving forward, LBS is training the Maintenance Officers on site to furnish them with the knowledge to swiftly respond to issues and accurately identify the causes, which would shorten the potential exposure of safety or health hazards for property owners/users.

Our Performance

LBS takes pride in maintaining zero incidents of non-compliance with regulations or voluntary codes regarding customer health and safety in 2019. Meanwhile, engineers and technicians worked diligently and resolved all the customer feedback in 2018.

In 2019, we received 130 individual incidents of feedback involving the replacement of balcony glass from clear glass to tempered laminated glass. With new strategies in place, we were able to resolve 104 incidents to date and will continue to improve our services moving forward.

**Zero**

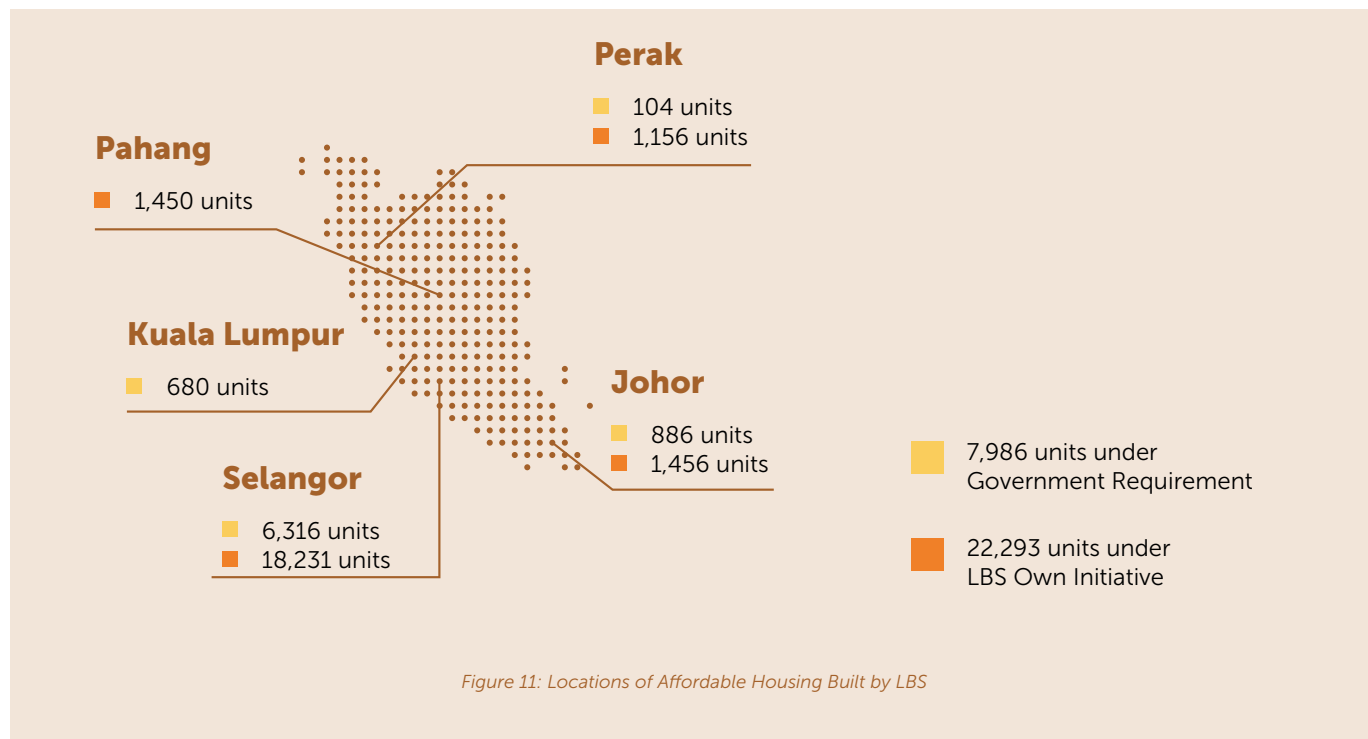
Incidents of non-compliance concerning the health and safety impacts of our properties

FEATURE: AFFORDABLE HOUSING

Prioritising a community-centric approach, LBS continues to realise the aspirations of urban dwellers by narrowing the affordable housing gap which is strongly aligned with the National Housing Policy 2.0, launched in January 2019. This policy aims to build one million affordable homes within 10 years for the Bottom 40 group (B40) in Malaysia and LBS is committed to take an active role in seeing this goal through.

The needs of local communities have always been the core of our business strategy and gives purpose to our Group's growth. By understanding the pertinence of affordable housing in the property development industry on a national context, LBS has achieved resounding success as we continue to grow our footprint and influence in the industry. Our venture into affordable housing was pioneered by the development of 156 units of six-storey low-cost shop-apartments in Taman Perindustrian Bukit Serdang, Seri Kembangan, in the state of Selangor in 1998. Since then, our inclusive strategy on affordable housing has given us an edge in a relatively subdued property market and we have built close to 30,279 units of affordable homes and shops to date. Approximately 73% of the affordable residential and commercial units that we completed have been a product of our own initiatives as opposed to requirements by the Government.

We find satisfaction in knowing that our services extend beyond the frontiers of property development and are a strategic imperative to community enhancement.



FEATURE: AFFORDABLE HOUSING (Cont'd)

Moving forward, we aim to continue contributing to the overall economy towards Malaysia's Shared Prosperity Vision 2030 through leveraging our Industrialised Building System (IBS) led by our subsidiary, MGB Berhad, while expanding our affordable housing agenda in tandem with Malaysia's National Housing Policy 2.0. Our commitment to this is reflected in the recent Memorandum of Understanding (MoU) that was established with the Perak State Secretary. The MoU outlines our proposal to develop two property development projects in Perak, which is in line with the Perak Government's plan to build 50,000 affordable homes within the next five years.



Industrialised Building System (IBS)

IBS is a construction technique whereby components are manufactured in a controlled environment and placed and assembled into construction works. This system has been adopted by LBS through a joint venture between our subsidiary MGB Berhad and SANY Construction Industry Development (M) Sdn. Bhd. We opened our first permanent IBS precast concrete plant in Nilai, Negeri Sembilan in March 2019. This initiative conforms with the Housing and Local Government Ministry's plan to utilise IBS components for all of its affordable housing projects by 2024. Kindly refer to MGB Annual Report for more information on our achievements in IBS.

GRI STANDARDS CONTENT INDEX

GRI 102-55

GRI Standards	Disclosures	Page Reference
ORGANISATIONAL PROFILE		
GRI 102-1	Name of the organisation	Page 8
GRI 102-2	Activities, brands, products and services	Page 8
GRI 102-3	Location of headquarters	Page 8
GRI 102-4	Location of operations	Page 8-11
GRI 102-5	Ownership and legal form	Page 8-11
GRI 102-6	Markets served	Page 8-11
GRI 102-7	Scale of the organisation	Page 8-11
GRI 102-8	Information on employees and other workers	Page 20-34
GRI 102-9	Supply chain	N/A
GRI 102-10	Significant changes to organisation and its supply chain Precautionary Principle or approach	N/A
GRI 102-11	External initiatives	Page 122
GRI 102-12	Membership of associations	Page 112-115
GRI 102-13	Explanation of the material topic and its Boundary	Contact for details
STRATEGY		
GRI 102-14	Statement from senior decision-maker	Page 98
ETHICS AND INTEGRITY		
GRI 102-16	Values, principles, standards and norms of behaviour	Page 103
GOVERNANCE		
GRI 102-18	Governance structure	Page 103
GRI 102-19	Delegating Authority	Page 103
GRI 102-20	Executive-level responsibility for economic, environment and social topics	Page 103
GRI 102-21	Consulting stakeholders on economic, environmental and social topics	Page 103
GRI 102-22	Composition of the highest governance body and its committees	Page 103
GRI 102-23	Chair of the highest governance body and its committees	Page 103
GRI 102-24	Nominating and selecting the highest governance body	Page 103
GRI 102-25	Conflict of interest	Page 103
GRI 102-26	Role of highest governance body in setting purpose, values, and strategy	Page 103
GRI 102-27	Collective knowledge of highest governance body	Page 103
GRI 102-28	Evaluating the highest governance body's performance	Page 103
GRI 102-29	Identifying and managing economic, environmental and social impacts	Page 103
GRI 102-30	Effectiveness of risk management processes	Page 103
GRI 102-31	Review of economic, environmental and social topics	Page 103
GRI 102-32	Highest governance body's role in sustainability reporting	Page 103
GRI 102-33	Communicating critical concerns	Page 103
GRI 102-34	Nature and total number of critical concerns	Page 103
GRI 102-35	Remuneration policies	Page 103
GRI 102-36	Process for determining remuneration	Page 103

GRI STANDARDS CONTENT INDEX (Cont'd)

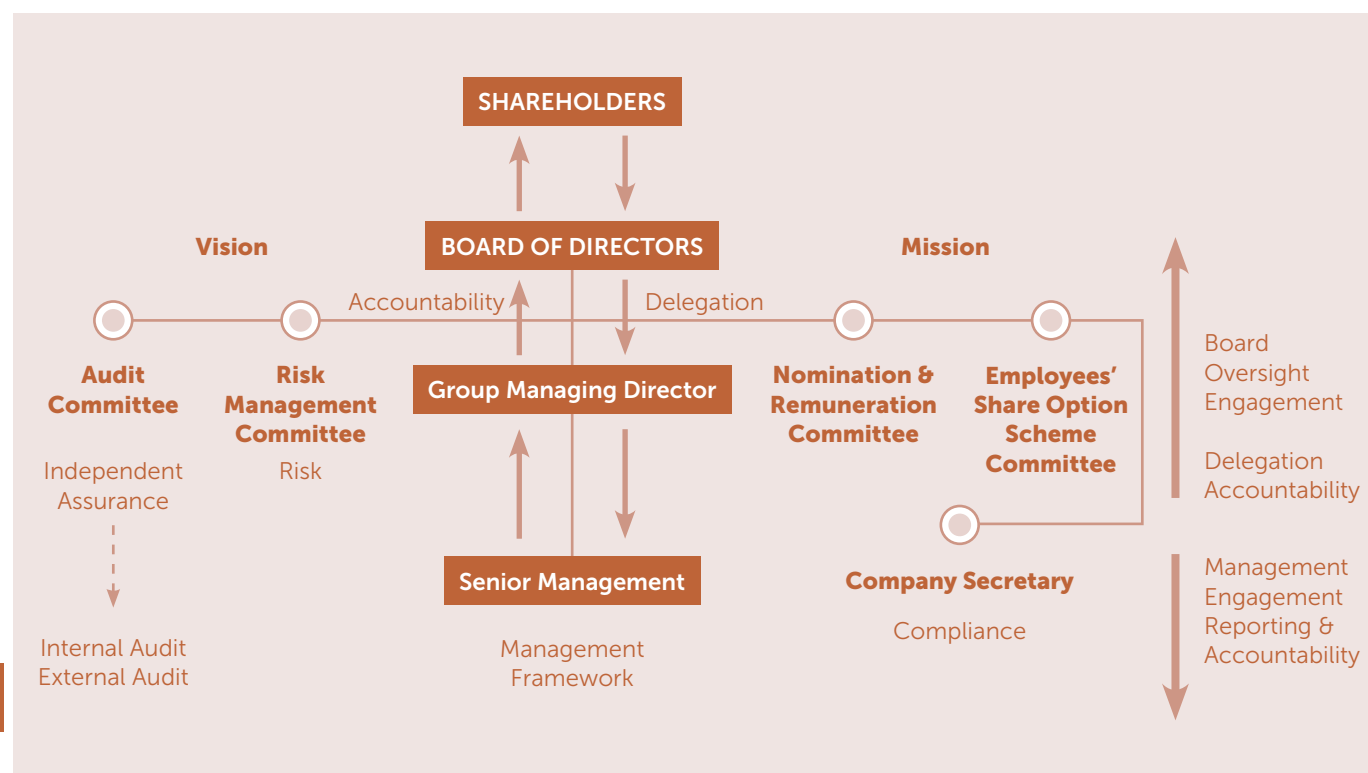
GRI Standards	Disclosures	Page Reference
GRI 102-37	Stakeholders' involvement in remuneration	Page 103
GRI 102-38	Annual total compensation ratio	Page 137
GRI 102-39	Percentage increase in annual total compensation ratio	Page 137
STAKEHOLDER ENGAGEMENT		
GRI 102-40	List of stakeholder groups	Page 100
GRI 102-41	Collective bargaining agreements	N/A
GRI 102-42	Identifying and selecting stakeholders	Page 100
GRI 102-43	Approach to stakeholder engagement	Page 100
GRI 102-44	Key topics and concerns raised	Page 100
REPORTING PRACTICE		
GRI 102-45	Entities included in the consolidated financial statements	Page 347
GRI 102-46	Defining report content and topic Boundaries	Page 96
GRI 102-47	List of material topics	Page 102
GRI 102-48	Restatements of information	N/A
GRI 102-49	Changes in reporting	Page 102
GRI 102-50	Reporting period	Page 96
GRI 102-51	Date of the most recent report	Page 96
GRI 102-52	Reporting cycle	Page 96
GRI 102-53	Contact point of questions regarding the report	Page 96
GRI 102-54	Claims of reporting in accordance with the GRI Standards	Page 96
GRI 102-55	GRI content index	Page 119-121
GRI 102-56	External assurance	Conducted by Sustainability Committee and approved by the Board
TOPIC: ECONOMIC PERFORMANCE		
GRI 103-1	Explanation of the material topic and its Boundary	Page 104
GRI 103-2	The management approach and its components	Page 104
GRI 103-3	Evaluation of the management approach	Page 104
GRI 201-1	Direct economic value generated and distributed	Page 104
TOPIC: ENVIRONMENTAL COMPLIANCE		
GRI 103-1	Explanation of the material topic and its Boundary	Page 106
GRI 103-2	The management approach and its components	Page 106
GRI 103-3	Evaluation of the management approach	Page 106
GRI 307-1	Non-compliance with environmental laws and regulations	Page 106
TOPIC: TRAINING AND EDUCATION		
GRI 103-1	Explanation of the material topic and its Boundary	Page 108
GRI 103-2	The management approach and its components	Page 108
GRI 103-3	Evaluation of the management approach	Page 108
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Page 108

GRI Standards	Disclosures	Page Reference
TOPIC: DIVERSITY AND EQUAL OPPORTUNITY		
GRI 103-1	Explanation of the material topic and its Boundary	Page 110
GRI 103-2	The management approach and its components	Page 110
GRI 103-3	Evaluation of the management approach	Page 110
GRI 405-1	Diversity of governance bodies and employees	Page 110
GRI 405-2	Ratio of basic salary and remuneration of women to men	Page 110
TOPIC: LOCAL COMMUNITIES		
GRI 103-1	Explanation of the material topic and its Boundary	Page 112
GRI 103-2	The management approach and its components	Page 112
GRI 103-3	Evaluation of the management approach	Page 112
GRI 413-1	Operations with local community engagement, impact assessments and development programs	Page 112
TOPIC: CUSTOMER HEALTH AND SAFETY		
GRI 103-1	Explanation of the material topic and its Boundary	Page 116
GRI 103-2	The management approach and its components	Page 116
GRI 103-3	Evaluation of the management approach	Page 116
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Page 116

Corporate Governance Overview Statement

The Board of Directors ("Board") believes that good governance is to facilitate effective and prudent management that can deliver the long-term success of the Company. The Board committed to instil and maintain a strong culture of corporate governance within the Group.

Governance Framework



The Corporate Governance Framework is premised upon the following statutory provisions, best practices, policies and guidelines:-

1. Companies Act, 2016;
2. Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"); and
3. Malaysian Code on Corporate Governance issued in 2017 ("MCCG").

Pursuant to Bursa Malaysia's corporate governance disclosure requirements per Para 15.25 and Practice Note 9 of the MMLR, the Board is pleased to set out a summary of the Group's corporate governance practices during the financial year ended 31 December 2019 ("FY 2019") in this Corporate Governance Overview Statement ("CG Overview Statement"). In addition to this, the application of each of the Practices set out in the MCCG is disclosed in our Corporate Governance Report ("CG Report") which is available on the Group's corporate website at www.lbs.com.my and an announcement made by the Company on the website of Bursa Malaysia at www.bursamalaysia.com.

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 stakeholder communication policy for the Group; and
- to review the adequacy and the integrity of the Group's management information and internal control system.

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, *Lim Bock Seng*, 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 MMLR of Bursa Malaysia on 30 January 2002.

The Group Managing Director Tan Sri Dato' 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 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 tabled at the Board Meetings or to provide clarification on issues 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.

Corporate Governance Overview Statement (Cont'd)

Qualified Company Secretaries

The Board was supported by two Company Secretaries, namely Ms. Lee Ching Ching, ("Ms. Doris Lee") and Ms. Chooy Wai Nee ("Ms. Christine Chooy").

Ms. Doris Lee is the Company Secretary of the Group of Companies since 2000. She is a Fellow member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). Whereas Ms. Christine Chooy who was appointed as a Joint Company Secretary for the Company in 2019 is an Associate member of MAICSA. Both are qualified Chartered Secretaries under Section 235(2) of the Companies Act, 2016.

The Company Secretaries are responsible for overall corporate secretarial function and providing advices to the Board regarding the performance of duties in corporate compliances, 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.

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

The general meeting or shareholders' meeting would be organised and managed by the Company Secretaries. The Company Secretaries ensure meetings are properly convened and appropriate records of the deliberations and proceedings are accurately recorded and duly signed by the Chairman. They facilitate the communications of decisions made and policies set by the Board to the Senior Management for action. They work 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. Ms. Doris Lee, is one of the Key Senior Management and a member of Investor Relations team, she is also one of the contact points for stakeholder's communication and engagement.

The appointment and removal of the Company Secretaries will be subjected to the approval of the Board pursuant to the Constitution of the Company.

In year 2019, the Company Secretaries have attended the following trainings, seminars and conference to keep abreast of relevant changes in laws and regulations and pursue interest:-

COMPANY SECRETARIES	DATE	TRAINING
Ms. Doris Lee	22/3/2019	Basic Fire Fighting Training
	2-3/04/2019	Constructing and Financing Affordable Housing across Asia
	16/4/2019	PM Revisits China: Expectations & Opportunities
	2-3/7/2019	MAICSA Annual Conference 2019 : Next Dimension in Governance
	8/7/2019	Malaysia-China Outlook Forum 2019 : What's Next After Beijing Belt and Road Initiative Forum
	20/7/2019	The Edge-Standard Chartered Market Outlook Forum
	30/9/2019	Technical Briefing for Company Secretaries of Listed Issuers
	1-2/10/2019	The Cooler Earth Sustainability Summit
	10/10/2019	Adoption of ISO 20022 Standard – Changes to the template for Corporate Announcements on Bursa LINK
	30/10/2019	The New Section 17A on Corporate Liability in the Malaysian Anti-Corruption Act

COMPANY SECRETARIES	DATE	TRAINING
Ms. Christine Choo	2-3/7/2019	MAICSA Annual Conference 2019 : Next Dimension in Governance
	23/9/2019	Technical Briefing for Company Secretaries of Listed Issuers
	10/10/2019	Adoption of ISO 20022 Standard-Changes to the template for Corporate Announcements on Bursa LINK
	30/10/2019	The New Section 17A on Corporate Liability in the Malaysian Anti-Corruption Act

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.

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 Secretaries are responsible to ensure notices of meetings are sent to the Directors at least 5 business days in advance. The Company Secretaries 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 Secretaries, Internal Auditors and External Auditors in discharging their duties in accordance to the Terms 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 Malaysia are notified to all the Directors via email.

The Company Secretaries, who attend each Board Meeting plays 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 2019, the Board was updated by the Company Secretaries with new regulatory, regulations or requirements concerning their duties and responsibilities, mainly on the amendments in the MMLR of Bursa Malaysia and Companies Act, 2016.

Corporate Governance Overview Statement (Cont'd)

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 also outlines the procedures and practices for an effective Board.

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

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

The followings are the key matters reserved for the Board:-

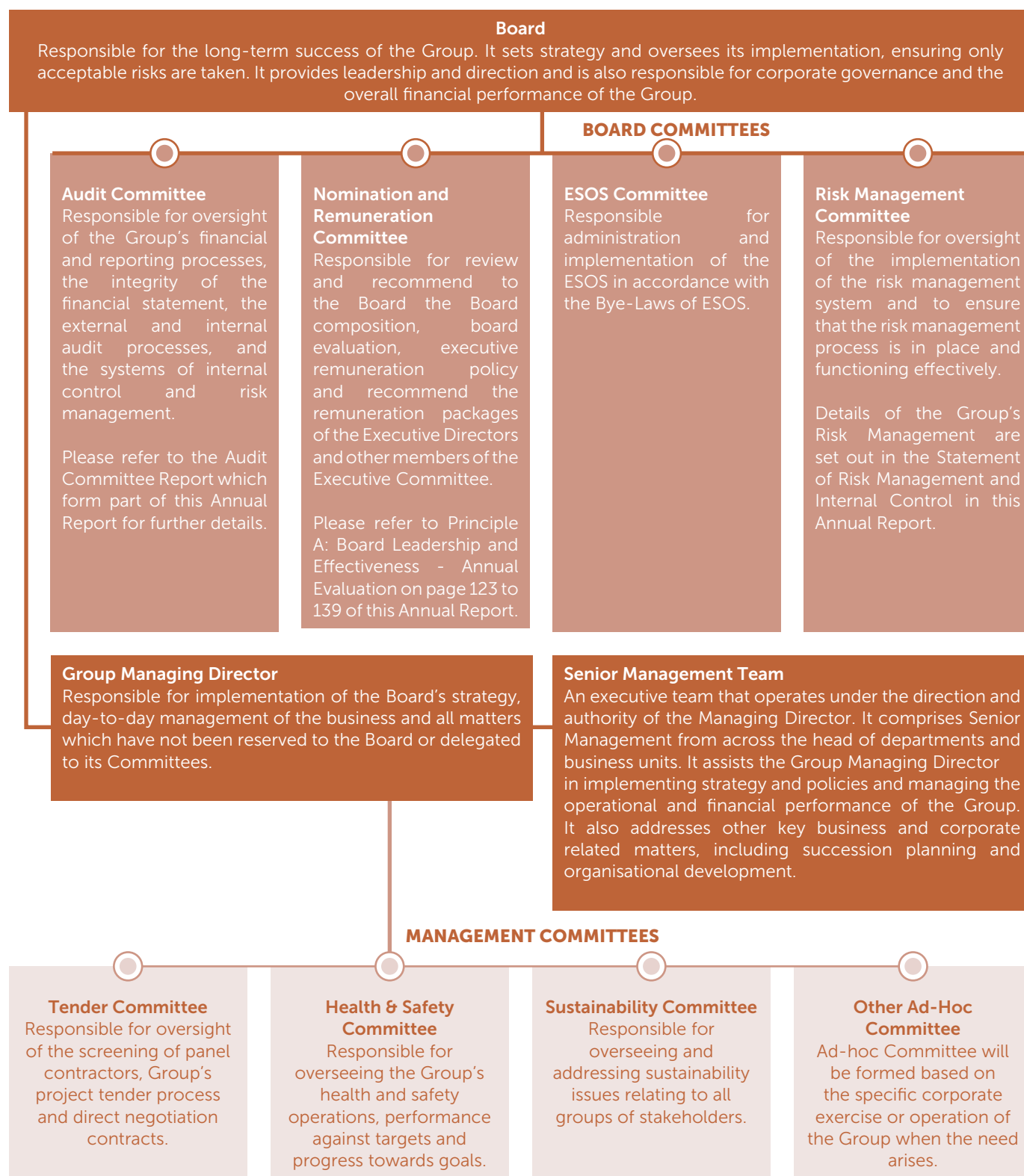
- Review, debate and approval of corporate strategies, plans, targets and programmes proposed by Management prior to their implementation and execution;
- Approval and monitoring of the progress of material investments and divestments, mergers and acquisitions, corporate restructuring both local and 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 Malaysia; and
- Material related party transactions and capital financing.

The Board Charter is available at the Company's website at <https://lbs.com.my/wp-content/uploads/2018/05/Board-Charter-Version-3-final-1.pdf>.

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.

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



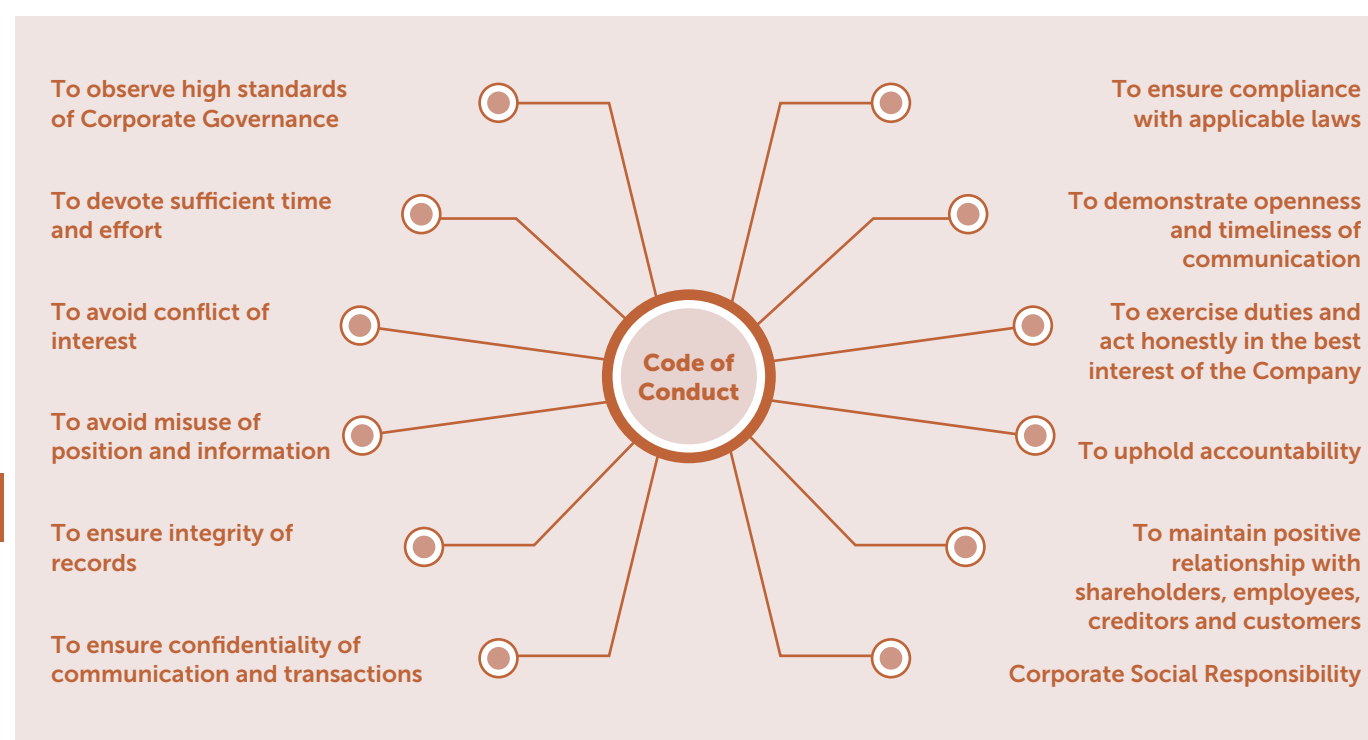
Corporate Governance Overview Statement (Cont'd)

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 behaviour 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.

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 Malaysia.

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

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 and Policies ("SOPPs")

Well documented SOPPs 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 SOPPs 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.

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 introduced by Bursa Malaysia whilst adhering to the corporate disclosure requirements as set out in the MMLR of Bursa Malaysia, 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.

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.

Corporate Governance Overview Statement (Cont'd)

Anti-Corruption

The Group is committed to operate its business professionally, fairly and with integrity in dealings and relationships, and in compliance with the applicable laws and regulations. During the year, the Group engaged one of the Big Four accounting firms to conduct the Anti-Corruption Gap Analysis to assess the internal controls, processes and governance framework in relation to the Group's existing processes and procedures in conforming with the Guidelines on Adequate Procedures of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACCA 2009"). The Anti-Bribery and Anti-Corruption Policy will be shared in the Company's website in due course.

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.

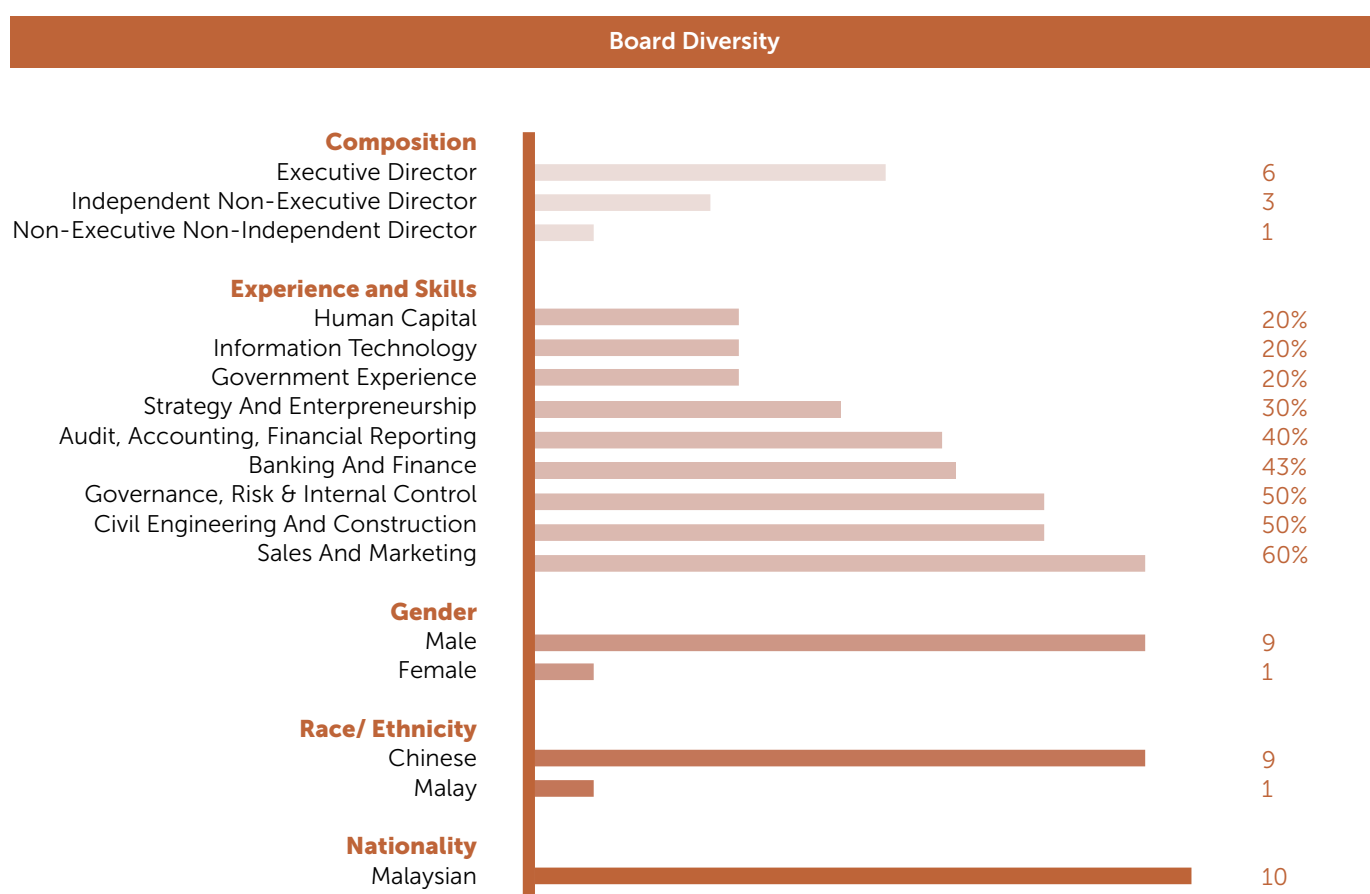
The Whistleblowing Policy has been reviewed and updated in 2019 to enhance its appropriateness and relevance to the Company and its compliance with the relevant laws, rules and regulations. The full version of the Whistleblowing Policy is published on the Company's website.



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.

A Board Skills Matrix has been used as reference for the Directors' continuing development and succession planning. 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.



Corporate Governance Overview Statement (Cont'd)

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 established "Board Appointment Process" with regards to maintaining a formal and transparent process for Board appointments. The NRC assists the Board in ensuring the existence of the right mixture of skills, knowledge, experience, qualities, gender and etc that are relevant and contribute to the effective functioning of the Board. 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 Secretaries 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 Malaysia and also in accordance with the Company's Constitution 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.

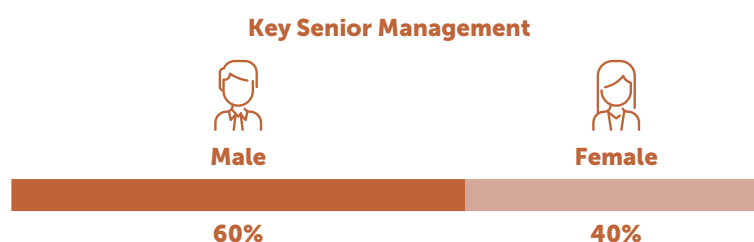
The names of the 3 Directors seeking for re-election at the forthcoming 20th AGM are disclosed in the Notice of AGM. The Board, on the recommendation of the NRC, and with retiring Directors abstaining, had endorsed the re-election of the retiring Directors.

Boardroom Diversity

The Board has in place 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 Key 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 MCGG. 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 31 May 2020 is as follows:-

Years of Service	Less than 9
Number of Independent Non-Executive Directors	3

None of the INED's tenure has exceeded a cumulative term of nine (9) years in the FY 2019.

Annual Assessment of Independence

Paragraph 1.01 of the MMLR of Bursa Malaysia 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 Malaysia 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 and 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.

Corporate Governance Overview Statement (Cont'd)

Annual Evaluation

NRC was established with defined terms of reference to assist 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 Malaysia. The Committee is chaired by Datuk Dr. Haji Baharum bin Haji Mohamed, Senior Independent Non-Executive Director of the Company. During the FY 2019, a total of 1 NRC Meeting was held with full attendance.

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 structure, operations, tenure, roles and responsibilities and their effectiveness.

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 understanding 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 Secretaries 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.

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 mixture of skills and experience;
- (b) Reviewed the re-election of directors retiring by rotation pursuant to the Company's Constitution at the Nineteenth AGM of the Company;
- (c) Assessed the independence of INEDs;
- (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;
- (e) Annual assessment and evaluation of the Board, Board Committees and the individual directors and;

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.

All the Directors have complied with the minimum 50% attendance requirement in respect of Board Meetings as stipulated in the MMLR of Bursa Malaysia. During the FY 2019, a total of 5 Board Meetings were held. The attendance of each Director is tabulated as below:

Directors	Number of meetings	Attendance
Dato' Seri Lim Bock Seng	5	5
Tan Sri Dato' Sri Lim Hock San	5	5
Datuk Wira Lim Hock Guan	5	5
Maj (Hon) Dato' Sri Lim Hock Sing	5	5
Dato' Sri Lim Hock Seong	5	5
Dato' Lim Mooi Pang	5	5
Dato' Chia Lok Yuen	5	5
Datuk Dr. Haji Baharum bin Haji Mohamed	5	5
Datuk Lim Si Cheng	5	5
Lim Tong Lee	5	5

Corporate Governance Overview Statement (Cont'd)

Directors' Training and Induction

The Company has adopted "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 Secretaries 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 Secretaries 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 Malaysia 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 Secretaries in areas such as corporate governance practices, relevant legislations and regulations and financial reporting standards. The Company Secretaries have 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.

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:-

DIRECTOR	DATE	TOPIC
Dato' Seri Lim Bock Seng	30/10/2019	The New Section 17A on Corporate Liability in the Malaysian Anti-Corruption Act
Tan Sri Dato' Sri Lim Hock San	23/4/2019	National Housing and Property Focus Summit 2019
	8/7/2019	Malaysia-China Outlook Forum 2019 : What's Next After Beijing BRI Forum
	12/10/2019	The 9th Malaysia-China Entrepreneurs Conference & The 1st Malaysia-China Young Entrepreneurs Conference - 45th Anniversary Malaysia-China Diplomatic Relations a Greater Glory
	30/10/2019	The New Section 17A on Corporate Liability in the Malaysian Anti-Corruption Act
Datuk Wira Lim Hock Guan	30/10/2019	The New Section 17A on Corporate Liability in the Malaysian Anti-Corruption Act
Maj (Hon) Dato' Sri Lim Hock Sing	30/10/2019	The New Section 17A on Corporate Liability in the Malaysian Anti-Corruption Act
Dato' Sri Lim Hock Seong	30/10/2019	The New Section 17A on Corporate Liability in the Malaysian Anti-Corruption Act
Dato' Chia Lok Yuen	2-3/7/2019	MAICSA Annual Conference 2019 : Next Dimension in Governance
	8/7/2019	Malaysia-China Outlook Forum 2019 : What's Next After Beijing BRI Forum
	22/8/2019	Seminar on Land Acquisition Relating to Underground Land & Court Decisions Affecting Valuation Principles and Practices
	16/10/2019	Integrated Reporting <IR>; Communicating Value Creation
	30/10/2019	The New Section 17A on Corporate Liability in the Malaysian Anti-Corruption Act

DIRECTOR	DATE	TOPIC
Dato' Lim Mooi Pang	8/7/2019	Malaysia-China Outlook Forum 2019 : What's Next After Beijing BRI Forum
	3-5/10/2019	Study Tour on Excellent Building Sustainability, Management & Wellness
	30/10/2019	The New Section 17A on Corporate Liability in the Malaysian Anti-Corruption Act
	4/12/2019	Digital Governance: How CFOs manage digital organisational transformation
Datuk Dr. Haji Baharum bin Haji Mohamed	30/10/2019	The Corporate Liability on the New Section 17A of MACCA 2009.
Datuk Lim Si Cheng	3/4/2019	Audit Committee Institute (ACI) Breakfast Roundtable 2019
	6/8/2019	Audit Committee Institute (ACI) Breakfast Roundtable 2019
	30/10/2019	The New Section 17A on Corporate Liability in the Malaysian Anti-Corruption Act
	7/11/2019	Risk Management and Section 17A MACC Act
Lim Tong Lee	3/4/2019	Audit Committee Institute Breakfast Roundtable 2019
	4/4/2019	Entrepreneurial Talk Series "Investment Banking and Case Studies"
	30/10/2019	The New Section 17A on Corporate Liability in the Malaysian Anti-Corruption Act
	8/11/2019	Audit Oversight Board Conversation with Audit Committees

With the assistance of the Company Secretaries, 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 Resources 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;
- 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).

Corporate Governance Overview Statement (Cont'd)

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 2019 is set out below:-

- (a) The aggregate directors' remuneration received/receivable from the Company during the FY 2019 are as follows:-

Company only	Director's Fee RM'000	Salary, Bonuses, Allowances and Other Emoluments RM'000	Benefits-in-Kind RM'000
Non-Executive Directors*			
Dato' Seri Lim Bock Seng	-	0.2	61
Datuk Dr. Haji Baharum Bin Haji Mohamed	56	9	-
Datuk Lim Si Cheng	56	10	-
Lim Tong Lee	56	10	-

(b) The aggregate directors' remuneration received/receivable on a Group basis during the FY 2019 are as follows:-

Company only	Director's Fee RM'000	Salary, Bonuses, Allowances and Other Emoluments RM'000	Benefits-in-Kind RM'000
Executive Directors			
Tan Sri Dato' Sri Lim Hock San	341	3,845	234
Datuk Wira Lim Hock Guan	250	3,198	225
Maj (Hon) Dato' Sri Lim Hock Sing	84	2,196	137
Dato' Sri Lim Hock Seong	-	2,083	123
Dato' Chia Lok Yuen	-	4,354"	99
Dato' Lim Mooi Pang	-	1,902	94
Non-Executive Directors*			
Dato' Seri Lim Bock Seng	-	781	61
Datuk Dr. Haji Baharum Bin Haji Mohamed	56	69	-
Datuk Lim Si Cheng	56	10	-
Lim Tong Lee	56	10	-

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

" Inclusive of gratuity payment.

In determining the remuneration packages of the Key Senior Management, factors that were taken into consideration including 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 was 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 2019 are disclosed as follows:-

Name	Salary, Bonus, Allowances and Other Emoluments#	Benefits-in-Kind	Total
Top 5 Key Senior Management	100%	0%	100%
	95%	5%	100%
	97%	3%	100%
	91%	9%	100%
	95%	5%	100%
Total (RM)			2,270,993.36

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

Corporate Governance Overview Statement (Cont'd)

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 2019. 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 Malaysia.

Details of Audit Committee's composition and activities during the FY 2019, 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 2019, 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 2019 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 FY 2019, 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 82 subsidiaries companies under different 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.

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 20th 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 2019. The Board is also responsible for ensuring that the financial results are released to Bursa Malaysia 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 in early 2020 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 in respect of audit for the FY 2019. 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.

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 2019, the Company outsourced its entire ERM framework by engaging an external service provider, Deloitte Risk Advisory Sdn. Bhd. ("Deloitte") 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 2019, the internal audit function conducted its works based on an annual Internal Audit Plan which was tabled before, and approved by, the Audit Committee.

Corporate Governance Overview Statement (Cont'd)

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 Malaysia are subject to approval by the Executive Directors. The Group Managing Director, Executive Directors, Head of IR Department, Company Secretaries and other officers who are privy to the information, are obliged to maintain strict confidentiality of the information.

All information made available to Bursa Malaysia is immediately available to shareholders and the public at large on the Investors section of the Company's corporate website: www.lbs.com.my.

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 mean of communications 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. In year 2019, the IR team has attended to 34 meetings with fund managers, analysts and institutional shareholders.

Currently, the Company is covered by 6 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 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 Malaysia's website 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 Malaysia.

d) Newsletter

The Group's newsletter "Journey With LBS" which is issued half yearly. It is 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, 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.

h) Town Hall Meeting

The Company believes that teamwork is one of the important aspects to determine its achievement. This Town Hall Meeting serves as an interactive platform for the management to interact with the employees, a great way to reinforce corporate culture and values as well as promote teamwork and collaboration.

During FY 2019, the Company has conducted its bi-annual Town Hall Meetings in January and July respectively where the Group Managing Director shared the Company's objectives, direction and important updates. Staff were also given opportunities to speak, present or update the latest developments in their respective operation unit.

Corporate Governance Overview Statement (Cont'd)

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 Malaysia required the Company to issue Notice of AGM at least 21 days before the AGM. 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.

Additional Compliance Information

In compliance with the MMLR of Bursa Malaysia, the following information is provided:-

Options

During the FY 2019, 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 page 303 to 310 of this Annual Report.

The Options applicable to Directors and Senior Management under the ESOS during the FY 2019 are as follows: -

Directors and Senior Management	During the financial year ended 31 December 2019	Since commencement on 18 September 2012 up to 31 December 2019
Aggregate maximum allocation	80%	80%
Actual percentage granted	0%	60.75%

During the FY 2019, Options granted to and exercised by Non-Executive Directors are as follows:-

No.	Name of Director	Number of Options as at 1.1.2019	Number of Options Granted in 2019	Number of Options Exercised	Number of Options Forfeited	Number of Options as at 31.12.2019
1.	Datuk Dr. Haji Baharum bin Haji Mohamed	523,600	-	-	-	523,600
2.	Datuk Lim Si Cheng	523,600	-	-	-	523,600
3.	Mr. Lim Tong Lee	785,400	-	-	-	785,400

Audit and Non-Audit Fees

- (a) The amount of audit fee paid or payable to the external auditors, Messrs. UHY, and their affiliated companies for services rendered to the Group and the Company for the FY 2019 amounted to RM717,600 and RM100,000 respectively.
- (b) The amount of non-audit fee paid or payable to the external auditors, Messrs. UHY, and their affiliated companies for services rendered to the Group and the Company for the FY 2019 amounted to RM170,500 and RM28,000 respectively.

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 for the financial year ended 31 December 2019 ("FY 2019") 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 2019, 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 Chairman, Independent Non-Executive Director	04.06.2013	5 100%
Datuk Dr. Haji Baharum Bin Haji Mohamed Member/Senior Independent Non-Executive Director	20.08.2013	5 100%
Datuk Lim Si Cheng Member/Independent Non-Executive Director	20.08.2013	5 100%

The Committee's effectiveness during the FY 2019 was assessed as part of the annual assessment and evaluation of Board and Board Committees by the Nomination and Remuneration Committee through evaluation questionnaires. This review considered the structure, membership, role and performance of the Committee. Results of the evaluation were tabled to the Board members for deliberations. 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 is responsible for the Group's corporate function in Accounts and Finance and General Manager of Accounts and Finance Department to present at all the meeting during the FY 2019 to provide explanation and clarification on accounting and audit issues. The Audit Committee meetings were also attended by the External Auditors to discussed audit matters and the Internal Auditors to discuss the internal audit reports and related matter.

The full version of the Terms of Reference of the Audit Committee is published on the Company's website at www.lbs.com.my.

B. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The summary of activities of the Audit Committee in discharging its functions and duties during the year under review are as follows:-

1. Financial Reporting:

- Reviewed with the external Auditors, the audited financial statements of the Group for the year ended 31 December 2018 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 and audited financial statements 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 the authority.
- 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 2019 inclusive of audit approach, areas of audit emphasis, timeline for reporting and deliverables prior to the commencement of the annual audit.
- 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 with reference to the approved External Auditor Policy. This Policy outlined guidelines and procedures for the Audit Committee to assess and monitor the external auditor in order to preserve the integrity and credibility of the external audit process. The assessment was undertaken with written assurance from the external Auditors of their independence including policies and measures used to control their work quality.

3. Internal Audit:

- Please refer Section D of this Report.

4. Risk Management:

- Reviewed the risk management framework and the risk profile of the Group.

Audit Committee Report (Cont'd)

B. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (CONT'D)

The summary of activities of the Audit Committee in discharging its functions and duties during the year under review are as follows:-(Cont'd)

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 Matter:

- 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 2018.
- Reported to the Board of Directors on significant issues and concerns discussed at the Committee's meetings together with the appropriate recommendations.

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 2019, has complied with the criteria set out in the ESOS Bye-Laws.

D. INTERNAL AUDIT FUNCTION

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.

Besides reviewing the findings of internal control system of the Group, the Internal Auditors 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 Internal Audit Reports were tabled at the Board Meeting for approval. Overall, no significant control issues were identified although several process and control improvements were proposed, with follow-up audits scheduled where necessary. The total cost incurred for maintaining the internal audit function for the FY 2019 was RM100,000.00 (FY 2018: RM100,000.00).

D. INTERNAL AUDIT FUNCTION (CONT'D)

The summary of the activities of the Internal Audit works undertaken during the FY 2019 are as follows:-

- i. Performed risk-based audit on the Group's business units or processes in accordance with the approved Internal Audit Plan, which covered the following areas:
 - (i) Sales Office Audit (Cameron Highlands & Batu Pahat);
 - (ii) Project Accounting & Housing Development Account Management;
 - (iii) Project Management;
 - (iv) Project Closure and Handover Processes;
 - (v) Credit Administration; and
 - (vi) Revenue 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;
- iv. Follow-up on matters or concerns raised by Audit Committee and reported on status periodically; and
- 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 are 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 ("LBS" or "the Company") 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 Company 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 LBS 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.

RISK MANAGEMENT AND INTERNAL CONTROL STRUCTURE

The key processes that the Board has established in reviewing the adequacy and effectiveness of the risk management and internal control system include the following:

Risk Management Framework

- The Risk Management Framework (ERM) at LBS provides the foundation and process to guide the Company on how risks are managed in the Company.
- The ERM 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.
- The Company engages an external service provider, Deloitte Risk Advisory 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 and responds to risks to assist the Company in making sound business decisions. The Audit Committee and Board have an oversight role to review and deliberate on the Company's top risks.
- 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 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 2019 are as follows:
 - (i) Project Management
 - (ii) Project Closure & Handover
 - (iii) Sales Office
 - (iv) Project Accounting/Housing Development Account Management
 - (v) Credit Administration
 - (vi) Revenue Management
- Deloitte 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 Internal Audit Plan approved by the Audit Committee. Follow up audits are performed to ensure the Management Action Plans for any observations identified are timely rectified. The resulting reports from the audits undertaken are presented to the Audit Committee at its regular meetings.
- 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 operational management is responsible for ensuring recommended corrective actions on reported weaknesses are taken within the required time frame.

Statement On Risk Management And Internal Control (Cont'd)

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Securities 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 LBS 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 Transaction

The details of Recurrent Related Party Transaction of the Company entered into during the financial year ended 31 December 2019 pursuant to Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of Bursa Securities was as follows:-

NO.	RELATED PARTY	NATURE OF RECURRENT TRANSACTION	VALUE OF TRANSACTION (RM'000)	NATURE OF RELATIONSHIP BETWEEN LBS GROUP AND THE RELATED PARTY
1	Datin Sri Cheok Kim Lan	Purchase of properties	301.0	Datin Sri Cheok Kim Lan is the spouse of Maj (Hon) Dato' Sri Lim Hock Sing, the Executive Director of the Company.

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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 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiary companies. The principal activities of its subsidiary companies are disclosed in Note 53 to the financial statements.

FINANCIAL RESULTS

	Group RM	Company RM
Net profit for the financial year	88,578,045	28,365,895
Attributable to:		
Owners of the parent	67,511,167	28,365,895
Non-controlling interests	21,066,878	-
	88,578,045	28,365,895

RESERVES AND PROVISIONS

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

DIVIDENDS

Since the end of the last financial year, the Company paid:

	RM
Ordinary Shares	
In respect of the financial year ended 31 December 2018:	
A single-tier first and final dividend of 1.8 sen per ordinary share on 1,558,461,911 ordinary shares, paid on 27 September 2019	28,052,313
Redeemable Convertible Preference Shares ("RCPS")	
In respect of the financial year ended 31 December 2019:	
A preferential dividend of 6.6 sen per RCPS on 95,367,255 RCPS, paid on 10 December 2019	6,294,239
	34,346,552

Directors' Report (Cont'd)

DIVIDENDS (CONT'D)

On 14 May 2020, the Directors proposed a single-tier first and final dividend in respect of the financial year ended 31 December 2019 via share dividend distribution on the basis of 3 treasury shares for every 100 existing ordinary shares held, fractions of treasury shares will be disregarded. The proposed share dividend distribution is subject to the approval of the shareholders at the forthcoming 20th Annual General Meeting of the Company.

The financial statements for the current financial year do not reflect the share dividend distribution proposed on 14 May 2020. Such share dividend distribution will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2020.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from 1,559,026,393 to 1,567,111,011 by way of issuance of 8,084,618 new ordinary shares as follows:

- (a) 360,000 new ordinary shares for cash pursuant to the exercise of options under the Employees' Share Option Scheme ("ESOS") at exercise prices ranging from RM0.51 to RM0.56 per ordinary share.
- (b) 7,724,618 new ordinary shares with the conversion ratio of 11 new ordinary shares for 10 RCPS pursuant to the conversion of 7,022,380 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 28 June 2019, 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.

During the financial year, the Company repurchased 21,197,500 of its issued ordinary shares from the open market. The average price paid for the shares repurchased was RM0.51 per share. The total consideration paid for the repurchase including transaction costs was RM10,844,628. 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.

As at 31 December 2019, the total number of treasury shares held by the Company was 21,317,500 out of the total 1,567,111,011 issued ordinary shares. Further relevant details are disclosed in Note 24 to the financial statements.

WARRANTS

Warrants 2015/2020 ("Warrants B")

The Warrants B were constituted under the Deed Poll dated 3 September 2015.

As at 31 December 2019, the total number of Warrants B that remain unexercised were 99,949,262.

The salient terms of the Warrants B are disclosed in Note 25(e)(ii) to the financial statements.

Details of 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 42 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 each.

Pursuant to the completion of corporate exercises in relation to share subdivision and bonus issue on 27 February 2018, the conversion ratio of any outstanding RCPS has been adjusted to 11 new ordinary shares for every 10 RCPS.

As at 31 December 2019, the total number of RCPS that remain unexercised were 95,367,255.

The salient terms of the RCPS are disclosed in Note 23 to the financial statements.

Details of RCPS issued to Directors are disclosed in the section of Directors' Interests in this report.

Directors' Report (Cont'd)

DIRECTORS

The Directors of the Company in office since the beginning of the current financial year until the date of this report are:

Dato' Seri Lim Bock Seng, SSSA, DPMS, AMN
 Tan Sri Dato' 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 until the date of this report are:

Azhar Bin Mohd Shariff
 Chai Chee Seng
 Chang Bar Kuei
 Chen Kaisheng
 Chin Sui Yin
 Chen Xiao Qi (appointed 11.01.2019)
 Datin Rose Aliza Binti Tok Muda Haji Ahmad Baharuddin
 Dato' Abdul Majit Bin Ahmad Khan, DIMP
 Dato' Beh Hang Kong, DSIS
 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 Hendri Bin Dahlan
 Datuk Lim Lit Chek, DPSM
 Datuk Mohd Anis Hisham Bin Abdul Aziz
 Datuk Pang Shee Pak (appointed 15.01.2019)
 Datuk Yakubah Khan
 Fauziah Binti Tak
 Fu JianGuo
 Lim Kim Hoe
 Loh Kam Seng
 Mohamad Najib Bin Saad
 Muhammad Zameer Bin Mazlan
 Nadhirah Binti Abdul Karim (appointed 01.02.2019)
 Tan Boon Sang
 Tan Seng Teong
 Tong Teek Yam
 Victor Gu Chian Peow
 Wong Kok Ching
 Xia Zong Ming

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 until the date of this report are: (cont'd)

Yeo Chee Chong	
Zhan Jinyuan	
Wong Yuen Meng	(resigned on 01.10.2019)
Maj. Jen. Dato' Mohamed Isa Bin Che Kak (B)	(appointed 24.06.2019)
	(resigned on 30.09.2019)
Wong Kok Fong @ Wong Kam Fatt	(appointed 24.06.2019)
	(resigned on 25.02.2020)
Hazeman @ Hazman Bin Abdul Aziz	(resigned on 07.01.2019)

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 in Malaysia is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

DIRECTORS' INTERESTS IN SHARES

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:

	At 1.1.2019	Number of ordinary shares		At 31.12.2019
		Acquired/ Converted	Transferred (to)/from	
Gaterich Sdn. Bhd.				
Direct Interests				
Tan Sri Dato' 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
LBS Bina Group Berhad				
Direct Interests				
Dato' Seri Lim Bock Seng	2,543,200	-	(2,543,200)	-
Tan Sri Dato' Sri Lim Hock San	28,098,559	2,300,000	-	30,398,559
Datuk Wira Lim Hock Guan	26,311,111	1,000,000	-	27,311,111
Maj (Hon) Dato' Sri Lim Hock Sing	205,000	140,000	-	345,000
Dato' Sri Lim Hock Seong	633,736	-	7,517,180	8,150,916
Dato' Chia Lok Yuen	1,617,000	685,000	-	2,302,000
Dato' Lim Mooi Pang	4,461,903	650,000	-	5,111,903
Datuk Dr. Haji Baharum Bin Haji Mohamed	261,800	-	-	261,800
Datuk Lim Si Cheng	261,800	-	-	261,800

Directors' Report (Cont'd)

DIRECTORS' INTERESTS IN SHARES (CONT'D)

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: (cont'd)

	At 1.1.2019	Number of ordinary shares Acquired/ Converted	Transferred (to)/from	At 31.12.2019
LBS Bina Group Berhad				
Indirect Interests				
Dato' Seri Lim Bock Seng ¹	5,261,080	-	(4,973,980)	287,100
Tan Sri Dato' Sri Lim Hock San ²	639,162,332	11,687,122	-	650,849,454
Datuk Wira Lim Hock Guan ²	637,098,182	11,687,122	-	648,785,304
Maj (Hon) Dato' Sri Lim Hock Sing ¹	547,360	50,000	-	597,360
Dato' Sri Lim Hock Seong ¹	353,375	-	-	353,375

	At 1.1.2019	Number of options over ordinary shares ("ESOS") Granted	Exercised	At 31.12.2019
LBS Bina Group Berhad				
Direct Interests				
Lim Tong Lee	785,400	-	-	785,400
Datuk Dr. Haji Baharum Bin Haji Mohamed	523,600	-	-	523,600
Datuk Lim Si Cheng	523,600	-	-	523,600

	At 1.1.2019	Number of Warrants B Acquired	Transferred (to)/from	At 31.12.2019
LBS Bina Group Berhad				
Direct Interests				
Dato' Seri Lim Bock Seng	847,000	-	(847,000)	-
Datuk Wira Lim Hock Guan	4,327,598	-	-	4,327,598
Maj (Hon) Dato' Sri Lim Hock Sing	453,750	-	-	453,750
Dato' Sri Lim Hock Seong	-	-	2,210,450	2,210,450
Dato' Chia Lok Yuen	2,101,000	201,000	-	2,302,000
Indirect Interests				
Dato' Seri Lim Bock Seng ¹	1,444,300	-	(1,363,450)	80,850
Tan Sri Dato' Sri Lim Hock San ²	35,721,320	-	-	35,721,320
Datuk Wira Lim Hock Guan ²	35,521,285	-	-	35,521,285
Maj (Hon) Dato' Sri Lim Hock Sing ¹	106,700	-	-	106,700

DIRECTORS' INTERESTS IN SHARES (CONT'D)

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: (cont'd)

	At 1.1.2019	Number of RCPS		At 31.12.2019
		Acquired	Converted/ Disposed	
LBS Bina Group Berhad				
Direct Interests				
Datuk Dr. Haji Baharum Bin Haji Mohamed	23,800	-	-	23,800
Datuk Lim Si Cheng	23,800	-	-	23,800
Indirect Interests				
Tan Sri Dato' Sri Lim Hock San ²	30,123,020	-	29,965,020	158,000
Datuk Wira Lim Hock Guan ²	29,965,020	-	29,965,020	-
Maj (Hon) Dato' Sri Lim Hock Sing ¹	38,800	-	-	38,800
Dato' Sri Lim Hock Seong ¹	20,750	-	-	20,750

Note:

¹ Deemed interests pursuant to Section 59(11)(c) of the Companies Act 2016 by virtue of his spouse's and/or child's direct interests in the Company.

² Deemed interests pursuant to Section 59(11)(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.

By virtue of their interests in the shares of the Company, Tan Sri Dato' 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 benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 46(c) 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 46(b) 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 those arising from RCPS, warrants and ESOS.

Directors' Report (Cont'd)

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 Group and of the Company were RM20 million and RM30,000 respectively. No indemnity was given to or insurance effected for auditors of the Group and of the Company.

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

OTHER STATUTORY INFORMATION (CONT'D)

(d) In the opinion of the Directors: (cont'd)

- (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.

SUBSEQUENT EVENTS

The subsequent events are disclosed in Note 50 to the financial statements.

HOLDING COMPANY

The Directors regard Gaterich Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia, as holding company.

SUBSIDIARY COMPANIES

The details of the subsidiary companies are disclosed in Note 53 to the financial statements.

AUDITORS

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

The details of auditors' remuneration are disclosed in Note 39 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 18 May 2020.

TAN SRI DATO' SRI LIM HOCK SAN

MAJ (HON) DATO' SRI LIM HOCK SING

KUALA LUMPUR

Statement By Directors

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 172 to 354 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 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 18 May 2020.

TAN SRI DATO' SRI LIM HOCK SAN

MAJ (HON) DATO' SRI LIM HOCK SING

KUALA LUMPUR

Statutory Declaration

Pursuant to Section 251(1)(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 172 to 354 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 18 May 2020)

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

[Registration No.: 200001015875 (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 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 172 to 354.

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 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key audit matters

How we addressed the key audit matters

1. Carrying amount of land held for property development and property development costs and revenue recognition

The Group's assessment of the carrying amount of land held for property development 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 held for property development and property development costs and gross profit recognised.

There is also a risk that costs are inappropriately recognised within land held for property development and property development costs or that the allocation of costs that relate to the whole projects, such as land and infrastructure costs, is inappropriate across development phases, resulting in a material misstatement of land held for property development and property development costs or gross profit of each project.

We checked the revenue recognised, on a sample basis, by agreeing to the contracted selling price of the property development units and multiplied with their respective stage of completion.

We checked the stage of completion of property development projects, on a sample basis, to internal or external quantity surveyors' certifications.

We tested the operating effectiveness of the key controls in respect of the review and approval of project cost budgets to assess the reliability of these budgets and the determination of the extent of costs incurred to-date.

We corroborated, on a sample basis, the certified stage of completion with the level of completion based on actual costs incurred to-date over the estimated total property development costs.

We agreed, on a sample basis, costs incurred to supporting documentation such as subcontractor claim certificates and invoices from vendors.

We checked the reasonableness of the estimated total property development costs of major projects, allocation of costs and subsequent changes to the costs by agreeing to supporting documentation such as approved budgets, letter of awards, contracts, quotations, correspondences, contracts and variation orders with sub-contractors.

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.

Independent Auditors' Report To the Members of LBS Bina Group Berhad (Cont'd)

[Registration No.: 200001015875 (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 MFRS 136 *Impairment of Assets*. The estimation of recoverable amount is complex and significant judgement is required for estimates, specifically cash flows 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.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As 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 of the Company's internal control.

Independent Auditors' Report To the Members of LBS Bina Group Berhad (Cont'd)

[Registration No.: 200001015875 (518482-H)]

(Incorporated in Malaysia)

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

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: (cont'd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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 53 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: 03307/06/2021 J
Chartered Accountant

KUALA LUMPUR
18 May 2020

Statements of Financial Position

As At 31 December 2019

			Group
	Note	2019 RM	2018 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	42,054,415	347,040,161
Right-of-use assets	5	310,928,483	-
Capital work-in-progress	6	84,800,715	52,059,381
Inventories	7	1,478,792,061	1,520,285,553
Investment properties	8	164,247,318	169,150,256
Investment in associates	10	2,561,521	2,772,019
Other investments	11	50,392,672	74,142,778
Intangible assets	12	1,526,911	2,332,993
Goodwill on consolidation	13	113,165,843	113,507,956
Trade receivables	14	3,368,268	1,039,164
Total non-current assets		2,251,838,207	2,282,330,261
Current assets			
Inventories	7	825,463,666	835,956,105
Contract assets	15	388,233,630	204,090,054
Trade receivables	14	409,942,829	710,190,481
Other receivables	16	119,643,263	94,282,067
Amount due from an associate	18	12,296	40,000
Other investments	11	9,620,634	3,125,358
Tax recoverable		4,744,821	3,311,367
Fixed deposits with licensed banks	19	58,166,355	38,919,298
Cash held under Housing Development Accounts	20	105,407,345	123,035,817
Cash and bank balances	21	112,829,690	78,201,635
Assets held for sale	22	2,034,064,529 4,087,940	2,091,152,182 -
Total current assets		2,038,152,469	2,091,152,182
Total assets		4,289,990,676	4,373,482,443

			Group
	Note	2019 RM	2018 RM
EQUITY AND LIABILITIES			
Equity			
Share capital	23	922,473,410	922,232,339
Treasury shares	24	(10,932,709)	(88,081)
Other reserves	25	(161,956,290)	(140,161,978)
Retained earnings		599,070,312	567,471,557
Equity attributable to owners of the parent		1,348,654,723	1,349,453,837
Non-controlling interests		109,809,808	67,600,591
Total equity		1,458,464,531	1,417,054,428
Non-current liabilities			
Trade payables	26	449,003,146	436,312,475
Other payables	27	49,892,363	51,259,602
Finance lease payables	28	-	34,809,689
Lease liabilities	29	27,553,165	-
Bank borrowings	30	498,755,480	547,632,816
Sukuk Murabahah ("Sukuk")	31	84,824,000	89,276,000
Deferred tax liabilities	34	3,722,975	6,206,120
Total non-current liabilities		1,113,751,129	1,165,496,702
Current liabilities			
Contract liabilities	15	53,928,881	53,026,390
Trade payables	26	516,783,000	545,966,499
Other payables	27	444,609,479	496,250,832
Bank overdrafts	32	93,794,619	105,469,116
Finance lease payables	28	-	11,365,126
Lease liabilities	29	14,349,509	-
Bank borrowings	30	510,001,584	457,986,623
Sukuk Murabahah ("Sukuk")	31	4,452,000	9,659,242
Redeemable Convertible Preference Shares ("RCPS")	33	20,000,000	50,000,000
Amount due to holding company	35	-	7,020,154
Amount due to an associate	18	7,200	-
Tax payable		59,848,744	54,187,331
Total current liabilities		1,717,775,016	1,790,931,313
Total liabilities		2,831,526,145	2,956,428,015
Total equity and liabilities		4,289,990,676	4,373,482,443

Statements of Financial Position As At 31 December 2019 (Cont'd)

			Company
	Note	2019 RM	2018 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	3,375	3,825
Investment in subsidiary companies	9	636,645,011	635,836,841
Amount due from subsidiary companies	17	284,964,594	-
Total non-current assets		921,612,980	635,840,666
Current assets			
Other receivables	16	2,049,962	1,169,395
Other investments	11	2,168,854	2,092,671
Amount due from subsidiary companies	17	275,844,335	531,653,272
Fixed deposits with licensed banks	19	25,131,609	24,690,982
Cash and bank balances	21	10,230,119	3,405,754
Total current assets		315,424,879	563,012,074
Total assets		1,237,037,859	1,198,852,740

		Company	
	Note	2019 RM	2018 RM
EQUITY AND LIABILITIES			
Equity			
Share capital	23	922,473,410	922,232,339
Treasury shares	24	(10,932,709)	(88,081)
Other reserves	25	4,481,102	5,007,687
Retained earnings		41,450,749	46,962,112
Total equity		957,472,552	974,114,057
Non-current liability			
Bank borrowings	30	49,000,000	27,300,000
Total non-current liability		49,000,000	27,300,000
Current liabilities			
Other payables	27	1,461,728	1,685,956
Bank overdrafts	32	2,500,588	25,060,602
Bank borrowings	30	219,454,878	161,949,216
Amount due to subsidiary companies	17	-	1,003,662
Tax payable		7,148,113	7,739,247
Total current liabilities		230,565,307	197,438,683
Total liabilities		279,565,307	224,738,683
Total equity and liabilities		1,237,037,859	1,198,852,740

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 2019

			Group
	Note	2019 RM	2018 RM
Revenue	36	1,325,259,784	1,122,088,131
Cost of sales	37	(954,007,764)	(762,296,139)
Gross profit		371,252,020	359,791,992
Other income		22,580,088	18,257,277
Administrative and operating expenses		(179,296,137)	(178,238,906)
Net (loss)/gain on impairment of financial instruments and contract assets		(122,237)	2,245,764
Profit from operations		214,413,734	202,056,127
Finance costs	38	(60,389,404)	(42,937,640)
Share of profit of associates, net of tax		40,514	16,163
Profit before tax	39	154,064,844	159,134,650
Taxation	40	(65,486,799)	(65,131,554)
Net profit for the financial year		88,578,045	94,003,096
Other comprehensive income, net of tax:			
Change of stakes in subsidiary companies		1,799,856	(19,697,914)
Exchange translation differences for foreign operations		(886,887)	628,476
Net fair value changes of financial assets measured at fair value through other comprehensive income ("FVTOCI")		12,952,860	(10,009,066)
		13,865,829	(29,078,504)
Total comprehensive income for the financial year		102,443,874	64,924,592

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Statements of Changes in Equity

For the Financial Year Ended 31 December 2019

Group	Attributable to owners of the parent					Total RM	Non-controlling interstes RM	Total equity RM
	Share capital RM	RCPS RM	Other reserves RM	Treasury shares RM	Retained earnings RM			
At 1 January 2018								
- as previously reported	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
- effect of adopting MFRS 9 and MFRS 15	-	-	-	-	(1,805,971)	(1,805,971)	362,975	(1,442,996)
At 1 January 2018, as restated	775,285,125	125,908,164	(141,436,858)	(88,081)	522,845,348	1,282,513,698	89,945,228	1,372,458,926
Net profit for the financial year	-	-	-	-	85,559,950	85,559,950	8,443,146	94,003,096
Changes of stakes in subsidiary companies	-	-	12,194,347	-	-	12,194,347	(31,892,261)	(19,697,914)
Foreign exchange translation reserve	-	-	1,217,521	-	-	1,217,521	(589,045)	628,476
Net fair value changes of financial assets measured at FVTOCI	-	-	(10,009,066)	-	-	(10,009,066)	-	(10,009,066)
Total comprehensive income for the financial year	-	-	3,402,802	-	85,559,950	88,962,752	(24,038,160)	64,924,592

Group	Note	Attributable to owners of the parent					Non-controlling interests RM	Total equity RM	
		Share capital RM	RCPS RM	Other reserves RM	Treasury shares RM	Retained earnings RM			
Transactions with owners:									
Changes in ownership interest in subsidiary companies	9(c)	-	-	(4,904)	-	-	(4,904)	1,503,671	1,498,767
Net changes of non-controlling interests	9(b)	-	-	-	-	-	-	189,852	189,852
Dividends to owner of the parent	44	-	-	-	-	(41,013,306)	(41,013,306)	-	(41,013,306)
Issuance of ordinary shares:									
- Exercise of ESOS	23, 25(b)	7,027,093	-	(1,895,068)	-	-	5,132,025	-	5,132,025
- Conversion of RCPS	23	13,279,565	(13,279,565)	-	-	-	-	-	-
- Exercise of warrants	23, 25(e)	14,011,957	-	(148,385)	-	-	13,863,572	-	13,863,572
Realisation of ESOS reserve	25(b)	-	-	(79,565)	-	79,565	-	-	-
		34,318,615	(13,279,565)	(2,127,922)	-	(40,933,741)	(22,022,613)	1,693,523	(20,329,090)
At 31 December 2018		809,603,740	112,628,599	(140,161,978)	(88,081)	567,471,557	1,349,453,837	67,600,591	1,417,054,428

Statements of Changes in Equity For the Financial Year Ended 31 December 2019 (Cont'd)

Group	Note	Attributable to owners of the parent					Non-controlling interests	Total equity
		Share capital	RCPS	Other reserves	Treasury shares	Retained earnings		
		RM	RM	RM	RM	RM	RM	RM
At 1 January 2019								
- as previously reported		809,603,740	112,628,599	(140,161,978)	(88,081)	567,471,557	1,349,453,837	67,600,591
- effect of adopting MFRS 16	2(a)	-	-	-	-	8,664	8,664	-
At 1 January 2019, as restated		809,603,740	112,628,599	(140,161,978)	(88,081)	567,480,221	1,349,462,501	67,600,591
Net profit for the financial year		-	-	-	-	67,511,167	67,511,167	21,066,878
Changes of stakes in subsidiary companies		-	-	(16,977,345)	-	-	(16,977,345)	18,777,201
Changes in equity interest		-	-	(509,124)	-	-	(509,124)	509,124
Foreign exchange translation reserve		-	-	(1,284,419)	-	-	(1,284,419)	397,532
Net fair value changes of financial assets measured at FVTOCI		-	-	12,952,860	-	-	12,952,860	-
Transfer upon the disposal of equity investment designated at FVTOCI		-	-	2,043,818	-	(2,043,818)	-	-
Total comprehensive income for the financial year		-	-	(3,774,210)	-	65,467,349	61,693,139	40,750,735

Group	Note	Attributable to owners of the parent					Non-controlling interests RM	Total equity RM	
		Share capital RM	RCPS RM	Other reserves RM	Treasury shares RM	Distributable Retained earnings RM			
		Total RM							
Transactions with owners:									
Changes in ownership interest in subsidiary companies	9(c)	-	-	(17,493,517)	-	-	(17,493,517)	1,458,482	(16,035,035)
Dividends to owners of the parent	44	-	-	-	-	(34,346,552)	(34,346,552)	-	(34,346,552)
Issuance of ordinary shares:									
- Exercise of ESOS	23, 25(b)	241,071	-	(57,291)	-	-	183,780	-	183,780
- Conversion of RCPS	23	7,724,618	(7,724,618)	-	-	-	-	-	-
Realisation of ESOS reserve	25(b)	-	-	(469,294)	-	469,294	-	-	-
Shares repurchased	24	-	-	-	(10,844,628)	-	(10,844,628)	-	(10,844,628)
		7,965,689	(7,724,618)	(18,020,102)	(10,844,628)	(33,877,258)	(62,500,917)	1,458,482	(61,042,435)
At 31 December 2019		817,569,429	104,903,981	(161,956,290)	(10,932,709)	599,070,312	1,348,654,723	109,809,808	1,458,464,531

Statements of Changes in Equity For the Financial Year Ended 31 December 2019 (Cont'd)

Company	Note	Non - distributable					Distributable		Total RM
		Share capital RM	RCPS RM	ESOS reserves RM	Warrants reserves RM	Treasury shares RM	Fair value reserves RM	Retained earnings RM	
At 1 January 2018		775,285,125	125,908,164	6,982,320	24,976,447	(88,081)	(24,828,062)	61,351,685	969,587,598
Net profit for the financial year, representing total comprehensive income for the financial year		-	-	-	-	-	-	26,544,168	26,544,168
Transactions with owners:									
Dividends to owners of the parent	44	-	-	-	-	-	-	(41,013,306)	(41,013,306)
Issuance of ordinary shares:									
- Exercise of ESOS	23, 25(b)	7,027,093	-	(1,895,068)	-	-	-	-	5,132,025
- Conversion of RCPS	23	13,279,565	(13,279,565)	-	-	-	-	-	-
- Exercise of warrants	23, 25(e)	14,011,957	-	-	(148,385)	-	-	-	13,863,572
Realisation of warrants reserves	25(e)	-	-	-	(3,475,239)	-	3,475,239	-	-
Realisation of ESOS reserve	25(b)	-	-	(79,565)	-	-	-	79,565	-
		34,318,615	(13,279,565)	(1,974,633)	(3,623,624)	-	3,475,239	(40,933,741)	(22,017,709)
At 31 December 2018		809,603,740	112,628,599	5,007,687	21,352,823	(88,081)	(21,352,823)	46,962,112	974,114,057

Company	Note	Non - distributable					Distributable		Total RM
		Share capital RM	RCPS RM	ESOS reserves RM	Warrants reserves RM	Treasury Shares RM	Fair value reserves RM	Retained earnings RM	
At 1 January 2019		809,603,740	112,628,599	5,007,687	21,352,823	(88,081)	(21,352,823)	46,962,112	974,114,057
Net profit for the financial year, representing total comprehensive income for the financial year		-	-	-	-	-	-	28,365,895	28,365,895
Transactions with owners:									
Dividends to owners of the parent	44	-	-	-	-	-	-	(34,346,552)	(34,346,552)
Issuance of ordinary shares:									
- Exercise of ESOS	23, 25(b)	241,071	-	(57,291)	-	-	-	-	183,780
- Conversion of RCPS	23	7,724,618	(7,724,618)	-	-	-	-	-	-
Realisation of ESOS reserve	25(b)	-	-	(469,294)	-	-	-	469,294	-
Shares repurchased	24	-	-	-	-	(10,844,628)	-	-	(10,844,628)
		7,965,689	(7,724,618)	(526,585)	-	(10,844,628)	-	(33,877,258)	(45,007,400)
At 31 December 2019		817,569,429	104,903,981	4,481,102	21,352,823	(10,932,709)	(21,352,823)	41,450,749	957,472,552

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

Statements of Cash Flows

For the Financial Year Ended 31 December 2019

	2019 RM	Group 2018 RM
Cash flows from operating activities		
Profit before tax	154,064,844	159,134,650
Adjustments for:		
Allowance for impairment losses on:		
- Contract assets	157,164	-
- Goodwill arising on consolidation	342,113	4,645,352
- Investment in associates	250,826	171,717
- Investment properties	24,437	284,328
- Other investments	150,000	188,000
- Property, plant and equipment	15,223	-
- Trade and other receivables	1,903,906	2,802,423
Amortisation of intangible assets	806,082	-
Bad debts written off	691,046	822,505
Waiver of interest income	1,039,057	265,827
Depreciation of:		
- Investment properties	2,477,337	3,050,014
- Property, plant and equipment	10,102,524	24,666,747
- Right-of-use assets	21,211,644	-
Capital work-in-progress written off	255,839	-
Deposits written off	175,453	2,000,000
Finance costs	60,389,404	42,937,640
Other investment written off	-	15,500
Property, plant and equipment written off	136,161	427,895
Property development costs written off	11,537	2,016,280
Fair value (gain)/loss on revaluation of financial assets measured at fair value through profit or loss ("FVTPL")	(16,029)	2,385
Fair value adjustment on trade receivables	117,083	352,034
Share of profit of associates, net of tax	(40,514)	(16,163)
Unrealised gain on foreign exchange	(73,415)	(732,050)
Balance carried down	254,191,722	243,035,084

	2019 RM	Group 2018 RM
Balance brought down	254,191,722	243,035,084
Dividend income from:		
- Financial assets measured at FVTOCI	(1,459,042)	(1,413,473)
- Financial assets measured at FVTPL	(479,247)	(106,608)
Loss/(Gain) on disposal of:		
- Investment properties	89,459	-
- Investment in a subsidiary company	-	(1,520,970)
- Property, plant and equipment	(256,003)	(389,030)
- Right-to-use-assets	(445,393)	-
Contingency sum provided in prior years no longer required	(23,870,304)	(37,608,746)
Interest income	(5,668,510)	(5,063,524)
Provision for claims and staff economic compensation	598,816	617,108
Reversal of allowance for impairment losses on trade and other receivables	(1,938,833)	(5,048,187)
Waiver of debts	(54,055)	-
Operating profit before working capital changes	220,708,610	192,501,654

Statements of Cash Flows

For the Financial Year Ended 31 December 2019 (Cont'd)

	2019 RM	Group 2018 RM
Operating profit before working capital changes (cont'd)	220,708,610	192,501,654
Changes in working capital:		
Inventories	80,587,463	(261,343,229)
Contract assets	(184,300,740)	157,513,472
Contract liabilities	902,491	19,375,298
Trade receivables	296,770,586	(112,122,158)
Other receivables	(19,476,491)	20,854,448
Trade payables	80,999,459	118,307,292
Other payables	(25,640,013)	(55,824,440)
Amount due from an associate	(12,296)	(40,000)
Foreign exchange reserve	3,119,910	2,366,434
	232,950,369	(110,912,883)
Cash generated from operations	453,658,979	81,588,771
Dividends received	1,459,042	1,413,473
Interest received	5,668,510	5,063,524
Interest paid	(93,503,709)	(82,453,994)
Tax paid	(65,937,321)	(51,580,600)
Tax refund	3,108,417	104,016
	(149,205,061)	(127,453,581)
Net cash from/(used in) operating activities	304,453,918	(45,864,810)

	Noted	2019 RM	Group 2018 RM
Cash flows from investing activities			
Additional investment in:			
- An associate		-	(15,000)
- Subsidiary companies		(3,839,469)	(35,943,541)
- Financial assets measured at FVTPL		(32,046,738)	(1,000,000)
Capital work-in-progress incurred		(48,628,672)	(32,921,840)
Net cash outflows from acquisition of subsidiary companies	9(b)	-	(12,176,876)
Net cash inflows from disposal of a subsidiary company	9(f)	-	2
Proceeds from disposal of:			
- Financial assets measured at FVTOCI		36,180,082	-
- Financial assets measured at FVTPL		26,046,738	-
- Investment properties		358,299	-
- Property, plant and equipment		558,250	3,772,723
- Right-to-use-assets		652,433	-
Purchase of:			
- Investment properties	8(d)	-	(3,727,555)
- Property, plant and equipment	4(e)	(10,271,158)	(51,780,116)
- Right-to-use assets	5(c)	(3,114,089)	-
Deposits and consideration paid for the acquisition and joint venture of development lands		(104,963,059)	(143,740,733)
Repayment of prior years' investment in subsidiary companies and associates		(13,935,000)	(25,605,500)
Net cash used in investing activities		(153,002,383)	(303,138,436)

Statements of Cash Flows

For the Financial Year Ended 31 December 2019 (Cont'd)

	Note	2019 RM	Group 2018 RM
Cash flows from financing activities			
Increase in fixed deposits pledged		(18,983,232)	(13,799,106)
(Increase)/Decrease in cash and bank balances pledged		(4,883,254)	3,218,590
Drawdown of bank borrowings		811,588,666	575,960,599
Drawdown of RCPS		-	50,000,000
Drawdown of Sukuk		-	100,500,000
Repayment of bank borrowings		(809,902,277)	(395,443,335)
Repayment of RCPS		(30,000,000)	-
Repayment of Sukuk		(9,659,242)	(1,564,758)
Dividends paid		(34,346,552)	(69,193,686)
Net movement of amount due to holding company		(7,020,154)	(3,246,854)
Purchase of treasury shares		(10,844,628)	-
Proceeds from:			
- Exercise of ESOS		183,780	5,132,025
- Exercise of warrants		-	13,863,572
- Exercise of warrants in a subsidiary company by non-controlling interests		13,500	2,520,390
Repayment of finance lease payables		-	(6,075,191)
Payment of lease liabilities		(13,358,794)	-
Net cash (used in)/from financing activities		(127,212,187)	261,872,246
Net increase/(decrease) in cash and cash equivalents		24,239,348	(87,131,000)
Effects of exchange translation differences on cash and cash equivalents		(184,697)	790,630
Cash and cash equivalents at the beginning of the financial year		92,217,307	178,557,677
Cash and cash equivalents at the end of the financial year		116,271,958	92,217,307
Cash and cash equivalents at the end of the financial year comprises:			
Fixed deposits with licensed banks		58,166,355	38,919,298
Cash held under Housing Development Accounts		105,407,345	123,035,817
Cash and bank balances		112,829,690	78,201,635
Bank overdrafts		(93,794,619)	(105,469,116)
		182,608,771	134,687,634
Less: Fixed deposits pledged to licensed banks	19	(57,615,678)	(38,632,446)
Cash and bank balances pledged	21	(8,721,135)	(3,837,881)
		116,271,958	92,217,307

	Company	
	2019 RM	2018 RM
Cash flows from operating activities		
Profit before tax	31,011,478	33,535,904
Adjustments for:		
Dividend income from financial assets measured at FVTPL	(70,385)	(71,222)
Depreciation of property, plant and equipment	450	450
Finance costs	15,524,347	13,715,875
Unrealised loss/(gain) on foreign exchange	83,434	(511,453)
Allowance for impairment losses on investment in a subsidiary company	99	999
Fair value gain on revaluation of financial assets measured at FVTPL	(5,798)	(313)
Interest income	(16,218,205)	(37,816,247)
Dividend income	(35,530,000)	(17,689,043)
Operating loss before working capital changes	(5,204,580)	(8,835,050)
Changes in working capital:		
Other receivables	(880,567)	2,213,627
Other payables	(224,228)	898,786
Amount due to subsidiary companies	203,559	444,640
	(901,236)	3,557,053
Cash used in operations	(6,105,816)	(5,277,997)
Dividends received	35,530,000	17,689,043
Interest received	15,752,434	37,816,247
Interest paid	(16,150,511)	(13,715,875)
Tax paid	(3,236,717)	(870,356)
	31,895,206	40,919,059
Net cash from operating activities	25,789,390	35,641,062

Statements of Cash Flows

For the Financial Year Ended 31 December 2019 (Cont'd)

		2019 RM	Company 2018 RM
	Note		
Cash flows from investing activities			
Additional investment in subsidiary companies		(808,269)	(21,501,581)
Net movement of amount due from subsidiary companies		(28,893,445)	(42,306,572)
Net cash used in investing activities		(29,701,714)	(63,808,153)
Cash flows from financing activities			
Dividends paid		(34,346,552)	(69,193,686)
Increase in fixed deposits pledged		(176,200)	(12,362,935)
(Increase)/Decrease in cash and bank balances pledged		(533,681)	359,470
Drawdown of bank borrowings		112,500,000	108,000,000
Repayment of bank borrowings		(32,667,800)	(48,783,701)
Net movement of amount due to subsidiary companies		(1,004,036)	854,626
Purchase of treasury shares		(10,844,628)	-
Proceeds from:			
- Exercise of ESOS		183,780	5,132,025
- Exercise of warrants		-	13,863,572
Net cash from/(used in) financing activities		33,110,883	(2,130,629)
Net increase/(decrease) in cash and cash equivalents		29,198,559	(30,297,720)
Effects of exchange translation differences on cash and cash equivalents		(83,434)	511,453
Cash and cash equivalents at the beginning of the financial year		(21,776,778)	8,009,489
Cash and cash equivalents at the end of the financial year		7,338,347	(21,776,778)
Cash and cash equivalents at the end of the financial year comprises:			
Fixed deposits with licensed banks		25,131,609	24,690,982
Cash and bank balances		10,230,119	3,405,754
Bank overdrafts		(2,500,588)	(25,060,602)
		32,861,140	3,036,134
Less: Fixed deposits pledged to licensed banks	19	(24,867,182)	(24,690,982)
Cash and bank balances pledged	21	(655,611)	(121,930)
		7,338,347	(21,776,778)

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

Notes to the Financial Statements

31 December 2019

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 are 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 its subsidiary companies. The principal activities of its subsidiary companies are disclosed in Note 53. 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 Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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

Adoption of new and amended standards

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

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Annual Improvements to MFRSs 2015 - 2017 Cycle:	
<ul style="list-style-type: none"> • Amendments to MFRS 3 • Amendments to MFRS 11 • Amendments to MFRS 112 • Amendments to MFRS 123 	

The adoption of the new standards and amendments to standards did not have any significant impact on the financial statements of the Group and of the Company, except for:

MFRS 16 Leases

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, IC Interpretation 4 *Determining whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Leases - Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Notes to the Financial Statements

31 December 2019 (Cont'd)

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

Adoption of new and amended standards (cont'd)

The adoption of the new standards and amendments to standards did not have any significant impact on the financial statements of the Group and of the Company, except for: (cont'd)

MFRS 16 Leases (cont'd)

As a result of the adoption of MFRS 16, the existing requirements for a lessee to distinguish between finance leases and operating leases under the MFRS 117 *Leases* are no longer required. MFRS 16 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 ("ROU") 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 ROU 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 statements of cash flows.

The ROU 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.

As permitted by the transitional provision of MFRS 16, the Group has elected to adopt a simplified transition approach where cumulative effects of initial application are recognised on 1 January 2019 as an adjustment to the opening balance of retained earnings.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the ROU asset and the lease liability at 1 January 2019 are determined to be the same as the carrying amount of the lease asset and lease liability under MFRS 117 immediately before that date.

The Group has also applied the following practical expedients when applying MFRS 16 to lease previously classified as operating lease under MFRS 117:

- Applied a single discount rate to portfolio of leases with reasonably similar characteristics.
- The Group does not apply the standard to leases which lease terms end within 12 months from 1 January 2019.
- No adjustments are made on transition for leases for which the underlying assets are of low value.
- Excluded initial direct costs from measuring the ROU assets at the date of initial application.
- The Group uses hindsight in determining lease terms for contracts that contain options for extension or termination.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

Adoption of new and amended standards (cont'd)

The adoption of the new standards and amendments to standards did not have any significant impact on the financial statements of the Group and of the Company, except for: (cont'd)

MFRS 16 Leases (cont'd)

As a result, the leasehold land under property, plant and equipment classification have been reclassified to ROU assets on 1 January 2019 for the Group.

Impact arising from the adoption of MFRS 16 on the financial statements of the Group are as follows:

	As at 31.12.2018 RM	MFRS 16 adjustments RM	As at 1.1.2019 RM
Statements of Financial Position			
Non-current assets			
Property, plant and equipment	347,040,161	(305,845,838)	41,194,323
Right-of-use assets	-	307,290,180	307,290,180
Investment in associates	-	(185)	(185)
Equity			
Retained earnings	567,471,557	8,664	567,480,221
Non-current liabilities			
Finance lease payables	34,809,689	(34,809,689)	-
Lease liabilities	-	35,514,174	35,514,174
Deferred tax liabilities	6,206,120	5,444	6,211,564
Current liabilities			
Finance lease payables	11,365,126	(11,365,126)	-
Lease liabilities	-	12,090,690	12,090,690

Notes to the Financial Statements

31 December 2019 (Cont'd)

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

Standards issued but not yet effective

The Group and the Company have not applied the following new standards and amendments to standards 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
Amendments to References to the Conceptual Framework in MFRS Standards		1 January 2020
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new standards and amendments to standards, if applicable, when they become effective.

The initial application of the above-mentioned new standards and amendments to standards are not expected to have any significant impacts on the financial statements of the Group and of the Company.

(b) Functional and presentation currency

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

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions

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

Judgements

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Satisfaction of performance obligations in relation to contracts with customers

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations.

The Group recognises revenue over time in the following circumstances:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (b) the Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date; and
- (c) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

Classification between investment properties and inventories

The Group has developed certain criteria based on MFRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

The Group has temporarily sub-let some completed unsold properties but has decided not to treat these properties as investment properties as it is not the Group's intention to hold these properties in the long-term for capital appreciation or rental income but rather for sale. Accordingly, these properties are classified as inventories. The carrying amounts of these inventories as at reporting date are RM50,838,946 (2018: RM33,189,118).

Notes to the Financial Statements

31 December 2019 (Cont'd)

2. BASIS OF PREPARATION (CONT'D)

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

Judgements (cont'd)

Determining the lease term of contracts with renewal options - the Group as lessee

The Group determines the lease term with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether to exercise the option to renew the lease. It considers all relevant factors that create an economic incentive for it to exercise the renewal option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

The Group includes the renewal period as part of the lease term for such leases. The Group typically exercises its option to renew for those leases with renewal option.

Key sources of estimation uncertainty

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

- (i) Useful lives of property, plant and equipment, right-of-use ("ROU") assets and investment properties

The Group regularly reviews the estimated useful lives of property, plant and equipment, ROU assets 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, ROU assets and investment properties would increase the recorded depreciation and decrease the value of property, plant and equipment, ROU assets and investment properties. The carrying amount at the reporting date for property, plant and equipment, ROU assets and investment properties are disclosed in Notes 4, 5 and 8 respectively.

- (ii) 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 9.

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 associates

The Group reviews its investment in associates 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 associates operate.

The carrying amounts at the reporting date for investment in associates are disclosed in Note 10.

(iv) 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 13.

(v) 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 34.

(vi) 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 7.

Notes to the Financial Statements

31 December 2019 (Cont'd)

2. BASIS OF PREPARATION (CONT'D)

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

Key sources of estimation uncertainty (cont'd)

(vii) Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement, the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of goods and rendering of services are based on invoiced values. Discounts are not considered as they are only given in rare circumstances.

(viii) Revenue from construction contracts

Construction revenue and costs are recognised over the period of the contract in the profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the estimated total construction costs. The total estimated construction costs are based on approved budgets, which require assessments and judgements to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, the Group evaluates based on past experience, the work of specialists and a continuous monitoring mechanism.

The contract assets and contract liabilities of the Group arising from construction contracts are disclosed in Note 15.

(ix) Revenue from property development contracts

Revenue is recognised when the control of the asset is transferred to the customers and, depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfers over time, the Group recognises property development revenue and costs over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation at the reporting date. This is measure based on the proportion of property development costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total property development costs of the contract.

Significant judgements are used to estimate these total property development costs to complete the contracts. In making these estimates, management relies on past experience, the work of specialists and a continuous monitoring mechanism.

2. BASIS OF PREPARATION (CONT'D)

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

Key sources of estimation uncertainty (cont'd)

(ix) Revenue from property development contracts (cont'd)

The carrying amount of assets and liabilities of the Group arising from property development activities are disclosed in Note 15.

(x) Provision for expected credit loss of financial assets at amortised cost

The Group uses a provision matrix to calculate expected credit loss for trade receivables. The provision rates are based on number of days past due.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate. The Group's historical credit loss experience and forecast of economic conditions may not be representative of customer's actual default in the future. Information about the expected credit loss on the Group's trade receivables is disclosed in Note 14.

(xi) Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

(xii) 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 42.

Notes to the Financial Statements 31 December 2019 (Cont'd)

2. BASIS OF PREPARATION (CONT'D)

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

Key sources of estimation uncertainty (cont'd)

(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.

(xiv) 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 2019, the Group has tax recoverable and tax payable of RM4,744,821 and RM59,848,744 (2018: RM3,311,367 and RM54,187,331) respectively. As at 31 December 2019, the Company has tax payable of RM7,148,113 (2018: RM7,739,247).

(xv) 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 48(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.

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.

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 combination 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 instrument and within the scope of MFRS 9 *Financial Instruments* 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(o)(i) on impairment of non-financial assets.

Notes to the Financial Statements

31 December 2019 (Cont'd)

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 interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (i.e. 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(o) (i) on impairment of non-financial assets.

(b) Investment in associates

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Investment in associates (cont'd)

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

An associate is accounted for either at cost or equity method as described in MFRS 128 from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investment in an associate 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 associate after the date of acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

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

The financial statements of the associates 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.

The requirements of MFRS 136 *Impairment of Assets* are applied to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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

Notes to the Financial Statements

31 December 2019 (Cont'd)

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(o)(i) on impairment of non-financial assets.

(d) Foreign currency translation

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Foreign currency translation (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.

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 associates that includes a foreign operation while retaining significant influence, 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(o)(i) on impairment of non-financial assets.

(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.

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.

Notes to the Financial Statements

31 December 2019 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Property, plant and equipment (cont'd)

(i) Recognition and measurement (cont'd)

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) on investment properties.

(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 straight-line basis to write off the cost of each asset to its residual value over its estimated useful life.

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

Motor vehicles	5 years
Office equipment, furniture and fittings	2 to 10 years
Renovations	5 to 10 years
Plant, machinery and equipment	3 to 30 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.

Leasehold land and buildings and motor racing circuit

The above accounting policies for property, plant and equipment applies to leasehold land and buildings and motor racing circuit until 31 December 2018. The leasehold land and buildings and motor racing circuit were depreciated over the remaining lease period and 20 years respectively.

Following the adoption of MFRS 16 Leases on 1 January 2019, the Group has reclassified the carrying amount of the leasehold land and buildings and motor racing circuit to ROU assets. The policy of recognition and measurement of the ROU assets is in accordance with Note 3(r) on Leases.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Capital work-in-progress

Capital work-in-progress consists of buildings under construction for intended use. The amount is stated at cost and includes capitalisation of interest incurred on borrowings related to property, plant and equipment under construction until the property, plant and equipment are 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) Inventories

Inventories are stated at the lower of cost and net realisable value.

(i) Land held for property development

Land held for property development consists of purchase price of land, professional fees, stamp duties, commissions, conversion fees, other relevant levies and direct development cost incurred in preparing the land for development.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale. If net realisable value cannot be determined reliably, these inventories will be stated at the lower of cost or fair value less costs to sell. Fair value is the amount the inventory can be sold in an arm's length transaction.

Land held for property development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle, is classified as non-current asset.

Land held for property development is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

(ii) Property development costs and completed properties

Property under development consists of the cost of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities, including common costs such as the cost of constructing mandatory infrastructure, amenities and affordable houses (net of estimated approved selling prices) and other related costs. The asset is subsequently recognised as an expense in profit or loss when and as the control of the asset is transferred to the customer.

Property development costs attributable to unsold properties, upon completion, are transferred to completed properties held for sale.

The cost of completed properties includes costs of land and related development costs or its purchase costs and incidental cost of acquisition. Cost is determined on a specific identification basis.

Notes to the Financial Statements

31 December 2019 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Inventories (cont'd)

(ii) Property development costs and completed properties (cont'd)

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

(iii) Other inventories

Cost of raw materials, spare parts and consumables comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on a first-in-first-out basis. Cost of finished goods consists of direct material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity) are stated on a first-in-first-out basis.

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.

(h) Investment properties

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

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

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

Freehold buildings	20 to 50 years
Leasehold buildings	Over the remaining period of the lease

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(o)(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.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial assets

Recognition and initial measurement

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

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments. Transaction costs of financial assets carried at fair value through profit or loss ("FVTPL") are expensed in profit or loss.

Financial asset categories and subsequent measurement

The Group and the Company determine the classification of financial assets at initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

(i) Financial assets measured at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following condition are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost include trade and other receivables, other investments, amount due from subsidiary companies, amount due from associates, deposits and bank and cash balances.

Notes to the Financial Statements

31 December 2019 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial assets (cont'd)

Financial asset categories and subsequent measurement (con'd)

(ii) Financial assets measured at fair value through other comprehensive income ("FVTOCI")

(a) Debt investments

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Equity investments

This category comprises investment in equity investment that is not held for trading. The Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represent a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income.

On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(iii) Financial assets measured at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVTOCI, as described above, are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group and the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income are recognised in the profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment assessment as disclosed in Note 3(o)(ii) on impairment on financial assets.

Regular way purchase or sale of financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial assets (cont'd)

Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to receive cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial assets and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

(j) Financial liabilities

Recognition and initial measurement

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

At initial recognition, the Group and the Company measure a financial liability at its fair value less, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instrument.

Financial liability categories and subsequent measurement

The Group and the Company classify their financial liabilities as follows:

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

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

The Group and the Company have not designated any financial liabilities as FVTPL.

(ii) Other financial liabilities measured at amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

Notes to the Financial Statements

31 December 2019 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial liabilities (cont'd)

Financial liability categories and subsequent measurement (cont'd)

The Group and the Company classify their financial liabilities as follows: (cont'd)

(ii) Other financial liabilities measured at amortised cost (cont'd)

The Group's and the Company's financial liabilities designated as amortised cost comprise trade and other payables, amount due to holding company, amount due to subsidiary companies, amount due to an associate, bank overdrafts, finance lease payables, lease liabilities, bank borrowings, Sukuk and RCPS.

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

(k) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as financial liabilities at fair value, net of transaction costs. Subsequently, the liability is measured at the higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

(l) Offsetting of financial instruments

A financial asset and financial liability are 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.

(m) 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.

(n) Construction contracts

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Construction contracts (cont'd)

Cost incurred to fulfil the contracts, comprising cost of direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors are recognised as an asset and amortised over to profit or loss systematically to reflect the transfer of the contracted service to the customer.

The Group uses the efforts or inputs to the satisfaction of the performance obligations to determine the appropriate amount to recognise in a given period. This is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature. When the carrying amount of the asset exceeds the remaining amount of consideration that the Group expects to receive in exchange of the contracted asset, an impairment loss is recognised in profit or loss.

The Group presents as an asset the gross amount due from customers from contract work-in-progress for which costs incurred plus recognised profits (less recognised losses) exceed contract liabilities. Contract liabilities not yet paid by customers and retention monies included within receivables and contract assets. The Group presents as a liability the gross amount due to customers from contract work for all contracts in progress for which contract liabilities exceed costs incurred plus recognised profits (less recognised losses).

(o) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets, deferred tax assets, assets arising from employee benefits and non-current assets 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 unit. 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 unit that are expected to benefit from the synergies of the combination.

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

Notes to the Financial Statements

31 December 2019 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Impairment of assets (cont'd)

(i) Non-financial assets (cont'd)

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.

(ii) Financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss ("FVTPL"). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months ("a 12 months ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, other receivables, contract assets and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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 2019 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Leases

Policy applicable from 1 January 2019

As lessee

The Group recognises a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o)(i) on impairment of non-financial assets.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Leasehold land and buildings	Over the remaining period of the lease
Motor vehicles	5 years, or over the lease term, if shorter
Office equipment, furniture and fittings	2 to 10 years, or over the lease term, if shorter
Renovations	5 to 10 years, or over the lease term, if shorter
Plant, machinery and equipment	5 to 10 years, or over the lease term, if shorter
Motor racing circuit	20 years, or over the lease term, if shorter

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group is reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Leases (cont'd)

Policy applicable from 1 January 2019 (cont'd)

As lessee (cont'd)

Lease payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group applies MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group recognises assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group uses the interest rate implicit in the lease to measure the net investment in the lease.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". 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.

Policy applicable before 1 January 2019

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 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.

Notes to the Financial Statements

31 December 2019 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Leases (cont'd)

Policy applicable before 1 January 2019 (cont'd)

As lessee (cont'd)

(i) Finance lease (cont'd)

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 as 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 or for capital appreciation or both.

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised 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.

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

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Revenue recognition (cont'd)

(i) Revenue from contracts with customers (cont'd)

The Group recognises revenue from the following major sources:

(a) Revenue from property development

The Group recognises revenue from property development over time when control over the property has been transferred to the customers. The properties have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from property development is measured at the fixed transaction price agreed under the sale and purchase agreement.

Revenue is recognised over the period of the contract using input method to measure the progress towards complete satisfaction of the performance obligations under the sale and purchase agreement, i.e. based on the proportion of property development costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total costs of development of the contract.

(b) Revenue from construction contracts

The Group recognises revenue from construction contracts over time when control over the asset has been transferred to the customers. The assets have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to-date. Revenue from construction contracts is measured at the transaction price agreed under the construction contracts.

Revenue is recognised over the period of the contract using the output method to measure the progress towards complete satisfaction of the performance obligations under the construction contract, i.e. based on the level of completion of the physical proportion of contract work to-date, certified by professional consultants.

(c) Sale of goods

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.

(d) Rendering of services

Revenue from rendering of services and management fees are recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

Notes to the Financial Statements

31 December 2019 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Revenue recognition (cont'd)

(i) Revenue from contracts with customers (cont'd)

The Group recognises revenue from the following major sources: (cont'd)

(d) Rendering of services (cont'd)

Entrance fees collected for rights of enjoyment of facilities are recognised when tickets are sold.

(e) Hotel room rental and food and beverages revenue

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.

(f) Motor racing event income

Racing event income is recognised at a point in time when performance obligation is satisfied by the transfer of promised services to a customer which is the time the relevant event is held. Invoices are issued to customers before or upon completion of services and consideration is payable when invoiced. Consideration received before completion of services is classified as receipts in advance under trade and other payables in the statements of financial position.

(g) Motor racing sponsorship income

Sponsorship income from advertising services is recognised over time as the customer simultaneously receives and consumes the benefits from the company's performance. Customers are invoiced on a periodical basis at amounts determined based on the terms of contracts and consideration is receivables when invoiced.

(h) Motor racing consultancy fee income

Consultancy fee income is recognised over time as the customer simultaneously receives and consumes the benefits from the company's performance. Customers are invoiced on a periodical basis at amounts determined based on the terms of contracts and consideration is receivables when invoiced.

(ii) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Revenue recognition (cont'd)

(iii) Interest income

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

(iv) Dividend income

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

(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) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. 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 2019 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) 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.

(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 are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

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 financial 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(x) Income taxes (cont'd)

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

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

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.

(y) Employee benefits

(i) Short-term employee benefits

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

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

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). 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 2019 (Cont'd)

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 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 2019 is disclosed in Note 27(b)(iii).

(aa) Contract assets and contract liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. The Group's contract asset is the excess of revenue recognised over the billings to-date and deposits or advances received from customers.

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(aa) Contract assets and contract liabilities (cont'd)

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. The Group's contract liability is the excess of the billings to-date over the revenue recognised. Contract liabilities are recognised as revenue when the Group performs its obligation under the contracts.

(bb) Non-current assets held for sale

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

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

Investment properties are not depreciated or amortised once classified as held for sale.

Notes to the Financial Statements

31 December 2019 (Cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

	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
2019 Group Cost							
At 1 January 2019, as previously stated	375,105,633	17,091,471	28,117,141	33,963,109	77,612,179	79,295,694	611,185,227
Effect of adopting MFRS 16	(375,105,633)	(13,547,921)	-	(16,410,130)	(52,728,337)	(79,295,694)	(537,087,715)
At 1 January 2019, as restated	-	3,543,550	28,117,141	17,552,979	24,883,842	-	74,097,512
Additions	-	24,600	2,012,421	2,666,410	5,567,727	-	10,271,158
Transfer from capital work-in-progress	-	-	418,099	-	-	-	418,099
Transfer to inventories	-	-	-	-	(16,078)	-	(16,078)
Transfer from right-of-use assets	-	227,592	-	1,102,473	-	-	1,330,065
Disposals	-	(1,201,259)	(13,148)	-	(160,000)	-	(1,374,407)
Written off	-	(1,850)	(537,052)	(31,620)	(661,468)	-	(1,231,990)
Exchange differences	-	-	(199,144)	-	-	-	(199,144)
At 31 December 2019	-	2,592,633	29,798,317	21,290,242	29,614,023	-	83,295,215
Accumulated depreciation							
At 1 January 2019, as previously stated	143,957,951	7,984,197	15,397,260	6,612,037	11,500,579	77,303,210	262,755,234
Effect of adopting MFRS 16	(143,957,951)	(5,286,728)	-	(1,367,564)	(1,936,592)	(77,303,210)	(229,852,045)
At 1 January 2019, as restated	-	2,697,469	15,397,260	5,244,473	9,563,987	-	32,903,189
Charge for the financial year	-	251,543	2,609,986	2,467,595	4,773,400	-	10,102,524
Transfer from right-of-use assets	-	227,590	-	299,638	-	-	527,228
Disposals	-	(1,014,138)	(12,689)	-	(45,333)	-	(1,072,160)
Written off	-	(1,849)	(441,903)	(28,939)	(623,138)	-	(1,095,829)
Exchange differences	-	-	(139,375)	-	-	-	(139,375)
At 31 December 2019	-	2,160,615	17,413,279	7,982,767	13,668,916	-	41,225,577

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	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
2019 Group Accumulated impairment losses							
At 1 January 2019, as previously stated	1,389,832	-	-	-	-	-	1,389,832
Effect of adopting MFRS 16	(1,389,832)	-	-	-	-	-	(1,389,832)
At 1 January 2019, as restated	-	-	-	-	-	-	-
Additions	-	-	11,924	-	3,299	-	15,223
At 31 December 2019	-	-	11,924	-	3,299	-	15,223
Carrying amount							
At 31 December 2019	-	432,018	12,373,114	13,307,475	15,941,808	-	42,054,415

Notes to the Financial Statements

31 December 2019 (Cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	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
2018 Group Cost							
At 1 January 2018	347,705,285	13,788,523	24,156,692	12,100,243	29,076,370	81,512,591	508,339,704
Additions	11,189,870	4,569,661	3,402,234	15,465,538	56,826,118	-	91,453,421
Transfer from capital work-in-progress	-	-	857,000	6,047,476	-	-	6,904,476
Transfer from inventories	19,155,916	-	-	-	-	-	19,155,916
Transfer from investment properties	5,339,716	-	-	-	-	-	5,339,716
Acquisition of a subsidiary company	-	-	537,697	773,094	-	-	1,310,791
Disposals	-	(1,258,614)	(186,207)	-	(7,930,426)	-	(9,375,247)
Written off	-	(8,099)	(458,853)	(423,242)	(359,883)	-	(1,250,077)
Exchange differences	(8,285,154)	-	(191,422)	-	-	(2,216,897)	(10,693,473)
At 31 December 2018	375,105,633	17,091,471	28,117,141	33,963,109	77,612,179	79,295,694	611,185,227
Accumulated depreciation							
At 1 January 2018	136,480,640	5,933,354	13,623,751	3,869,468	11,220,178	79,211,699	250,339,090
Charge for the financial year	11,097,025	3,071,266	2,304,198	2,809,581	5,136,254	248,423	24,666,747
Acquisition of a subsidiary company	-	-	196,879	279,579	-	-	476,458
Disposals	-	(1,012,326)	(180,089)	-	(4,799,139)	-	(5,991,554)
Written off	-	(8,097)	(410,780)	(346,591)	(56,714)	-	(822,182)
Exchange differences	(3,619,714)	-	(136,699)	-	-	(2,156,912)	(5,913,325)
At 31 December 2018	143,957,951	7,984,197	15,397,260	6,612,037	11,500,579	77,303,210	262,755,234
Accumulated impairment losses							
At 1 January 2018/ At 31 December 2018	1,389,832	-	-	-	-	-	1,389,832
Carrying amount							
At 31 December 2018	229,757,850	9,107,274	12,719,881	27,351,072	66,111,600	1,992,484	347,040,161

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	2019 RM	Company 2018 RM
Office equipment		
Cost		
At 1 January/31 December	4,500	4,500
Accumulated depreciation		
At 1 January	675	225
Charge for the financial year	450	450
At 31 December	1,125	675
Carrying amount		
At 31 December	3,375	3,825

- (a) As at 31 December 2018, leasehold land and buildings of the Group with carrying amount of RM40,118,825 have been pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Notes 30(a) and 32(a).

Following the adoption of MFRS 16 on 1 January 2019, the Group has reclassified the carrying amount of leased assets to ROU assets as disclosed in Note 5.

- (b) As at 31 December 2018, the following leased assets of the Group are pledged as securities for the related financing facilities as disclosed in Note 28:
- (i) Motor vehicles under finance lease arrangement with carrying amount of RM8,454,672.
 - (ii) Plant, machinery and equipment under finance lease arrangement with carrying amount of RM51,655,818.

Following the adoption of MFRS 16 on 1 January 2019, the Group has reclassified the carrying amount of leased assets to ROU assets as disclosed in Note 5.

- (c) As at 31 December 2018, the remaining lease periods of the leasehold land and buildings range from 25 to 95 years.

Following the adoption of MFRS 16 on 1 January 2019, the Group has reclassified the carrying amount of leased assets to ROU assets as disclosed in Note 5.

Notes to the Financial Statements

31 December 2019 (Cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (d) As at 31 December 2018, leasehold land with carrying amount of RM159,502,088 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.

Following the adoption of MFRS 16 on 1 January 2019, the Group has reclassified the carrying amount of leased assets to ROU assets as disclosed in Note 5.

- (e) The aggregate additional cost for the property, plant and equipment of the Group during the financial year acquired under finance lease financing and cash payments are as follows:

	2019 RM	Group 2018 RM
Aggregate costs	10,271,158	91,453,421
Less: Finance lease financing	-	(39,673,305)
Cash payments	10,271,158	51,780,116

5. RIGHT-OF-USE ASSETS

	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
2019 Group Cost							
At 1 January 2019, as previously stated	-	-	-	-	-	-	-
Effect of adopting MFRS 16	376,898,305	13,547,921	478,411	16,410,130	52,728,337	79,295,694	539,358,798
At 1 January 2019, as restated	376,898,305	13,547,921	478,411	16,410,130	52,728,337	79,295,694	539,358,798
Additions	1,889,635	1,750,694	365,676	1,827,706	6,316,108	-	12,149,819
Reclassification	(316,566)	-	-	316,566	-	-	-
Transfer from capital work-in-progress	16,990,984	-	-	239,745	-	-	17,230,729
Expiration of lease contracts	(271,861)	-	-	-	-	-	(271,861)
Transfer from investment properties	1,040,349	-	-	-	-	-	1,040,349
Transfer to property, plant and equipment	(1,102,473)	(227,592)	-	-	-	-	(1,330,065)
Disposals	(218,954)	(753,949)	-	-	-	-	(972,903)
Exchange differences	(7,635,514)	-	-	(192,484)	-	(2,115,040)	(9,943,038)
At 31 December 2019	387,273,905	14,317,074	844,087	18,601,663	59,044,445	77,180,654	557,261,828

Notes to the Financial Statements

31 December 2019 (Cont'd)

5. RIGHT-OF-USE ASSETS (CONT'D)

	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
Accumulated depreciation							
At 1 January 2019, as previously stated	-	-	-	-	-	-	-
Effect of adopting MFRS 16	144,636,559	5,286,728	148,133	1,367,564	1,936,592	77,303,210	230,678,786
At 1 January 2019, as restated	144,636,559	5,286,728	148,133	1,367,564	1,936,592	77,303,210	230,678,786
Charge for the financial year	11,925,702	2,799,241	129,856	1,345,544	4,766,127	245,174	21,211,644
Reclassification	(6,600,812)	-	-	6,600,812	-	-	-
Expiration of lease contracts	(154,656)	-	-	-	-	-	(154,656)
Transfer from investment properties	174,883	-	-	-	-	-	174,883
Transfer to property, plant and equipment	(299,638)	(227,590)	-	-	-	-	(527,228)
Disposals	(11,916)	(753,947)	-	-	-	-	(765,863)
Exchange differences	(3,444,129)	-	-	(162,125)	-	(2,067,799)	(5,674,053)
At 31 December 2019	146,225,993	7,104,432	277,989	9,151,795	6,702,719	75,480,585	244,943,513
Accumulated impairment losses							
At 1 January 2019, as previously stated	-	-	-	-	-	-	-
Effect of adopting MFRS 16	1,389,832	-	-	-	-	-	1,389,832
At 1 January 2019, as restated/ 31 December 2019	1,389,832	-	-	-	-	-	1,389,832
Carrying amount							
At 31 December 2019	239,658,080	7,212,642	566,098	9,449,868	52,341,726	1,700,069	310,928,483

5. RIGHT-OF-USE ASSETS (CONT'D)

- (a) As at 31 December 2019, leasehold land and buildings of the Group with carrying amount of RM86,406,399 have been pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Notes 30(a) and 32(a).
- (b) The net carrying amount of right-of-use assets of the Group acquired under lease arrangement are as follows:

	2019 RM	Group 2018 RM
Motor vehicles	7,212,642	-
Plant and machinery	52,341,726	-
	59,554,368	-

Leased assets of the Group are pledged as securities for the related financing facilities.

- (c) The aggregate additional costs for the right-of-use assets of the Group during the financial year acquired under lease financing, term loan financing, other payables and cash payments are as follows:

	2019 RM	Group 2018 RM
Aggregate costs	12,149,819	-
Less: Lease financing	(7,773,808)	-
Less: Term loan financing	(857,671)	-
Less: Other payables	(404,251)	-
Cash payments	3,114,089	-

- (d) The remaining lease period of the leasehold land and buildings range from 24 to 94 years.
- (e) Leasehold land with carrying amount of RM149,037,808 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 2019 (Cont'd)

6. CAPITAL WORK-IN-PROGRESS

	2019 RM	Group 2018 RM
At 1 January	52,059,381	17,002,938
Additions	48,628,672	32,921,840
Transfer to property, plant and equipment (Note 4)	(418,099)	(6,904,476)
Transfer to right-of-use assets (Note 5)	(17,230,729)	-
Transfer from land held for property development and property development costs [Note 7(a)]	2,005,693	8,857,727
Finance costs (Note 38)	104,842	-
Written off	(255,839)	-
Exchange differences	(93,206)	181,352
At 31 December	84,800,715	52,059,381

Included in capital work-in-progress of the Group is an amount of RM68,863,091 (2018: RM29,664,205) which have been pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Note 30(b).

7. INVENTORIES

	Note	2019 RM	Group 2018 RM
Non-current			
Land held for property development and property development costs	(a)	1,478,792,061	1,520,285,553
Current			
Land held for property development and property development costs	(a)	565,750,376	543,192,645
Completed properties	(b)	258,410,062	291,321,535
Other inventories	(c)	1,303,228	1,441,925
		825,463,666	835,956,105

7. INVENTORIES (CONT'D)

(a) Land held for property development and property development costs

	2019 RM	Group 2018 RM
Non-current		
Freehold land, at cost		
At 1 January	100,045,186	103,544,550
Transfer to current portion	(587,569)	(3,499,364)
At 31 December	99,457,617	100,045,186
Long-term leasehold land, at cost		
At 1 January	717,716,334	600,041,294
Additions	4,530,287	52,795,767
Transfer to current portion	(158,712,091)	(2,780,727)
Transfer (to)/from property development costs	(39,684,648)	67,660,000
At 31 December	523,849,882	717,716,334
Non-current		
Property development costs		
At 1 January	702,524,033	630,469,301
Additions	168,374,855	118,244,568
Transfer (to)/from current portion	(53,081,744)	33,025,126
Transfer from/(to) freehold and leasehold land	39,684,648	(67,660,000)
Transfer to capital work-in-progress	(2,005,693)	(8,154,676)
Transfer to property, plant and equipment	-	(1,384,006)
Property development costs written off	(11,537)	(2,016,280)
At 31 December	855,484,562	702,524,033
Total non-current land held for property development and property development costs	1,478,792,061	1,520,285,553

Notes to the Financial Statements

31 December 2019 (Cont'd)

7. INVENTORIES (CONT'D)

(a) Land held for property development and property development costs (cont'd)

	2019 RM	Group 2018 RM
Current		
Freehold land, at cost		
At 1 January	23,564,717	4,180,434
Acquisition of a subsidiary company	-	17,048,500
Transfer from non-current portion	587,569	3,499,364
Transfer to profit or loss	(2,490,068)	(1,163,581)
Transfer to assets held for sale	(3,000,000)	-
Transfer to property development costs	(48,500)	-
At 31 December	18,613,718	23,564,717
Long-term leasehold land, at cost		
At 1 January, as previously reported	154,283,783	144,749,229
Effect of adopting MFRS 15	-	(33,437)
At 1 January, as restated	154,283,783	144,715,792
Additions	29,511,675	23,547,566
Transfer from non-current portion	158,712,091	2,780,727
Transfer from property development costs	-	16,000,000
Transfer to profit or loss	(47,119,737)	(30,984,794)
Transfer to completed properties	-	(1,775,508)
At 31 December	295,387,812	154,283,783

7. INVENTORIES (CONT'D)

(a) Land held for property development and property development costs (cont'd)

	2019 RM	Group 2018 RM
Current		
Property development costs		
At 1 January, as previously reported	1,037,832,825	820,274,186
Effect of adopting MFRS 15	-	31,188,027
At 1 January, as restated	1,037,832,825	851,462,213
Acquisition of a subsidiary company	-	2,618,507
Additions	647,695,726	800,849,462
Transfer from/(to) non-current portion	53,081,744	(33,025,126)
Transfer from freehold land	48,500	-
Transfer to long-term leasehold land	-	(16,000,000)
Transfer to profit or loss	(488,494,910)	(483,230,055)
Transfer from/(to) property, plant and equipment	16,078	(17,771,910)
Transfer to capital work-in-progress	-	(703,051)
Transfer to completed properties	(99,998,903)	(66,367,215)
At 31 December	1,150,181,060	1,037,832,825
Less: Costs recognised in profit or loss		
At 1 January, as previously reported	672,488,680	500,238,967
Effect of adopting MFRS 15	-	31,679,031
At 1 January, as restated	672,488,680	531,917,998
Recognised during the financial year	764,048,249	655,949,112
Less: Portion related to completed projects	1,436,536,929 (538,104,715)	1,187,867,110 (515,378,430)
At 31 December	898,432,214	672,488,680
Total current land held for property development and property development costs	565,750,376	543,192,645

Notes to the Financial Statements 31 December 2019 (Cont'd)

7. INVENTORIES (CONT'D)

(a) Land held for property development and property development costs (cont'd)

- (i) Certain land held for property development and property development costs are pledged as securities for banking facilities, Sukuk and RCPS granted to the Group as disclosed in Notes 30(c), 31(a), 32(b) and 33(a) respectively.
- (ii) Included in land held for property development and property development costs for the financial year are as follows:

		2019 RM	Group 2018 RM
	Note		
Finance costs	38	33,603,025	39,516,354
Landowners consideration		87,339,259	33,786,996
Sales commission		59,910,663	43,756,663

(b) Completed properties

	2019 RM	Group 2018 RM
At cost:		
Completed properties	258,310,062	291,221,535
At net realisable value:		
Completed properties	100,000	100,000
	258,410,062	291,321,535

Included in inventories above was an carrying amount of RM95,066,269 (2018: RM79,181,378) which have been pledged to licensed banks as securities for banking facilities granted to the Company and certain subsidiary companies as disclosed in Note 30(f).

7. INVENTORIES (CONT'D)

(b) Completed properties (cont'd)

	2019 RM	Group 2018 RM
At 1 January, as previously reported	291,321,535	263,498,928
Effect of adopting MFRS 15	-	3,798,997
At 1 January, as restated	291,321,535	267,297,925
Transfer from land held for property development and property development costs	99,998,903	68,142,723
Transfer to investment properties	-	(4,196,948)
Recognised during the financial year	(132,910,376)	(39,922,165)
At 31 December	258,410,062	291,321,535

(c) Other inventories

	2019 RM	Group 2018 RM
At cost:		
Raw materials	1,226,211	1,111,210
Finished goods	7,360	77,474
Spare parts and consumables	69,657	253,241
	1,303,228	1,441,925

	2019 RM	Group 2018 RM
Recognised in profit or loss:		
Inventories recognised in cost of sales	18,100,321	10,561,836

Notes to the Financial Statements 31 December 2019 (Cont'd)

8. INVESTMENT PROPERTIES

	2019 RM	Group 2018 RM
Cost		
At 1 January	180,101,953	64,942,515
Additions	-	5,746,084
Acquisition of a subsidiary company	-	111,073,948
Transfer to property, plant and equipment (Note 4)	-	(5,857,542)
Transfer to right-of-use assets (Note 5)	(1,040,349)	-
Transfer from inventories [Note 7(b)]	-	4,196,948
Transfer to assets held for sale (Note 22)	(1,501,484)	-
Disposals	(451,285)	-
At 31 December	177,108,835	180,101,953
Accumulated depreciation		
At 1 January	10,416,717	3,810,581
Acquisition of a subsidiary company	-	4,073,948
Charge for the financial year	2,477,337	3,050,014
Transfer to property, plant and equipment (Note 4)	-	(517,826)
Transfer to right-of-use assets (Note 5)	(174,883)	-
Transfer to assets held for sale (Note 22)	(285,550)	-
Disposals	(3,527)	-
At 31 December	12,430,094	10,416,717
Accumulated impairment losses		
At 1 January	534,980	250,652
Impairment losses for the financial year	24,437	284,328
Transfer to assets held for sale (Note 22)	(127,994)	-
At 31 December	431,423	534,980
Carrying amount		
At 31 December	164,247,318	169,150,256
Included in the above are:		
At cost		
Leasehold land and buildings	63,724,831	53,929,004
Freehold land and buildings	180,000	384,710
Commercial properties	113,204,004	125,788,239
	177,108,835	180,101,953
Fair value	197,900,000	199,434,327

8. INVESTMENT PROPERTIES (CONT'D)

(a) Investment properties pledged as securities

Investment properties with carrying amount of RM160,606,121 (2018: RM164,872,746) have been pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Notes 30(d) and 32(c) respectively.

(b) Investment properties under leases

Certain investment properties with carrying amount of RM865,466 (2018: RM5,339,716) have been transferred to property, plant and equipment and ROU assets, 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 70 to 95 (2018: 71 to 96) years.

Investment properties comprise a number of leasehold and freehold land and buildings and commercial properties that are leased to third parties. Each of the leases contains a cancellable period ranging from two to three years. Subsequent renewals are negotiated with the lessee on an average renewal period ranging from one to two years.

(c) Fair value basis of investment properties

Fair value of investment properties is 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 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) The aggregate additional costs for the investment properties of the Group during the financial year acquired under term loan financing and cash payments are as follows:

	2019 RM	Group 2018 RM
Aggregate costs	-	5,746,084
Less: Term loan financing	-	(2,018,529)
Cash payments	-	3,727,555

Notes to the Financial Statements

31 December 2019 (Cont'd)

8. INVESTMENT PROPERTIES (CONT'D)

(e) Income and expenses recognised in profit or loss

The following are recognised in profit or loss in respect of investment properties:

	2019 RM	Group 2018 RM
Rental income	7,900,763	6,719,559
Direct operating expenses:		
- Income generating investment properties	4,324,447	6,580,482
- Non-income generating investment properties	242,405	13,772

9. INVESTMENT IN SUBSIDIARY COMPANIES

(a) Investment in subsidiary companies

	2019 RM	Company 2018 RM
In Malaysia:		
Quoted shares, at cost	246,853,363	246,043,394
Warrants, at cost	-	1,800
Unquoted shares, at cost	393,455,495	393,455,395
	640,308,858	639,500,589
Less: Accumulated impairment losses	(3,667,922)	(3,667,823)
	636,640,936	635,832,766
Outside Malaysia:		
Unquoted shares, at cost	4,075	4,075
	636,645,011	635,836,841

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 9(e).

Certain listed securities have been pledged as securities to partially secure the banking facilities and Sukuk as disclosed in Notes 30(g) and 32(e) respectively.

Details of the subsidiary companies are disclosed in Note 53.

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

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

The movements in the allowance for impairment losses of investment in subsidiary companies are as follows:

	2019 RM	Company 2018 RM
At 1 January	3,667,823	3,666,824
Impairment losses during the financial year	99	999
At 31 December	3,667,922	3,667,823

The recoverable amount of the Company's investment in a subsidiary company was estimated based on value-in use method. An impairment loss amounting to RM99 was recognised during the financial year.

(b) Acquisition of subsidiary companies

31 December 2019

- (i) On 24 June 2019, the Company subscribed for 100 ordinary shares in Puncak Maksimum Berhad ("PMB") for a total cash consideration of RM100 only. Consequently, PMB became a wholly-owned subsidiary company of the Company.
- (ii) On 28 June 2019, MGB Land Sdn. Bhd. ("MGB Land"), a wholly-owned subsidiary company of MGB Berhad ("MGB"), a 59.36% owned subsidiary company of the Company, subscribed for 1 ordinary share in Idaman Aktif Sdn. Bhd. ("IASB") and Idaman Elegan Sdn. Bhd. ("IESB") respectively, representing entire equity interest in IASB and IESB, for a total cash consideration of RM1 respectively. Consequently, IASB and IESB became indirect wholly-owned subsidiary companies of MGB.
- (iii) On 28 August 2019, MGB Land subscribed 1 ordinary share in Idaman Living Sdn. Bhd. ("ILSB"), representing entire equity interest in ILSB, for a total cash consideration of RM1 only. Consequently, ILSB became an indirect wholly-owned subsidiary company of MGB.

31 December 2018

- (i) On 5 September 2017, Saujana Tunggal Sdn. Bhd. ("STSB"), a wholly-owned subsidiary company of the Company, 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 a wholly-owned subsidiary company of STSB.
- (ii) On 30 January 2018, LBS Bina Holdings Sdn. Bhd. ("LBS Bina"), a wholly-owned subsidiary company of the Company, 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 Bina.

Notes to the Financial Statements

31 December 2019 (Cont'd)

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(b) Acquisition of subsidiary companies (cont'd)

31 December 2018 (cont'd)

- (iii) On 19 February 2018, MGB Land, a wholly-owned subsidiary company of MGB, a 59.68% owned subsidiary company of the Company, 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 a 51% owned subsidiary company of MGB Land.
- (iv) On 16 March 2018, LBS Bina acquired 255,000 ordinary shares, representing 51% equity interest in Panglima Riang Sdn. Bhd. ("PRSB") for a total cash consideration of RM255,000 only. Consequently, PRSB became a 51% owned subsidiary company of LBS Bina.

The effect of the acquisition on the financial results of the Group in respect of the financial year is as follows:

	2019 RM	Group 2018 RM
Revenue	-	3,502,952
Cost of sales	-	(5,067,240)
Gross loss	-	(1,564,288)
Interest income	-	57,666
Other income	-	1,153,602
Administrative and operating expenses	(15,344)	(3,989,155)
Finance costs	-	(4,048,412)
Loss before tax	(15,344)	(8,390,587)
Taxation	-	1,300,010
Total comprehensive loss for the financial year	(15,344)	(7,090,577)
Net loss for the financial year attributable to: Owners of the parent	(15,344)	(7,090,577)

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 revenue of RMNil (2018: RM3,502,952) and loss of RM15,344 (2018: loss of RM7,090,577) to the Group for the financial year. 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 RMNil (2018: RM4,427,277) and Group's loss for the financial year would have been increased by RM15,344 (2018: Group's loss increased by RM829,593).

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(b) Acquisition of subsidiary companies (cont'd)

The following summarises the major classes of consideration transferred, and the recognised amount of assets acquired and liabilities assumed at the acquisition date:

	2019 RM	Group 2018 RM
Fair value of identifiable assets acquired and liabilities assumed		
Property, plant and equipment	-	834,333
Investment property	-	107,000,000
Intangible assets	-	2,332,993
Inventories	-	19,667,007
Trade and other receivables	-	2,014,362
Cash and bank balances	103	3,938,202
Trade and other payables	-	(76,446,940)
Tax payables	-	(1,297,462)
Deferred tax liabilities	-	(2,278,882)
Bank borrowings	-	(43,000,000)
Total identifiable assets and liabilities	103	12,763,613

Net cash outflows arising from the acquisition is as follows:

	2019 RM	Group 2018 RM
Purchase consideration satisfied by cash	103	16,115,078
Less: Cash and bank balances	(103)	(3,938,202)
Net cash outflows from the acquisition of subsidiary companies	-	12,176,876

Notes to the Financial Statements

31 December 2019 (Cont'd)

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(b) Acquisition of subsidiary companies (cont'd)

Goodwill was recognised as a result of the acquisition as follows:

	2019 RM	Group 2018 RM
Fair value of consideration transferred	103	16,115,078
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	-	189,852
Fair value of identifiable assets acquired and liabilities assumed	(103)	(12,763,613)
Goodwill on consolidation	-	3,541,317

The goodwill recognised arising from 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.

(c) Acquisition of non-controlling interests

31 December 2019

- (i) On 3 January 2019, LBS Bina acquired 150,000 ordinary shares, representing 3% equity interest in Seloka Sinaran Sdn. Bhd ("SSSB") for a total cash consideration of RM16,000,000 only. Consequently, SSSB became a 81% subsidiary company of LBS Bina.
- (ii) On 17 September 2019, LBS Bina acquired 300,000 ordinary shares, representing 30% equity interest in Alunan Prestasi Sdn. Bhd. ("APSB") for a total cash consideration of RM1 only. Consequently, APSB became a wholly-owned subsidiary company of LBS Bina.
- (iii) On 7 November 2019, MGB Construction & Engineering Sdn. Bhd. (formerly known as MITC Engineering Sdn. Bhd.) ("MGBCE"), a wholly-owned subsidiary company of MGB, acquired 225,000 ordinary shares representing 30% equity interest in MGB Geotech Sdn. Bhd. ("MGB Geotech") for a total cash consideration of RM225,000 only. Consequently, MGB Geotech became a wholly-owned subsidiary company of MGBCE.
- (iv) On 6 December 2019, LBS Bina acquired 30 ordinary shares, representing 30% equity interest in Induk Pelita Sdn. Bhd. ("IPSB") for a total cash consideration of RM30 only. Consequently, IPSB became a 81% owned subsidiary company of LBS Bina.

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(c) Acquisition of non-controlling interests (cont'd)

31 December 2018

- (i) On 31 May 2018, LBS Bina acquired 72,500 ordinary shares, representing 29% equity interest in Generasi Simbolik Sdn. Bhd. ("GSSB") for a total cash consideration of RM72,500 only. Consequently, GSSB became a wholly-owned subsidiary company of LBS Bina.
- (ii) On 14 December 2018, LBS Bina acquired 450 ordinary shares, representing 45% equity interest in Megah Solaris Sdn. Bhd. ("MSSB") for a total cash consideration of RM450 only. Consequently, MSSB became a wholly-owned subsidiary company of LBS Bina.
- (iii) On 17 December 2018, Seloka Sinaran Sdn. Bhd. ("SSSB"), a 51% owned subsidiary company of LBS Bina had increased its paid-up share capital from 500,000 to 5,000,000 ordinary shares. LBS Bina has subscribed for an additional 3,645,000 ordinary shares in SSSB by way of capitalisation of amount due from SSSB. Consequently, SSSB became a 78% owned subsidiary company of LBS Bina.

The effect of changes in the equity interest that is attributable to the owners of the parent is as follows:

	2019 RM	Group 2018 RM
Carrying amount of non-controlling interests acquired	(1,458,482)	(1,503,671)
Consideration paid to non-controlling interests	(16,225,035)	(3,717,500)
Arising from group reorganisation	190,000	5,216,267
Decrease in parent's equity	(17,493,517)	(4,904)

(d) Changes in equity interests

31 December 2019

- (i) On 31 January 2019, Multi Court Developers Sdn. Bhd. ("MCDSB"), a wholly-owned subsidiary company of MGB Land, had increased its paid-up share capital from 300,000 to 1,000,000 ordinary shares. MGB Land had subscribed for additional 700,000 ordinary shares in MCDSB for cash consideration of RM700,000.
- (ii) On 10 June 2019, Equal Sign Sdn. Bhd. ("ESSB"), a wholly-owned subsidiary company of LBS Bina, had increased its paid-up share capital from 250,000 to 9,600,000 ordinary shares. LBS Bina has subscribed for additional 9,350,000 ordinary shares in ESSB by way of capitalisation of amount due from ESSB.
- (iii) On 10 June 2019, Fokus Awana Sdn. Bhd. ("FASB"), a wholly-owned subsidiary company of LBS Bina, had increased its paid-up share capital from 13,000,000 to 18,000,000 ordinary shares. LBS Bina has subscribed for additional 5,000,000 ordinary shares in FASB by way of capitalisation of amount due from FASB.

Notes to the Financial Statements

31 December 2019 (Cont'd)

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(d) Changes in equity interests (cont'd)

31 December 2019 (cont'd)

- (iv) On 10 June 2019, Generasi Simbolik Sdn. Bhd. ("GSSB"), a wholly-owned subsidiary company of LBS Bina, had increased its paid-up share capital from 250,000 to 3,000,000 ordinary shares. LBS Bina has subscribed for additional 2,750,000 ordinary shares in GSSB by way of capitalisation of amount due from GSSB.
- (v) On 24 October 2019, Seloka Sinaran Sdn. Bhd. ("SSSB"), a 81% owned subsidiary company of LBS Bina, had increased its paid-up share capital from 5,000,000 to 6,000,000 ordinary shares. LBS Bina has subscribed for additional 810,000 ordinary shares in SSSB by way of capitalisation of amount due from SSSB. SSSB remained as a 81% owned subsidiary company of LBS Bina.
- (vi) On 2 December 2019, LBS Capital Sdn. Bhd. ("LCSB"), a wholly-owned subsidiary company of LBS Bina, had increased its paid-up share capital from 2,000,000 to 4,000,000 ordinary shares. LBS Bina subscribed for additional 2,000,000 ordinary shares in LCSB by way of capitalisation of amount due from LCSB.
- (vii) On 23 December 2019, MGB SANY (M) IBS Sdn. Bhd. ("MGB SANY"), a 51% owned subsidiary company of MGBCE, had increased its paid-up share capital from 4,000,000 to 10,120,000 ordinary shares. MGBCE subscribed for additional 6,120,000 ordinary shares in MGB SANY for a total cash consideration of RM6,120,000 only. Consequently, MGBCE's equity interest in MGB SANY increased from 51% to 81%. Consequently, MGB SANY became a 81% owned subsidiary company of MGBCE.
- (viii) Changes of equity interest in MGB

During the financial year, the Company's equity interest in MGB has decreased from 59.68% to 59.36% as a result of the followings:

- (a) Increase in MGB's issued and paid-up share capital by way of conversion of 4,766,053 warrants by non-controlling interests at the exercise price of RM0.50 per warrant into 4,766,053 new ordinary shares.
- (b) Acquisition of 1,194,900 ordinary shares in MGB for a total cash consideration of RM805,412 only.
- (c) Conversion of 5,514 warrants at the exercise price of RM0.50 per warrant into 5,514 new ordinary shares.

Consequently, MGB became a 59.36% owned subsidiary company of the Company.

- (ix) On 20 August 2019, Iringan Kejora Sdn. Bhd. ("IKSB"), a wholly-owned subsidiary company of LBS Bina has increased its paid-up share capital from 500,000 to 750,000 ordinary shares. LBS Bina has subscribed for an additional 25,000 ordinary shares in IKSB for a total cash consideration of RM25,000 only. Consequently, IKSB became a 70% owned subsidiary company of LBS Bina.

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(d) Changes in equity interests (cont'd)

31 December 2018

During the financial year, the Company's equity interest in MGB has increased from 54.97% to 59.68% as a result of the followings:

- (a) Acquisition of 26,187,700 ordinary shares in MGB for a total cash consideration of RM21,501,581 only.
- (b) Increase in MGB's issued and paid-up share capital by way of conversion of 4,958,679 warrants by non-controlling interests at the exercise price of RM0.50 per warrant into 4,958,679 new ordinary shares.

Consequently, MGB became a 59.68% owned subsidiary company of the Company.

(e) Material partly-owned subsidiary companies

The Group's subsidiary companies that have material non-controlling interests are 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	
	2019 %	2018 %	2019 RM	2018 RM	2019 RM	2018 RM
MGB Group *	40.64	40.32	3,718,596	14,089,232	127,855,536	101,761,753
Zhuhai International Circuit Limited ("ZIC")	40.00	40.00	(2,496,029)	(2,141,040)	(38,515,292)	(36,608,219)
Kemudi Ehsan Sdn. Bhd. ("KESB")	20.00	20.00	12,544,001	#	17,282,285	#
Mayang Jelatek Sdn. Bhd. ("MJSB")	49.00	49.00	#	609,738	#	9,220,368
Seloka Sinaran Sdn. Bhd. ("SSSB")	19.00	20.00	5,656,217	#	5,199,292	#
					111,821,821	74,373,902
Individually immaterial subsidiary companies with non-controlling interests					(2,012,013)	(6,773,311)
Total non-controlling interests					109,809,808	67,600,591

* MGB Group represents MGB and its subsidiary companies

Immaterial subsidiary companies with non-controlling interests

Notes to the Financial Statements

31 December 2019 (Cont'd)

9. 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

	MGB Group RM	ZIC RM	MJSB RM	KESB RM	SSSB RM
2019					
Non-current assets	429,439,766	158,979,119	#	98,033,740	47,147,572
Current assets	536,139,921	44,560,063	#	465,801,741	162,440,620
Assets held for sale	3,000,000	-	#	-	-
Non-current liabilities	(61,110,498)	(177,612,184)	#	(180,073,029)	(16,289,788)
Current liabilities	(449,697,887)	(113,377,132)	#	(297,351,028)	(161,564,505)
Net assets/(liabilities)	457,771,302	(87,450,134)	#	86,411,424	31,733,899
Equity attributable to:					
Owners of the parent	457,571,019	(48,934,842)	#	86,411,424	31,733,899
Non-controlling interests	200,283	(38,515,292)	#	-	-
Total equity	457,771,302	(87,450,134)	#	86,411,424	31,733,899
2018					
Non-current assets	426,097,947	168,352,320	6,240,762	#	#
Current assets	616,090,720	43,725,681	12,771,816	#	#
Non-current liabilities	(96,390,706)	(183,475,156)	-	#	#
Current liabilities	(502,656,724)	(111,241,576)	(195,495)	#	#
Net assets/(liabilities)	443,141,237	(82,638,731)	18,817,083	#	#
Equity attributable to:					
Owners of the parent	442,532,119	(82,638,731)	18,817,083	#	#
Non-controlling interests	609,118	-	-	#	#
Total equity	443,141,237	(82,638,731)	18,817,083	#	#

9. 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

	MGB Group RM	ZIC RM	MJSB RM	KESB RM	SSSB RM
2019					
Revenue	756,145,529	25,094,094	#	452,959,214	172,905,953
Net profit/(loss) for the financial year	12,480,600	(7,188,628)	#	62,720,005	29,769,562
Other comprehensive income for the financial year	-	1,940,662	#	-	-
Total comprehensive income/ (loss) for the financial year	12,480,600	(5,247,966)	#	62,720,005	29,769,562
2018					
Revenue	751,271,338	24,235,201	1,389,980	#	#
Net profit/(loss) for the financial year	30,409,457	(7,443,911)	1,244,364	#	#
Other comprehensive income for the financial year	-	3,802,003	-	#	#
Total comprehensive income/ (loss) for the financial year	30,409,457	(3,641,908)	1,244,364	#	#

Notes to the Financial Statements

31 December 2019 (Cont'd)

9. 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)

(iii) Summarised Statements of Cash Flows

	MGB Group RM	ZIC RM	MJSB RM	KESB RM	SSSB RM
2019					
Net cash from operating activities	100,044,655	4,066,577	#	44,223,617	25,125,325
Net cash used in investing activities	(7,975,364)	(2,119,462)	#	(43,613,214)	(6,840,258)
Net cash used in financing activities	(76,218,064)	(1,170,456)	#	(3,478,086)	(14,531,938)
Net increase/(decrease) in cash and cash equivalents	15,851,227	776,659	#	(2,867,683)	3,753,129
2018					
Net cash (used in)/from operating activities	(63,158,188)	3,879,561	200,402	#	#
Net cash used in investing activities	(33,468,130)	(263,706)	(229,573)	#	#
Net cash from/(used in) financing activities	92,333,715	(1,186,155)	-	#	#
Net (decrease)/increase in cash and cash equivalents	(4,292,603)	2,429,700	(29,171)	#	#

Immaterial subsidiary companies with non-controlling interests

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(f) Disposal of a subsidiary company

31 December 2018

On 26 December 2018, Vintage Roofing & Construction Sdn. Bhd. ("VRCSB"), a wholly-owned subsidiary company of MGB, had disposed of 2 ordinary shares, representing the entire equity interest of its wholly-owned subsidiary company, Tirai Impresif Sdn. Bhd. ("TISB") for a total cash consideration of RM2 only. The subsidiary company was previously reported as part of the others segment.

The effect of the disposal of TISB on the financial position of the Group as at the date of disposal was as follows:

	2019 RM	Group 2018 RM
Trade and other payables	-	(1,520,968)
Total net liabilities disposed	-	(1,520,968)
Gain on disposal	-	1,520,970
Proceeds from disposal	-	2
Less: Cash and cash balances disposed	-	-
Net cash inflows from disposal	-	2

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(g) Internal re-organisation

On 17 June 2019, MGB has undertaken internal restructuring whereby Vintage Roofing & Construction Sdn. Bhd. ("VRC"), a wholly-owned subsidiary company of MGB, disposed 2 ordinary shares, representing the entire equity interest in Sinaran Kencana Sdn. Bhd. (formerly known as VTI Consortium Sdn. Bhd.), an indirect wholly-owned subsidiary company of MGB to MGB Land, for a total cash consideration of RM2 only.

(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 31 December 2019 (Cont'd)

10. INVESTMENT IN ASSOCIATES

(a) Investment in associates

	2019 RM	Group 2018 RM
At cost		
Unquoted shares in Malaysia	4,254,070	4,254,070
Less: Accumulated impairment losses		
At 1 January	(206,032)	(34,315)
Impairment losses during the financial year	(250,826)	(171,717)
At 31 December	(456,858)	(206,032)
Group's share of post acquisition reserves	(1,235,691)	(1,276,019)
	2,561,521	2,772,019

Details of the associates are disclosed in Note 54.

31 December 2018

- (i) On 29 March 2018, MGBCE 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 associate of MGBCE.
- (ii) On 18 April 2018, LBS Bina acquired 539,000 ordinary shares, representing 49% equity interest in Bendera Berlian Sdn. Bhd. ("BBSB") for a total cash consideration of RM539,000 only. Consequently, BBSB became a 49% owned associate of LBS Bina.

10. INVESTMENT IN ASSOCIATES (CONT'D)

- (b) The summarised financial information of the associates, not adjusted for the percentage held by the Group is as follows:

	2019 RM	Group 2018 RM
Assets and liabilities		
Non-current assets	1,645,052	1,655,831
Current assets	1,956,341	2,009,591
Total assets	3,601,393	3,665,422
Non-current liabilities	(823,918)	(828,389)
Current liabilities	(1,866,822)	(1,866,231)
Total net assets	910,653	970,802

	2019 RM	Group 2018 RM
Financial results		
Revenue	895,365	748,580
Profit before tax	104,493	239,068
Taxation	(76,682)	(103,905)
Net profit for the financial year	27,811	135,163
Effect of adoption of MFRS 16 in relation to opening retained earnings	185	-

The unrecognised share of losses of the associates is as follows:

	2019 RM	Group 2018 RM
At 1 January	282,557	273,177
Share of losses during the financial year	18,641	9,380
At 31 December	301,198	282,557

- (c) The Group's associates are individually immaterial to the financial position, financial performance and cash flows of the Group.

Notes to the Financial Statements

31 December 2019 (Cont'd)

11. OTHER INVESTMENTS

	2019 RM	Group 2018 RM
Non-current		
Financial assets measured at fair value through other comprehensive income		
Equity securities listed in Hong Kong measured at fair value on recurring basis and classified as level 1 of the fair value hierarchy	49,782,672	73,382,778
Other investments		
At cost		
Transferable corporate club memberships	1,133,001	1,133,001
Accumulated impairment losses		
At 1 January	373,001	185,001
Impairment losses during the financial year	150,000	188,000
At 31 December	523,001	373,001
	610,000	760,000
	50,392,672	74,142,778

The fair value of the listed equity securities was determined by reference to the quoted price in an active market.

Included in the listed equity securities was an amount of RM37,843,200 (2018: RM63,384,000) which have been pledged to licensed banks as securities to partially secure the bank overdrafts as disclosed in Note 32(e).

During the financial year, an impairment loss of RM150,000 (2018: RM188,000) was provided for transferable corporate club memberships as there were decline in the fair value of these investments below their costs.

	2019 RM	Group 2018 RM
Current		
Financial assets measured at fair value through profit or loss		
Over the counter trust funds measured at fair value on recurring basis and classified as level 1 of the fair value hierarchy	9,620,634	3,125,358

11. OTHER INVESTMENTS (CONT'D)

	2019 RM	Company 2018 RM
Current		
Financial assets measured at fair value through profit or loss		
Over the counter trust funds measured at fair value on recurring basis and classified as level 1 of the fair value hierarchy	2,168,854	2,092,671

The fair value of the trust funds was determined by reference to the quoted prices provided by financial intermediaries.

12. INTANGIBLE ASSETS

	Note	2019 RM	Group 2018 RM
Cost			
At 1 January		3,016,020	683,027
Effect of completion of purchase price allocation ("PPA")	(a)	-	2,332,993
At 31 December		3,016,020	3,016,020
Accumulated amortisation			
At 1 January		683,027	683,027
Charge for the financial year		806,082	-
At 31 December		1,489,109	683,027
Carrying amount			
At 31 December		1,526,911	2,332,993

- (a) In the previous financial year, a subsidiary company of the Company has completed the purchase price allocation ("PPA") exercise to determine the fair value of the net assets of Multi Court Developers Sdn. Bhd. within the stipulated time period, i.e. twelve (12) months from the acquisition date of 5 January 2018, in accordance to MFRS 3, *Business Combinations*. Based on the PPA exercise conducted, RM2,332,993 has been identified as intangible assets.

The intangible assets, deferred tax liabilities arising from the intangible assets and goodwill on consolidation have been reflected accordingly in the statements of financial position.

Notes to the Financial Statements

31 December 2019 (Cont'd)

13. GOODWILL ON CONSOLIDATION

	2019 RM	Group 2018 RM
Cost		
At 1 January	184,738,924	181,197,607
Additions	-	3,541,317
At 31 December	184,738,924	184,738,924
Accumulated impairment losses		
At 1 January	71,230,968	66,585,616
Additions	342,113	4,645,352
At 31 December	71,573,081	71,230,968
Carrying amount		
At 31 December	113,165,843	113,507,956

In the previous financial year, the Group has completed the PPA exercise to determine the fair value of the net assets of Gerbang Mekar Sdn. Bhd., within the stipulated time period, i.e. twelve (12) months from the acquisition date of 8 March 2018, in accordance to MFRS 3, *Business Combinations*.

(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, construction and trading as follows:

	2019 RM	Group 2018 RM
Property development	106,900,832	107,242,945
Construction and trading	6,265,011	6,265,011
	113,165,843	113,507,956

13. GOODWILL ON CONSOLIDATION (CONT'D)

(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 years period. The key assumptions used for value in use calculations are based on future projection of the Group in Malaysia as follows:

	Property Development	Construction and Trading
Net margin	21%	2%
Growth rate	N/A	5% - 15%
Pre-tax discount rate	7% p.a.	7% p.a.

The key assumptions that the Directors have used in the cash flow projections to undertake impairment testing are as follows:

- (i) Net margin - Budgeted value based on the average margins achieved in the year immediately before the budget 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 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.

(c) Sensitivity to changes in assumptions

The management believes that a reasonably possible change 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 RM342,113 (2018: RM4,645,352) 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. The impairment loss is recorded within administrative expenses in the statements of profit or loss and other comprehensive income.

Notes to the Financial Statements

31 December 2019 (Cont'd)

14. TRADE RECEIVABLES

	2019 RM	Group 2018 RM
Non-current		
Trade receivables		
- Third parties	3,368,268	1,039,164
Current		
Trade receivables		
- Third parties	401,518,143	699,642,771
- Related parties	3,993,042	1,673,205
	405,511,185	701,315,976
Retention sum receivables		
- Third parties	10,202,356	14,690,976
	415,713,541	716,006,952
Less: Accumulated impairment losses	(5,770,712)	(5,816,471)
Total current trade receivables	409,942,829	710,190,481
Total trade receivables	413,311,097	711,229,645

The Group's normal trade credit terms range from 14 to 180 days (2018: 14 to 180 days) term. Other credit terms are assessed and approved on a case-to-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in trade receivables was an amount of RM37,848,196 (2018: RM55,098,940) retained by stakeholders which are due upon the expiry of retention period as stipulated in the sale and purchase agreements signed with property purchasers. The retention periods range from 8 to 24 months.

14. TRADE RECEIVABLES (CONT'D)

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

	Lifetime allowance RM	Credit impaired RM	Loss allowance RM
Group 2019			
At 1 January	1,582,636	4,233,835	5,816,471
Allowance for impairment losses	69,493	1,225,121	1,294,614
Reversal of allowance for impairment losses	(766,683)	(551,394)	(1,318,077)
Exchange differences	-	(22,296)	(22,296)
At 31 December	885,446	4,885,266	5,770,712
2018			
At 1 January	2,928,339	3,716,575	6,644,914
Allowance for impairment losses	283,488	2,338,168	2,621,656
Arising from acquisition of subsidiary companies	249,808	1,601,025	1,850,833
Written off	-	(243,678)	(243,678)
Reversal of allowance for impairment losses	(1,878,999)	(3,169,188)	(5,048,187)
Exchange differences	-	(9,067)	(9,067)
At 31 December	1,582,636	4,233,835	5,816,471

Analysis of the trade receivables ageing are as follows:

	Gross Amount RM	Loss allowance RM	Net amount RM
Group 2019			
Neither past due	185,433,955	(19,586)	185,414,369
Past due:			
Less than 30 days	50,976,389	(11,896)	50,964,493
31 to 60 days	40,741,015	(26,308)	40,714,707
More than 60 days	137,045,184	(827,656)	136,217,528
	228,762,588	(865,860)	227,896,728
Credit impaired:			
Individually impaired	4,885,266	(4,885,266)	-
	419,081,809	(5,770,712)	413,311,097

Notes to the Financial Statements

31 December 2019 (Cont'd)

14. TRADE RECEIVABLES (CONT'D)

Analysis of the trade receivables ageing are as follows: (cont'd)

	Gross Amount RM	Loss allowance RM	Net amount RM
Group 2018			
Neither past due	338,533,435	(44,210)	338,489,225
Past due:			
Less than 30 days	80,771,130	(168,200)	80,602,930
31 to 60 days	52,644,043	(121,842)	52,522,201
More than 60 days	240,863,673	(1,248,384)	239,615,289
	374,278,846	(1,538,426)	372,740,420
Credit impaired:			
Individually impaired	4,233,835	(4,233,835)	-
	717,046,116	(5,816,471)	711,229,645

Trade receivables that are neither past due or past due

(i) Property development

Included in gross trade receivables were an amount of RM351,588,152 (2018: RM554,442,086), 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 purchase consideration is fully settled.

As at 31 December 2019, trade receivables that are individually determined to be impaired were RM3,100,623 (2018: RM3,288,664), mainly related to purchasers whom were in significant financial difficulties or have defaulted on payments. For those trade receivables that are individually impaired, the Group's internal legal department will follow up with enforcement activities.

The Group also assesses credit quality of the trade receivables on a collective basis by using ageing of past due days. As at 31 December 2019, the Group provided lifetime impairment losses of RM709,382 (2018: RM1,305,776) based on purchasers' historical data as an assumption for possibility of default.

(ii) Construction and trading

Included in gross trade receivables were an amount of RM55,129,441 (2018: RM152,772,301), mainly were creditworthy receivables with good payment record and active corporate clients with healthy business relationship but slower repayment records. The management is of the view that the amount are recoverable based on past payment record.

14. TRADE RECEIVABLES (CONT'D)

Trade receivables that are neither past due or past due (cont'd)

(ii) Construction and trading (cont'd)

As at 31 December 2019, trade receivables that are individually assessed to be impaired amounting to RM34,741 (2018: RM34,741), related to customers that are in financial difficulties. These balances are expected to be recovered through the debt recovery process.

The Group also assesses credit quality of the trade receivables on a collective basis by using ageing of past due days. At the reporting date, the Group provided lifetime impairment losses of RM173,285 (2018: RM213,323) based on purchasers' historical data as an assumption for possibility of default.

Concentration of credit risk with respect to trade receivables is limited due to the Group's large number of purchasers, 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.

15. CONTRACT ASSETS/(LIABILITIES)

	2019 RM	Group 2018 RM
<u>Contract assets</u>		
Construction contracts (a)	8,987,809	5,520,288
Property development activities (b)	379,245,821	198,569,766
	388,233,630	204,090,054
<u>Contract liabilities</u>		
Construction contracts (a)	29,121,338	26,159,098
Property development activities (b)	24,807,543	26,867,292
	53,928,881	53,026,390

Notes to the Financial Statements

31 December 2019 (Cont'd)

15. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(a) Construction contracts

	2019 RM	Group 2018 RM
Contract cost incurred to-date	405,932,688	336,727,043
Attributable profits recognised to-date	47,431,685	22,604,167
	453,364,373	359,331,210
Less: Progress billings	(473,340,738)	(379,970,020)
Less: Accumulated impairment losses	(157,164)	-
	(20,133,529)	(20,638,810)
Presented as:		
Contract assets	8,987,809	5,520,288
Contract liabilities	(29,121,338)	(26,159,098)
	(20,133,529)	(20,638,810)

Included in progress billings is retention sum of RM10,202,356 (2018: RM14,085,281).

Movements in the allowance for impairment losses of contract assets are as follows:

	Group 2019 RM
At 1 January	-
Impairment losses recognised	157,164
At 31 December	157,164

15. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(b) Property development activities

	2019 RM	Group 2018 RM
At 1 January	171,702,474	332,041,244
Property development revenue recognised during the financial year	1,029,185,950	888,136,370
Less: Billings during the financial year	(846,450,146)	(1,048,475,140)
At 31 December	354,438,278	171,702,474
Presented as:		
Contract assets	379,245,821	198,569,766
Contract liabilities	(24,807,543)	(26,867,292)
	354,438,278	171,702,474

The contract assets and liabilities balances represent the timing differences in revenue recognition and milestone billings. The milestone billings for property development contract are governed by the relevant regulations.

Contract assets in relation to property development activities is the excess of revenue recognised in profit or loss over billings to purchasers as at the reporting date. This unbilled amount for work completed will be transferred to trade receivables when the right to bill becomes unconditional. Contract liabilities consist of billings in excess of revenue recognised, this amount is expected to be recognised as revenue over a period of 180 days.

(c) Contract value yet to be recognised as revenue

The Group applies the practical expedient in MFRS 15 on not disclosing the aggregate amount of the revenue expected to be recognised in the future as the Group recognises revenue from the satisfaction of the performance obligation using output methods in accordance with paragraph B16 of MFRS 15.

Notes to the Financial Statements

31 December 2019 (Cont'd)

16. OTHER RECEIVABLES

	2019 RM	Group 2018 RM
Current		
Other receivables		
- Third parties	40,093,585	28,045,988
- Related parties	265,435	267,623
	40,359,020	28,313,611
Less: Accumulated impairment losses		
- Third parties	(5,020,114)	(5,031,623)
	35,338,906	23,281,988
Deposits		
- Third parties	70,947,069	50,471,326
- Related parties	12,900	12,900
GST receivable	5,246,545	5,476,689
Prepayments	8,097,843	15,039,164
Total other receivables	119,643,263	94,282,067

	2019 RM	Company 2018 RM
Current		
Other receivables	4,197	3,630
Deposits	2,034,500	1,154,500
GST receivable	11,265	11,265
Total other receivables	2,049,962	1,169,395

Included in other receivables of the Group mainly comprise of the followings:

- (i) Deposits and prepaid purchase consideration of RM22,440,000 (2018: RM14,700,000), paid for the acquisition and joint venture of development lands that have not been completed as at 31 December 2019. The balance of purchase consideration are disclosed as capital commitments in Note 51.
- (ii) An amount of RM6,357,971 (2018: RM6,357,971) 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.

16. OTHER RECEIVABLES (CONT'D)

Included in other receivables of the Group mainly comprise of the followings: (cont'd)

- (iii) An amount of RM732,716 (2018: RM720,167) 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 movements in the allowance for impairment losses (individually assessed) of other receivables are as follows:

	2019 RM	Group 2018 RM
At 1 January	5,031,623	4,851,031
Allowance for impairment losses	609,292	180,767
Reversal of allowance for impairment losses	(620,756)	-
Exchange differences	(45)	(175)
At 31 December	5,020,114	5,031,623

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.

17. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

(a) Amount due from subsidiary companies (Non-Current)

These represent unsecured, non-interest bearing advances and repayable after twelve months except for an amount of RM270,370,707 (2018: RMNil) which bear interests at a rate of 3.10% (2018: Nil) per annum and RM14,593,887 (2018: RMNil) represented bank borrowings obtained on behalf by the Company which bear interest range from 5.90% to 9.00% (2018: Nil) per annum.

(b) Amount due from subsidiary companies (Current)

These represent unsecured, non-interest bearing advances and repayable on demand except for an amount of RM206,286,090 (2018: RMNil) which bear interest at a rate of 3.10% (2018: Nil) per annum and RM62,520,000 (2018: RM4,393,887) represented bank borrowings obtained on behalf by the Company which bear interest range from 5.89% to 9.00% (2018: ranging from 8.20% to 8.45%) per annum.

(c) Amount due to subsidiary companies

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

18. AMOUNT DUE FROM/(TO) ASSOCIATES

Amount due from/(to) associates are trade in nature, unsecured, non-interest bearing advances and repayable on demand.

Notes to the Financial Statements

31 December 2019 (Cont'd)

19. FIXED DEPOSITS WITH LICENSED BANKS

Included in fixed deposits of the Group and of the Company are amounts of RM57,615,678 and RM24,867,182 (2018: RM38,632,446 and RM24,690,982) respectively, which are pledged to licensed banks as securities for banking facilities granted to the Company and certain subsidiary companies as disclosed in Notes 30(h) and 32(d) respectively.

The interest rates and maturities of deposits of the Group at the reporting date ranging from 0.30% to 4.05% (2018: 0.30% to 3.80%) per annum and 1 to 365 days (2018: 1 to 365 days) respectively. All unpledged deposits have maturity periods of less than three months.

The interest rates and maturities of deposits of the Company at the reporting date ranging from 0.40% to 4.05% (2018: 0.30% to 3.45%) per annum and 1 to 365 days (2018: 1 to 365 days) respectively. All unpledged deposits have maturity periods of less than three months.

20. 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 (Control and Licensing) Act, 1966.

The interest rates of cash held under Housing Development Accounts at the reporting date ranging from 1.20% to 2.10% (2018: 0.18% to 2.50 %) per annum.

21. CASH AND BANK BALANCES

Included in cash and bank balances of the Group and of the Company are deposits with licensed banks amounting to RM8,721,135 and RM655,611 (2018: RM3,837,881 and RM121,930) respectively, which have been pledged to licensed banks for banking facilities granted to the Group and to the Company as disclosed in Note 30(e) and 31(b) respectively.

22. ASSETS HELD FOR SALE

		2019 RM	Group 2018 RM
	Note		
Freehold land	(a)	3,000,000	-
Freehold building	(b)	123,812	-
Leasehold buildings	(c)	964,128	-
		4,087,940	-

- (a) In December 2019, the Directors of MGBCE, a subsidiary company of MGB have decided to dispose of a piece of freehold vacant agricultural land for a total cash consideration of RM3,000,000. Purchaser is confirmed and the sale is expected to be completed in second quarter of the financial year ending 2020.

22. ASSETS HELD FOR SALE (CONT'D)

- (b) In December 2019, the Directors of SPJ Construction Sdn. Bhd., a subsidiary company of LBS Bina have decided to dispose of a freehold building for a total cash consideration of RM220,000. Purchaser is confirmed and the sale is expected to complete in the financial year ending 2020.
- (c) In July 2019, Azam Perspektif Sdn. Bhd., a wholly-owned subsidiary company of LBS Bina, entered into a Sale and Purchase Agreement to dispose of a leasehold building for a total cash consideration of RM680,000. The purchaser is confirmed and the sale is expected to complete in the financial year ending 2020.

In October 2019, the Directors of LBS Properties Sdn. Bhd., a wholly-owned subsidiary company of LBS Bina have decided to dispose of two leasehold buildings for a total cash consideration of RM107,300 and RM101,700 respectively. Purchaser is confirmed and the sale is expected to complete in the financial year ending 2020.

In November 2019, Pelangi Homes Sdn. Bhd., a wholly-owned subsidiary company of LBS Bina, entered into a Sale and Purchase Agreement to dispose of two leasehold buildings for a total cash consideration of RM130,000 each. The purchasers are confirmed and the sale is expected to complete in the financial year ending 2020.

In December 2019, the Directors of LBS Bina, a wholly-owned subsidiary company of the Company have decided to dispose of a leasehold building for a total cash consideration of RM800,000. Purchaser is confirmed and the sale is expected to complete in the financial year ending 2020.

Notes to the Financial Statements

31 December 2019 (Cont'd)

23. SHARE CAPITAL

	Number of shares		Group/Company	
	2019 Units	2018 Units	2019 RM	2018 RM
Issued and fully paid ordinary shares				
At 1 January	1,559,026,393	686,997,992	809,603,740	775,285,125
Issuance of shares:				
- Exercise of ESOS	360,000	4,719,300	241,071	7,027,093
- Exercise of warrants	-	15,477,918	-	14,011,957
- Conversion of RCPS	7,724,618	6,036,165	7,724,618	13,279,565
Share subdivision	-	704,839,273	-	-
Bonus issue	-	140,955,745	-	-
At 31 December	1,567,111,011	1,559,026,393	817,569,429	809,603,740
Redeemable Convertible Preference Shares ("RCPS")				
At 1 January	102,389,635	114,461,967	112,628,599	125,908,164
Conversion of RCPS	(7,022,380)	(12,072,332)	(7,724,618)	(13,279,565)
At 31 December	95,367,255	102,389,635	104,903,981	112,628,599
Total	1,662,478,266	1,661,416,028	922,473,410	922,232,339

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards 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.

Ordinary shares

31 December 2019

The Company increased its issued and paid-up share capital from 1,559,026,393 to 1,567,111,011 by way of issuance of 8,084,618 new ordinary shares as follows:

- 360,000 new ordinary shares for cash pursuant to the exercise of options under the Employees' Share Option Scheme ("ESOS") at exercise prices ranging from RM0.51 to RM0.56 per ordinary share.
- 7,724,618 new ordinary shares with the conversion ratio of 11 new ordinary shares for 10 RCPS pursuant to the conversion of 7,022,380 RCPS.

23. SHARE CAPITAL (CONT'D)

Ordinary shares (cont'd)

31 December 2018

The Company increased its issued and paid-up share capital from 686,997,992 to 1,559,026,393 by way of issuance of 872,028,401 new ordinary shares as follows:

- (a) 4,719,300 new ordinary shares for cash pursuant to the exercise of options under the Employees' Share Option Scheme ("ESOS") at the following range of exercise prices:

	Batch 1	Batch 2	Total
Exercise price (RM)	1.00 to 1.84	0.46 to 0.81 #	
No. of shares issued	2,732,800	1,986,500	4,719,300

- (b) 7,929,702 new ordinary shares pursuant to the conversion of 7,929,702 Warrants A at the following exercise prices:

	Batch 1	Batch 2	Total
Exercise price (RM)	1.00	0.46 #	
No. of shares issued	1,806,600	6,123,102	7,929,702

- (c) 7,548,216 new ordinary shares pursuant to the conversion of 7,548,216 Warrants B at the following exercise prices:

	Batch 1	Batch 2	Total
Exercise price (RM)	1.25	0.56 #	
No. of shares issued	7,265,716	282,500	7,548,216

- (d) 6,036,165 new ordinary shares with the conversion ratio of one (1) new ordinary share for two (2) RCPS pursuant to the conversion of 12,072,332 RCPS.

- (e) 704,839,273 new ordinary shares pursuant to share subdivision exercise.

- (f) 140,955,745 new ordinary shares pursuant to bonus issue exercise.

- # Exercise price has been restated to reflect the retrospective adjustment arising from the share subdivision and bonus issue which have been completed on 27 February 2018.

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

Notes to the Financial Statements

31 December 2019 (Cont'd)

23. SHARE CAPITAL (CONT'D)

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 dividend 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 ordinary shares of the Company, 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.
- (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 of 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.

Pursuant to the completion of corporate exercises in relation to share subdivision and bonus issue on 27 February 2018, the conversion ratio of any outstanding RCPS has been adjusted to 11 new ordinary shares for every 10 RCPS.

As at 31 December 2019, the total number of RCPS that remain unexercised was 95,367,255.

24. TREASURY SHARES

	Number of shares		Group/Company	
	2019 Units	2018 Units	2019 RM	2018 RM
At 1 January	120,000	60,000	88,081	88,081
Shares repurchased	21,197,500	-	10,844,628	-
Subdivision	-	60,000	-	-
At 31 December	21,317,500	120,000	10,932,709	88,081

Pursuant to the completion of corporate exercises in relation to share subdivision and bonus issue on 27 February 2018, additional 60,000 treasury shares have been issued. Treasury shares are not entitled for bonus issues.

The shareholders of the Company, by a resolution passed in the last Annual General Meeting held on 28 June 2019, renewed the authority in relation to shares 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.

During the financial year, the Company repurchased 21,197,500 (2018: Nil) of its issued ordinary shares from the open market. The average price paid for the shares repurchased was RM0.51 (2018: RMNil) per share. The total consideration paid for the repurchase including transaction costs was RM10,844,628 (2018: RMNil). 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.

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.

25. OTHER RESERVES

		Group	
	Note	2019 RM	2018 RM
Non-distributable			
Fair value reserves	(a)	(21,750,858)	(36,746,304)
ESOS reserves	(b)	4,481,102	5,007,687
Foreign currency translation reserves	(c)	110,029,397	111,312,586
Other reserves	(d)	(276,068,754)	(241,088,770)
Warrants reserves	(e)	21,352,823	21,352,823
		(161,956,290)	(140,161,978)

Notes to the Financial Statements

31 December 2019 (Cont'd)

25. OTHER RESERVES (CONT'D)

		Company	
	Note	2019 RM	2018 RM
Fair value reserves	(a)	(21,352,823)	(21,352,823)
ESOS reserves	(b)	4,481,102	5,007,687
Warrants reserves	(e)	21,352,823	21,352,823
		4,481,102	5,007,687

(a) Fair value reserves

Fair value reserves represent the cumulative net change in the financial assets measured at FVTOCI until they derecognised or impaired and fair value allocated to the bonus issue of free detachable Warrants B.

(b) ESOS reserves

	Group/Company	
	2019 RM	2018 RM
Non-distributable		
At 1 January	5,007,687	6,982,320
Exercise of ESOS	(57,291)	(1,895,068)
Realisation of ESOS reserves	(469,294)	(79,565)
At 31 December	4,481,102	5,007,687

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.

Details of Employees' Share Option Scheme are disclosed in Note 42.

(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.

25. OTHER RESERVES (CONT'D)

(e) Warrants reserves

	Number of shares		Group/Company	
	2019	2018	2019	Amount
	Units	Units	RM	2018
				RM
Non-distributable Warrants A				
At 1 January	-	6,034,712	-	148,385
Subdivision	-	4,228,112	-	-
Bonus issue	-	845,617	-	-
Realisation of warrants reserves	-	(7,929,702)	-	(148,385)
Expiry of warrants	-	(3,178,739)	-	-
At 31 December	-	-	-	-
Warrants B				
At 1 January	99,949,262	52,825,663	21,352,823	24,828,062
Subdivision	-	45,559,947	-	-
Bonus issue	-	9,111,868	-	-
Realisation of warrants reserves	-	(7,548,216)	-	(3,475,239)
At 31 December	99,949,262	99,949,262	21,352,823	21,352,823
Total warrant reserves	99,949,262	99,949,262	21,352,823	21,352,823

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.

Pursuant to the completion of corporate exercises in relation to share subdivision and bonus issue on 27 February 2018, additional Warrants A of 5,073,729 have been issued. The exercise prices for all the warrants have been adjusted accordingly.

The exercise period of Warrants A expired on 11 June 2018.

Notes to the Financial Statements

31 December 2019 (Cont'd)

25. OTHER RESERVES (CONT'D)

(e) Warrants reserves (cont'd)

The salient terms of Warrants A and Warrants B are as follows: (cont'd)

(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 1 free Warrants B for every 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.

Pursuant to the completion of corporate exercises in relation to share subdivision and bonus issue on 27 February 2018, additional Warrants B of 54,671,815 have been issued. The exercise prices for all the warrants have been adjusted accordingly.

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 2019, the total number of Warrants B that remain unexercised was 99,949,262 (2018: 99,949,262).

26. TRADE PAYABLES

	2019 RM	Group 2018 RM
Non-current		
Trade payables	449,003,146	436,312,475
Current		
Trade payables		
- Third parties	427,219,790	453,570,597
- Related parties	8,788	73,002
	427,228,578	453,643,599
Retention sum		
- Third parties	89,547,324	92,298,034
- Related parties	7,098	24,866
	89,554,422	92,322,900
	516,783,000	545,966,499
Total trade payables	965,786,146	982,278,974

(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.

(b) Current trade payables

The normal trade credit terms granted to the Group range from cash basis to 60 days (2018: cash basis to 60 days) depending on the terms of the contracts.

Included in trade payables of the Group mainly comprise of an amount of RM94,998,803 (2018: RM131,095,863) for the acquisition and joint venture of project development lands. Payment will be made as stipulated in the agreements.

Notes to the Financial Statements

31 December 2019 (Cont'd)

27. OTHER PAYABLES

	Group	
	2019 RM	2018 RM
Non-current		
Other payables		
- Related parties	49,892,363	51,259,602
Current		
Other payables		
- Third parties	113,862,742	106,903,104
- Related parties	18,229,239	27,921,325
	132,091,981	134,824,429
Accruals	302,355,267	276,738,750
Deposits		
- Third parties	5,151,110	4,985,630
- Related party	14,300	8,800
	5,165,410	4,994,430
Amount due to a shareholder	4,996,821	5,523,626
Provision for affordable housing	-	74,153,980
GST payable	-	15,617
	444,609,479	496,250,832
Total other payables	494,501,842	547,510,434

	Company	
	2019 RM	2018 RM
Current		
Other payables		
- Third parties	304,142	515,310
Accruals		
- Third parties	1,157,586	1,170,646
Total other payables	1,461,728	1,685,956

27. OTHER PAYABLES (CONT'D)

(a) Non-current other payables

Unsecured advances of RM49,892,363 (2018: RM51,259,602) from a joint venture partner which is not expected to be settled within the next twelve months.

(b) Current other payables

Included in other payables of the Group mainly comprise of the followings:

- (i) An amount of RM19,187,483 (2018: RM32,357,935) for equity interest acquisition from non-controlling interests.
- (ii) An amount of RM6,379,601 (2018: RM6,357,971) 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) Provision for affordable housing

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 7(a) on land held for property development and property development costs.

The movements of the provision for affordable housing are as follows:

	2019 RM	Group 2018 RM
At 1 January	74,153,980	97,055,692
Reversal	(74,153,980)	(17,456,800)
Utilisation of provision	-	(5,444,912)
At 31 December	-	74,153,980

Notes to the Financial Statements 31 December 2019 (Cont'd)

28. FINANCE LEASE PAYABLES

	Group 2018 RM
(a) Minimum lease payments	
Within one year	13,879,682
Between one and five years	37,395,368
After five years	1,090,416
	52,365,466
Less: Future finance charges	(6,190,651)
Present value of minimum lease payments	46,174,815
(b) Present value of minimum lease payments	
Within one year	11,365,126
Between one and five years	34,554,141
After five years	255,548
	46,174,815
Analysed as:	
Repayable within twelve months	11,365,126
Repayable after twelve months	34,809,689
	46,174,815

In the previous financial year, 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 arrangement has been entered into for contingent rental payments.

In the previous financial year, the interest is charged at rates ranging from 2.31% to 6.09% per annum.

29. LEASE LIABILITIES

	Group 2019 RM
At 1 January, as previously reported	-
Effect of adopting MFRS 16	47,604,864
At 1 January, as restated	47,604,864
Additions	8,321,392
Payments	(16,971,459)
Accretion of interest	3,065,082
Expiration of lease contracts	(117,205)
At 31 December	41,902,674
Presented as:	
Non-current	27,553,165
Current	14,349,509
	41,902,674

The maturity analysis of lease liabilities of the Group at the end of the reporting period:

	Group 2019 RM
Within one year	16,552,064
Later than one year and not later than two years	6,681,401
Later than two years and not later than five years	23,041,481
Later than five years	227,460
	46,502,406
Less: Future finance charges	(4,599,732)
Present value of lease liabilities	41,902,674

The Group leases various land, buildings, office equipment, furniture and fittings, renovations, plant machinery and equipment and motor racing circuits. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The weighted average incremental borrowing rate applied to lease liabilities at the reporting date ranging from 2.18% to 7.57%.

Notes to the Financial Statements

31 December 2019 (Cont'd)

30. BANK BORROWINGS

	2019 RM	Group 2018 RM
Secured		
<i>Floating rates:</i>		
Bridging loans	230,280,603	219,755,736
Term loans	451,614,123	444,508,372
Revolving credits	301,109,436	264,965,612
Trade services	25,752,902	76,389,719
Total bank borrowings	1,008,757,064	1,005,619,439
Analysed as:		
Repayable within twelve months		
<i>Floating rates:</i>		
Bridging loans	27,631,714	12,379,408
Term loans	155,507,532	122,647,861
Revolving credits	301,109,436	246,569,635
Trade services	25,752,902	76,389,719
	510,001,584	457,986,623
Repayable after twelve months		
<i>Floating rates:</i>		
Bridging loans	202,648,889	207,376,328
Term loans	296,106,591	321,860,511
Revolving credits	-	18,395,977
	498,755,480	547,632,816
Total bank borrowings	1,008,757,064	1,005,619,439

30. BANK BORROWINGS (CONT'D)

	2019 RM	Company 2018 RM
Secured		
<i>Floating rates:</i>		
Term loans	129,272,426	84,873,996
Revolving credits	139,182,452	104,375,220
Total bank borrowings	268,454,878	189,249,216
Analysed as:		
Repayable within twelve months		
<i>Floating rates:</i>		
Term loans	80,272,426	57,573,996
Revolving credits	139,182,452	104,375,220
	219,454,878	161,949,216
Repayable after twelve months		
<i>Floating rates:</i>		
Term loans	49,000,000	27,300,000
	49,000,000	27,300,000
Total bank borrowings	268,454,878	189,249,216

The banking facilities of the Group and of the Company obtained from licensed banks are secured by the followings:

- fixed charge over certain property, plant and equipment and right-of-use assets as disclosed in Notes 4(a) and 5(a) respectively;
- fixed charge over certain capital work-in-progress as disclosed in Note 6;
- fixed charge or specific debenture over certain land held for property development and property development costs as disclosed in Note 7(a);
- legal assignment of tenancy agreements over certain investment properties as disclosed in Note 8(a);
- 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;
- fixed charge over certain inventories of subsidiary companies as disclosed in Note 7(b);
- certain securities listed on Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") as disclosed in Note 9(a);
- pledge of fixed deposits as disclosed in Note 19; and
- corporate guarantees provided by the Company and/or certain subsidiary companies

Notes to the Financial Statements 31 December 2019 (Cont'd)

30. BANK BORROWINGS (CONT'D)

Maturities of bank borrowings are as follows:

	2019 RM	Group 2018 RM
Within one year	510,001,584	457,986,623
Between one and two years	119,858,538	82,247,514
Between two and three years	149,956,747	110,172,926
Between three and four years	112,452,041	107,982,964
Between four and five years	32,541,223	191,021,683
After five years	83,946,931	56,207,729
	1,008,757,064	1,005,619,439

	2019 RM	Company 2018 RM
Within one year	219,454,878	161,949,216
Between one and two years	38,000,000	13,550,000
Between two and three years	11,000,000	13,750,000
	268,454,878	189,249,216

The range of effective interest rates per annum of the Group and of the Company at the reporting date are as follows:

	2019 %	Group 2018 %
Bridging loans	5.77 - 8.01	6.03 - 8.00
Term loans	4.40 - 10.50	4.42 - 12.00
Revolving credits	4.94 - 10.70	3.32 - 7.79
Trade services	3.46 - 7.20	5.80 - 7.20

	2019 %	Company 2018 %
Term loans	4.95 - 10.50	4.95 - 12.00
Revolving credits	5.10 - 10.70	5.10 - 7.79

31. SUKUK MURABAHAH ("SUKUK")

	2019 RM	Group 2018 RM
Secured		
Repayable within twelve months	4,452,000	9,659,242
Repayable after twelve months	84,824,000	89,276,000
Total Sukuk	89,276,000	98,935,242

Maturities of Sukuk are as follows:

	2019 RM	Group 2018 RM
Within one year	4,452,000	9,659,242
Between one and two years	9,202,000	4,452,000
Between two and three years	13,952,000	9,202,000
Between three and four years	13,952,000	13,952,000
Between four and five years	9,202,000	13,952,000
After five years	38,516,000	47,718,000
	89,276,000	98,935,242

On 15 December 2017, a subsidiary company established a Sukuk Murabahah Programme ("Programme") of up to RM500.0 million in nominal value with a tenure of up to 20 years from the first issuance date.

On 10 January 2018, the subsidiary company made its first issuance pursuant to the Programme for an amount of RM5,000,000 at its nominal value that carries profit rates ranging from 7.97% to 8.22% per annum. It is repayable in full on 10 January 2019.

On 12 February 2018, the subsidiary company made a second issuance of RM28.5 million pursuant to the Programme at its nominal value that carries profit rates ranging from 6.53% to 6.54% per annum. It is repayable in 6 semi-annually principal payments commencing from 11 August 2021.

On 26 July 2018 and 21 August 2018, the subsidiary company made a third issuance of RM67.0 million pursuant to the Programme at its nominal value that carries profit rates ranging from 6.53% to 6.54% per annum. It is repayable in 180 monthly principal payments commencing on subsequent months from their issuance dates.

Notes to the Financial Statements

31 December 2019 (Cont'd)

31. SUKUK MURABAHAH ("SUKUK") (CONT'D)

The Sukuk is secured by the followings:

- (a) fixed charge or specific debenture over certain land held for property development and property development costs as disclosed in Note 7(a);
- (b) legal assignment of cashflows or insurance proceeds in relation to projects being developed by subsidiary companies; and
- (c) corporate guarantees provided by the Company and certain subsidiary companies.

The effective interest rate at the reporting date is 6.34% (2018: ranging from 6.53% to 8.22%) per annum.

32. BANK OVERDRAFTS

	2019 RM	Group 2018 RM
Secured		
Repayable within twelve months	93,794,619	105,469,116

	2019 RM	Company 2018 RM
Secured		
Repayable within twelve months	2,500,588	25,060,602

The bank overdrafts obtained from licensed banks are secured by the followings:

- (a) fixed charge over certain property, plant and equipment and right-of-use assets as disclosed in Notes 4(a) and 5(a) respectively;
- (b) fixed charge or specific debenture over certain land held for property development and property development costs as disclosed in Note 7(a);
- (c) fixed charge over certain investment properties as disclosed in Note 8(a);
- (d) pledge of fixed deposits as disclosed in Note 19;
- (e) certain securities listed on Bursa Securities or Hong Kong Stock Exchange as disclosed in Notes 9(a) and 11 respectively; and
- (f) corporate guarantees provided by the Company and certain subsidiary companies.

32. BANK OVERDRAFTS (CONT'D)

The range of effective interest rates per annum of the Group and of the Company at the reporting date is as follows:

	Group	
	2019	2018
	%	%
Bank overdrafts	6.72 - 8.17	6.90 - 8.35

	Company	
	2019	2018
	%	%
Bank overdrafts	8.10	7.95 - 8.35

33. REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS")

On 5 September 2018, Utuh Sejagat Sdn. Bhd. ("USSB"), a subsidiary company, issued Ringgit Malaysia fifty million (RM50,000,000) Redeemable Convertible Preference Shares ("RCPS") and four million seven hundred and fifty thousand (4,750,000) free attachable Zero-Rated Redeemable Preference Shares ("ZRPS") equivalent to 9.5% per annum of the RM50 million RCPS.

The purpose of the issuance of RCPS and ZRPS ("Instrument") is for project financing.

The tenure of the Instrument is one year from the date of the first issuance of the Instrument ("Tenure 1") with an option to extend the tenure for a period of six months commencing from the expiry of Tenure 1.

The Instrument was successfully issued in September 2018.

On 26 September 2019, USSB redeemed Ringgit Malaysia thirty million (RM30,000,000) RCPS.

Notes to the Financial Statements

31 December 2019 (Cont'd)

33. REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS") (CONT'D)

The movements of the Instrument is as follows:

	RCPS RM	ZRPS RM	TOTAL RM
2019			
At 1 January	50,000,000	-	50,000,000
Additions	-	950,000	950,000
Repayment	(30,000,000)	(950,000)	(30,950,000)
At 31 December	20,000,000	-	20,000,000
2018			
At 1 January	-	-	-
Additions	50,000,000	4,750,000	54,750,000
Repayment	-	(4,750,000)	(4,750,000)
At 31 December	50,000,000	-	50,000,000

The Instrument is secured by the followings:

- Assignment over certain land held for property development and property development costs as disclosed in Note 7(a); and
- Corporate guarantee by the Company.

34. DEFERRED TAX LIABILITIES

	2019 RM	Group 2018 RM
At 1 January, as previously reported	6,206,120	7,586,543
Effect of adopting MFRS 15	-	(205,780)
Effect of adopting MFRS 16	5,444	-
At 1 January, as restated	6,211,564	7,380,763
Recognised in profit or loss	69,854	(728,723)
Crystallisation of deferred tax	(1,639,923)	(1,665,714)
Arising from acquisition of a subsidiary company	-	2,278,882
Exchange differences	(918,520)	(1,059,088)
At 31 December	3,722,975	6,206,120

34. DEFERRED TAX LIABILITIES (CONT'D)

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

	Group	
	2019 RM	2018 RM
Deferred tax liabilities	42,267,172	44,256,328
Deferred tax assets	(38,544,197)	(38,050,208)
	3,722,975	6,206,120

The components and movements of deferred tax liabilities and assets at the end of reporting period prior to offsetting are as follows:

Deferred tax liabilities of the Group

	Accelerated capital allowance RM	Others RM	Total RM
2019			
At 1 January, as previously reported	44,250,335	5,993	44,256,328
Effect of adopting MFRS 16	-	6,044	6,044
At 1 January, as restated	44,250,335	12,037	44,262,372
Recognised in profit or loss	(1,204,689)	454,541	(750,148)
Under provision in prior year	453,891	859,500	1,313,391
Crystallisation of deferred tax	(1,639,923)	-	(1,639,923)
Exchange differences	(918,520)	-	(918,520)
At 31 December	40,941,094	1,326,078	42,267,172
2018			
At 1 January, as previously reported	42,931,123	-	42,931,123
Effect of adopting MFRS 15	-	1,134,050	1,134,050
At 1 January, as restated	42,931,123	1,134,050	44,065,173
Recognised in profit or loss	2,343,088	(1,128,057)	1,215,031
Over provision in prior year	(577,956)	-	(577,956)
Crystallisation of deferred tax	(1,665,714)	-	(1,665,714)
Arising from acquisition of a subsidiary company	2,278,882	-	2,278,882
Exchange differences	(1,059,088)	-	(1,059,088)
At 31 December	44,250,335	5,993	44,256,328

Notes to the Financial Statements

31 December 2019 (Cont'd)

34. DEFERRED TAX LIABILITIES (CONT'D)

Deferred tax assets of the Group

	Unused tax losses RM	Unutilised capital allowance RM	Others RM	Total RM
2019				
At 1 January, as previously reported	(272,353)	(3,018,950)	(34,758,905)	(38,050,208)
Effect of adopting MFRS 16	-	-	(600)	(600)
At 1 January, as restated	(272,353)	(3,018,950)	(34,759,505)	(38,050,808)
Recognised in profit or loss	270,480	417,668	(1,588,620)	(900,472)
(Under)/Over provision in prior year	(111,290)	5,042	513,331	407,083
At 31 December	(113,163)	(2,596,240)	(35,834,794)	(38,544,197)
2018				
At 1 January, as previously reported	(1,020,081)	(932,976)	(33,391,523)	(35,344,580)
Effect of adopting MFRS 15	-	-	(1,339,830)	(1,339,830)
At 1 January, as restated	(1,020,081)	(932,976)	(34,731,353)	(36,684,410)
Recognised in profit or loss	744,564	(2,848,720)	1,559,685	(544,471)
Over/(Under) provision in prior year	3,164	762,746	(1,587,237)	(821,327)
At 31 December	(272,353)	(3,018,950)	(34,758,905)	(38,050,208)

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

	2019 RM	Group 2018 RM
Unutilised capital allowances	3,072,513	4,384,036
Unused tax losses	96,177,632	85,625,828
Deductible temporary differences	52,227,783	39,567,103
	151,477,928	129,576,967

34. DEFERRED TAX LIABILITIES (CONT'D)

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.

With effect from year of assessment 2019, the unused tax losses are allowed to be carried forward up to a maximum of seven consecutive years of assessment under the current tax legislation. The other temporary differences do not expire under current tax legislation.

35. AMOUNT DUE TO HOLDING COMPANY

This represents unsecured advances and repayable on demand which bears interest at a rate of 3.4% (2018: ranging from 3.4% to 8%) per annum.

36. REVENUE

	2019 RM	Group 2018 RM
Revenue from contracts with customers		
Property development	1,029,185,950	888,136,370
Completed properties	151,848,645	47,081,025
Construction and trading	111,663,379	156,222,866
Motor racing events and sponsorship	16,138,927	15,408,875
Hospitality	2,514,860	2,279,000
Rendering of services	472,959	383,387
Tourism	121,003	271,019
	1,311,945,723	1,109,782,542
Revenue from other sources		
Retail mall	4,287,425	3,400,592
Motor racing events and sponsorship	8,955,167	8,826,326
Tourism	71,469	78,671
	13,314,061	12,305,589
	1,325,259,784	1,122,088,131

Notes to the Financial Statements 31 December 2019 (Cont'd)

36. REVENUE (CONT'D)

	Company	
	2019 RM	2018 RM
Revenue from contracts with customers		
Management fees from a subsidiary company	30,000	100,800
Revenue from other source		
Dividends from subsidiary companies	35,500,000	17,689,043
	35,530,000	17,789,843

	Group	
	2019 RM	2018 RM
Timing of revenue recognition		
At a point in time	201,867,401	126,729,806
Over time	1,110,078,322	983,052,736
Total revenue from contracts with customers	1,311,945,723	1,109,782,542

	Company	
	2019 RM	2018 RM
Timing of revenue recognition		
Over time	30,000	100,800
Total revenue from contracts with customers	30,000	100,800

36. REVENUE (CONT'D)

Set below is the disaggregation of the Group's revenue from contracts with customers:

	Property Development RM	Construction and Trading RM	Motor Racing Circuit RM	Management, Investment and Others RM	Total RM
Group 2019					
Major goods and services					
Property development	1,029,185,950	-	-	-	1,029,185,950
Sale of goods	151,848,645	31,264,134	-	-	183,112,779
Construction contract services	-	80,399,245	-	-	80,399,245
Motor racing events and sponsorship	-	-	16,138,927	-	16,138,927
Hospitality	-	-	-	2,514,860	2,514,860
Rendering of services	-	-	-	472,959	472,959
Tourism	-	-	-	121,003	121,003
Total revenue from contracts with customers	1,181,034,595	111,663,379	16,138,927	3,108,822	1,311,945,723
Group 2018					
Major goods and services					
Property development	888,136,370	-	-	-	888,136,370
Sale of goods	47,081,025	55,935,780	-	-	103,016,805
Construction contract services	-	100,287,086	-	-	100,287,086
Motor racing events and sponsorship	-	-	15,408,875	-	15,408,875
Hospitality	-	-	-	2,279,000	2,279,000
Rendering of services	-	-	-	383,387	383,387
Tourism	-	-	-	271,019	271,019
Total revenue from contracts with customers	935,217,395	156,222,866	15,408,875	2,933,406	1,109,782,542

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31 December 2019 (Cont'd)

36. REVENUE (CONT'D)

Set below is the disaggregation of the Group's revenue from contracts with customers: (cont'd)

	Property Development RM	Construction and Trading RM	Motor Racing Circuit RM	Management, Investment and Others RM	Total RM
Group 2019					
Geographical market					
Malaysia	1,181,034,595	111,663,379	-	3,108,822	1,295,806,796
People's Republic of China	-	-	16,138,927	-	16,138,927
Total revenue from contracts with customers	1,181,034,595	111,663,379	16,138,927	3,108,822	1,311,945,723
2018					
Geographical market					
Malaysia	935,217,395	156,222,866	-	2,933,406	1,094,373,667
People's Republic of China	-	-	15,408,875	-	15,408,875
Total revenue from contracts with customers	935,217,395	156,222,866	15,408,875	2,933,406	1,109,782,542

37. COST OF SALES

	2019 RM	Group 2018 RM
Property development	725,136,689	592,940,872
Completed properties	137,022,515	41,249,205
Construction and trading	76,449,659	114,248,813
Motor racing events and sponsorship	9,866,249	8,129,128
Hospitality	792,565	475,615
Retail mall	4,119,824	5,067,240
Rendering of services	430,827	-
Tourism	189,436	185,266
	954,007,764	762,296,139

38. FINANCE COSTS

	2019 RM	Group 2018 RM
Interest expenses on:		
Term loans	31,191,661	38,693,235
Bank overdrafts	8,543,782	7,231,673
Sukuk	5,822,130	3,853,972
Bridging loans	20,807,857	14,520,706
Revolving credits	17,940,883	14,114,640
Finance lease payables	-	1,042,440
Lease liabilities	3,065,082	-
Trade services	1,467,268	77,244
Advances from holding company	287,596	147,372
RCPS	3,800,000	1,583,333
Others	1,171,012	1,189,379
	94,097,271	82,453,994
Less: Interest capitalised in:		
- Property development costs [Note 7(a)(iii)]	(33,603,025)	(39,516,354)
- Capital work-in-progress (Note 6)	(104,842)	-
	60,389,404	42,937,640

	2019 RM	Company 2018 RM
Interest expenses on:		
Term loans	7,779,532	7,840,010
Bank overdrafts	1,543,440	1,767,936
Revolving credits	8,048,805	4,477,382
Advance from a subsidiary company	374	-
	17,372,151	14,085,328
Less:		
Cost sharing by a subsidiary company	(1,847,804)	(369,453)
	15,524,347	13,715,875

Notes to the Financial Statements

31 December 2019 (Cont'd)

39. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

	2019 RM	Group 2018 RM
Allowance for impairment losses on:		
- Contract assets	157,164	-
- Goodwill arising on consolidation	342,113	4,645,352
- Investment in associates	250,826	171,717
- Investment properties	24,437	284,328
- Other investments	150,000	188,000
- Property, plant and equipment	15,223	-
- Trade and other receivables	1,903,906	2,802,423
Amortisation of intangible assets	806,082	-
Auditors' remuneration		
- Statutory	864,630	802,840
- Others	105,873	277,483
- Under provision in prior years	60,564	84,878
Bad debts written off	691,046	822,505
Capital work-in-progress written off	255,839	-
Deposits written off	175,453	2,000,000
Depreciation of:		
- Investment properties	2,477,337	3,050,014
- Property, plant and equipment	10,102,524	24,666,747
- Right-of-use assets	21,211,644	-
Fair value adjustment on trade receivables	117,083	352,034
Fair value (gain)/loss on revaluation of financial assets measured at FVTPL	(16,029)	2,385
Lease expenses relating to short-term leases:		
- Rental of premises	142,575	-
- Rental of office equipment	64,821	-
Other investment written off	-	15,500
Property, plant and equipment written off	136,161	427,895
Property development costs written off	11,537	2,016,280
Provision for claims and staff economic compensation	598,816	617,108
Rental expenses on:		
- Premises	-	910,220
- Office equipment	-	195,772
- Hostel	-	52,900
- Motor vehicle	-	13,500
- Car park	-	445
Waiver of interest income	1,039,057	265,827

39. PROFIT BEFORE TAX (CONT'D)

Profit before tax is arrived at after charging/(crediting): (cont'd)

	2019 RM	Group 2018 RM
<i>Non-Executive Directors' remuneration:</i>		
Company's Directors		
- Fees	166,950	159,000
- Salaries and other emoluments	866,400	807,300
- Social security contributions	593	593
- Other benefits	2,186	6,099
Net loss/(gain) on foreign exchange		
- Realised	179,766	759,461
- Unrealised	(73,415)	(732,050)
Loss/(Gain) on disposal of:		
- Investment properties	89,459	-
- Property, plant and equipment	(256,003)	(389,030)
- A subsidiary company	-	(1,520,970)
- Right-to-use-assets	(445,393)	-
Dividend income from:		
- Financial assets measured at FVTOCI	(1,459,042)	(1,413,473)
- Financial assets measured at FVTPL	(479,247)	(106,608)
Contingency sum provided in prior years no longer required	(23,870,304)	(37,608,746)
Interest income from:		
- Licensed banks	(3,929,426)	(4,060,582)
- Trade receivables	(1,479,699)	(593,346)
- Others	(259,385)	(409,596)
Rental income from:		
- Investment properties	(1,064,738)	(1,039,967)
- Completed properties	(2,375,538)	(1,145,599)
- Others	(663,202)	(434,267)
Reversal of allowance for impairment losses on trade and other receivables	(1,938,833)	(5,048,187)
Receipt of unclaimed monies	(94,513)	(151)
Recover of bad debts written off	(16,046)	-
Project management fee income	(33,333)	(50,000)
Waiver of debts	(54,055)	-

Notes to the Financial Statements

31 December 2019 (Cont'd)

39. PROFIT BEFORE TAX (CONT'D)

Profit before tax is arrived at after charging/(crediting): (cont'd)

	2019 RM	Company 2018 RM
Allowance for impairment losses on investment in a subsidiary company	99	999
Auditors' remuneration		
- Statutory	100,000	88,000
- Others	37,000	194,000
- Under provision in prior years	12,000	13,780
Depreciation on property, plant and equipment	450	450
<i>Non-Executive Directors' remuneration:</i>		
Company's Directors		
- Fees	166,950	159,000
- Salaries and other emoluments	26,400	807,300
- Social security contributions	-	593
- Other benefits	2,186	6,099
Unrealised loss/(gain) on foreign exchange	83,434	(511,453)
Dividend income from financial assets measured at FVTPL	(70,385)	(71,222)
Interest income from:		
- Advances to subsidiary companies	(15,677,525)	(37,388,695)
- Licensed banks	(540,680)	(427,552)
Fair value gain on revaluation of financial assets measured at FVTPL	(5,798)	(313)

The Group's and Company's non-executive Directors' remuneration does not include the estimated monetary value of benefits-in-kind amounting to RM61,499 (2018: RM61,613).

40. TAXATION

	2019 RM	Group 2018 RM
Tax expenses recognised in profit or loss		
Malaysian income tax		
Current year tax provision	66,400,025	72,440,157
Under/(Over) provision in prior years	656,843	(4,914,166)
	67,056,868	67,525,991
Deferred taxation		
Relating to origination and reversal of temporary differences	(1,650,620)	670,560
Crystallisation of deferred tax	(1,639,923)	(1,665,714)
Under/(Over) provision in prior years	1,720,474	(1,399,283)
	(1,570,069)	(2,394,437)
	65,486,799	65,131,554

	2019 RM	Company 2018 RM
Tax expenses recognised in profit or loss		
Malaysian income tax		
Current year tax provision	2,067,598	6,960,866
Under provision in prior years	577,985	30,870
	2,645,583	6,991,736

Malaysian income tax is calculated at the statutory tax rate of 24% (2018: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

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31 December 2019 (Cont'd)

40. TAXATION (CONT'D)

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

	2019 RM	Group 2018 RM
Profit before tax	154,064,844	159,134,650
At Malaysian statutory tax rate of 24% (2018: 24%)	36,975,563	38,192,316
Crystallisation of deferred tax	(1,639,923)	(1,665,714)
Differential in tax rate in other jurisdiction	(2,711)	162
Subsidiary companies domiciled in tax heaven country	18,536	99,160
Income not subject to tax	(3,020,341)	(2,630,986)
Expenses not deductible for tax purposes	25,522,127	32,828,805
Deferred tax assets not recognised	7,664,069	6,212,198
Utilisation of previously unrecognised tax losses and unaborsed capital allowances	(2,407,838)	(1,590,938)
Under/(Over) provision of tax in prior years	656,843	(4,914,166)
Under/(Over) provision of deferred tax in prior years	1,720,474	(1,399,283)
Tax expenses for the financial year	65,486,799	65,131,554

	2019 RM	Company 2018 RM
Profit before tax	31,011,478	33,535,904
At Malaysian statutory tax rate of 24% (2018: 24%)	7,442,755	8,048,617
Expenses not deductible for tax purposes	3,361,224	3,298,395
Income not subject to tax	(8,736,381)	(4,386,146)
Under provision of tax in prior years	577,985	30,870
Tax expenses for the financial year	2,645,583	6,991,736

The Group has estimated unused tax losses and unutilised capital allowances of RM96,649,145 (2018: RM87,224,342) and RM13,890,179 (2018: RM16,941,986) respectively available for offset against future taxable profits.

41. 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:

	2019	Group 2018
Net profit for the financial year attributable to owners of the parent (RM)	67,511,167	85,559,950
Less: Dividends on RCPS (RM)	(6,294,239)	(6,757,716)
Net profit for the financial year attributable to ordinary equity holders (RM)	61,216,928	78,802,234
Weighted average number of ordinary shares in issue		
- Ordinary shares in issue as at 1 January	1,559,026,393	686,997,992
- Effect of ordinary shares issued during the financial year	3,882,546	736,985,872
- Effect of treasury shares held	(6,934,362)	(120,000)
Weighted average number of ordinary shares as at 31 December	1,555,974,577	1,423,863,864
Basic earnings per share (sen)	3.93	5.53

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31 December 2019 (Cont'd)

41. 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 have been adjusted for the dilutive effects of all potential ordinary shares as follows:

	2019	Group 2018
Net profit for the financial year attributable to owners of the parent (RM)	67,511,167	85,559,950
Less: Dividends on RCPS (RM)	(6,294,239)	(6,757,716)
Net profit for the financial year attributable to ordinary equity holders (RM)	61,216,928	78,802,234
Weighted average number of ordinary shares used in the calculation of basic earnings per share	1,555,974,577	1,423,863,864
Weighted average number of ordinary shares deemed issued at no consideration		
- ESOS	15,122,691	1,552,827
- Warrants B	-	37,410,379
- RCPS	*	*
Adjusted weighted average number of ordinary shares as at 31 December	1,571,097,268	1,462,827,070
Diluted earnings per share (sen)	3.90	5.39

* 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.

41. EARNINGS PER SHARE (CONT'D)

On 27 February 2018, pursuant to the share subdivision and bonus issue, 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, 54,671,815 additional Warrants B and 60,000 additional treasury shares; and
- (iv) 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 shares 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 the previous financial year presented has been adjusted accordingly.

42. 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.

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31 December 2019 (Cont'd)

42. EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

The salient features of the ESOS are as follows: (cont'd)

- (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.

Pursuant to the completion of corporate exercises in relation to share subdivision and bonus issue on 27 February 2018, additional ESOS of 10,958,400 have been granted to eligible Directors and employees of the Group. The exercise prices for all the ESOS have been adjusted accordingly ("adjusted exercise price").

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 1 January	Granted	Forfeited	Exercised	At 31 December	at 31 December
2019 ESOS						
First Grant	100,210	-	-	-	100,210	100,210
Second Grant	989,560	-	-	(356,400)	633,160	633,160
Third Grant	2,420	-	-	-	2,420	2,420
Fourth Grant	228,030	-	-	-	228,030	228,030
Fifth Grant	435,490	-	(138,380)	-	297,110	297,110
Sixth Grant	78,430	-	-	-	78,430	78,430
Seventh Grant	5,500	-	(5,500)	-	-	-
Eighth Grant	65,410	-	-	-	65,410	65,410
Ninth Grant	11,220	-	(11,220)	-	-	-
Tenth Grant	759,220	-	-	-	759,220	759,220
Eleventh Grant	130,900	-	-	-	130,900	130,900
Twelfth Grant	198,580	-	-	-	198,580	198,580
Thirteenth Grant	269,280	-	(33,660)	-	235,620	235,620
Fourteenth Grant	88,330	-	-	-	88,330	88,330
Fifteenth Grant	1,423,180	-	-	-	1,423,180	1,423,180
Sixteenth Grant	293,700	-	-	-	293,700	293,700
Seventeenth Grant	248,280	-	(138,380)	-	109,900	109,900
Eighteenth Grant	46,640	-	-	-	46,640	46,640
Nineteenth Grant	42,680	-	(5,720)	-	36,960	36,960
Twentieth Grant	90,200	-	-	-	90,200	90,200
Twenty-First Grant	18,700	-	(18,700)	-	-	-
Twenty-Second Grant	29,920	-	-	-	29,920	29,920

42. 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
2019 ESOS						
Twenty-Third Grant	1,264,230	-	(3,740)	-	1,260,490	1,260,490
Twenty-Fourth Grant	181,500	-	-	-	181,500	181,500
Twenty-Fifth Grant	114,180	-	(33,660)	-	80,520	80,520
Twenty-Sixth Grant	334,620	-	-	-	334,620	334,620
Twenty-Seventh Grant	24,200	-	-	-	24,200	24,200
Twenty-Eighth Grant	12,280	-	-	-	12,280	12,280
Twenty-Ninth Grant	25,080	-	(12,980)	-	12,100	12,100
Thirtieth Grant	-	-	-	-	-	-
Thirty-First Grant	11,220	-	(5,500)	-	5,720	5,720
Thirty-Second Grant	84,540	-	-	-	84,540	84,540
Thirty-Third Grant	17,820	-	(14,220)	(3,600)	-	-
Thirty-Fourth Grant	63,580	-	-	-	63,580	63,580
Thirty-Fifth Grant	1,135,050	-	(29,920)	-	1,105,130	1,105,130
Thirty-Sixth Grant	181,060	-	-	-	181,060	181,060
Thirty-Seventh Grant	48,620	-	(33,660)	-	14,960	14,960
Thirty-Eighth Grant	345,840	-	-	-	345,840	345,840
Thirty-Ninth Grant	24,420	-	-	-	24,420	24,420
Fortieth Grant	663,740	-	-	-	663,740	663,740
Forty-First Grant	544,940	-	(234,740)	-	310,200	310,200
Forty-Second Grant	87,780	-	-	-	87,780	87,780
Forty-Third Grant	94,380	-	(5,720)	-	88,660	88,660
Forty-Fourth Grant	80,300	-	-	-	80,300	80,300
Forty-Fifth Grant	83,040	-	(33,000)	-	50,040	50,040
Forty-Sixth Grant	2,844,820	-	(570,240)	-	2,274,580	2,274,580
Forty-Seventh Grant	466,200	-	(18,700)	-	447,500	447,500
Forty-Eighth Grant	1,259,940	-	(110,220)	-	1,149,720	1,149,720
Forty-Ninth Grant	2,251,920	-	(187,440)	-	2,064,480	2,064,480
Fiftieth Grant	*	*	*	*	*	*
	17,801,180	-	(1,645,300)	(360,000)	15,795,880	15,795,880
WAEP	1.55	-	1.65	1.08	1.55	1.55

* Additional Options were granted under the Fiftieth Grant pursuant to the corporate exercise in relation to the share subdivision and bonus issue on 27 February 2018. Such additional Options and their Exercise Prices were included/adjusted to the respective First to Forty-ninth Grant.

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31 December 2019 (Cont'd)

42. 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	Granted	Forfeited	Exercised	Bonus issue and sub- division *	At	at
	1 January					31 December	31 December
2018							
ESOS							
First Grant	774,100	-	-	(1,265,550)	591,660	100,210	100,210
Second Grant	763,050	-	-	(384,350)	610,860	989,560	989,560
Third Grant	1,100	-	-	-	1,320	2,420	2,420
Fourth Grant	153,100	-	-	(49,450)	124,380	228,030	228,030
Fifth Grant	293,150	-	-	(95,200)	237,540	435,490	435,490
Sixth Grant	44,150	-	(18,700)	-	52,980	78,430	78,430
Seventh Grant	32,200	-	-	(29,700)	3,000	5,500	5,500
Eighth Grant	131,750	-	-	(110,200)	43,860	65,410	65,410
Ninth Grant	5,100	-	-	-	6,120	11,220	11,220
Tenth Grant	345,100	-	-	-	414,120	759,220	759,220
Eleventh Grant	82,400	-	-	(22,900)	71,400	130,900	130,900
Twelfth Grant	248,300	-	-	(158,080)	108,360	198,580	198,580
Thirteenth Grant	152,150	-	-	(65,450)	182,580	269,280	269,280
Fourteenth Grant	74,650	-	-	(34,500)	48,180	88,330	88,330
Fifteenth Grant	799,100	-	-	(152,200)	776,280	1,423,180	1,423,180
Sixteenth Grant	306,000	-	-	(343,860)	331,560	293,700	293,700
Seventeenth Grant	151,400	-	-	(49,040)	145,920	248,280	248,280
Eighteenth Grant	29,700	-	(18,700)	-	35,640	46,640	46,640
Nineteenth Grant	49,200	-	-	(29,800)	23,280	42,680	42,680
Twentieth Grant	138,200	-	-	(97,200)	49,200	90,200	90,200
Twenty-First Grant	23,800	-	(33,660)	-	28,560	18,700	18,700
Twenty-Second Grant	13,600	-	-	-	16,320	29,920	29,920
Twenty-Third Grant	635,850	-	-	(61,200)	689,580	1,264,230	1,264,230
Twenty-Fourth Grant	103,000	-	-	(38,860)	117,360	181,500	181,500
Twenty-Fifth Grant	99,500	-	-	(104,720)	119,400	114,180	114,180
Twenty-Sixth Grant	155,500	-	-	(3,400)	182,520	334,620	334,620
Twenty-Seventh Grant	11,000	-	-	-	13,200	24,200	24,200
Twenty-Eighth Grant	78,700	-	-	(75,300)	8,880	12,280	12,280
Twenty-Ninth Grant	32,600	-	(5,500)	(37,060)	35,040	25,080	25,080
Thirtieth Grant	-	-	-	-	-	-	-
Thirty-First Grant	5,100	-	-	-	6,120	11,220	11,220
Thirty-Second Grant	148,900	-	-	(128,800)	64,440	84,540	84,540
Thirty-Third Grant	23,400	-	(33,660)	-	28,080	17,820	17,820
Thirty-Fourth Grant	28,900	-	-	-	34,680	63,580	63,580
Thirty-Fifth Grant	678,750	-	(50,380)	(158,300)	664,980	1,135,050	1,135,050
Thirty-Sixth Grant	102,600	-	-	(38,660)	117,120	181,060	181,060
Thirty-Seventh Grant	69,700	-	-	(104,720)	83,640	48,620	48,620
Thirty-Eighth Grant	162,300	-	-	(5,100)	188,640	345,840	345,840

42. 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	Bonus issue and sub- division *	At 31 December	at 31 December
2018							
ESOS							
Thirty-Ninth Grant	11,100	-	-	-	13,320	24,420	24,420
Fortieth Grant	334,000	-	-	(32,300)	362,040	663,740	663,740
Forty-First Grant	256,700	-	(13,200)	(3,000)	304,440	544,940	544,940
Forty-Second Grant	61,100	-	(46,640)	-	73,320	87,780	87,780
Forty-Third Grant	51,400	-	-	(8,500)	51,480	94,380	94,380
Forty-Fourth Grant	131,700	-	-	(95,200)	43,800	80,300	80,300
Forty-Fifth Grant	66,300	-	(33,660)	(26,160)	76,560	83,040	83,040
Forty-Sixth Grant	1,482,700	-	(3,740)	(198,100)	1,563,960	2,844,820	2,844,820
Forty-Seventh Grant	344,600	-	(13,200)	(145,040)	279,840	466,200	466,200
Forty-Eighth Grant	710,300	-	-	(137,600)	687,240	1,259,940	1,259,940
Forty-Ninth Grant	1,467,800	-	(31,680)	(429,800)	1,245,600	2,251,920	2,251,920
	11,864,800	-	(302,720)	(4,719,300)	10,958,400	17,801,180	17,801,180
WAEP	1.51	-	1.51	1.36	1.52	1.55	1.55

* Additional Options were granted under the Fiftieth Grant pursuant to the corporate exercise in relation to the share subdivision and bonus issue on 27 February 2018. Such additional Options and their Exercise Prices were included/adjusted to the respective First to Forty-ninth Grant.

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31 December 2019 (Cont'd)

42. EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

Details of share options outstanding at the end of the reporting period are as follows:

Share Options	Original exercise prices		Adjusted exercise prices*	Exercise periods	Original fair value of share options at grant date		Adjusted fair value of share options at grant date
	2019 RM	2018 RM			2019 RM	2018 RM	
ESOS							
First Grant	1.00	1.00	0.46	18.09.2012 - 17.09.2022	0.12	0.12	0.06
Second Grant	1.08	1.08	0.51	01.07.2013 - 17.09.2022	0.33	0.33	0.16
Third Grant	1.22	1.22	0.56	01.08.2013 - 17.09.2022	0.39	0.39	0.19
Fourth Grant	1.46	1.46	0.67	01.09.2013 - 17.09.2022	0.77	0.77	0.35
Fifth Grant	1.69	1.69	0.78	01.10.2013 - 17.09.2022	1.07	1.07	0.49
Sixth Grant	1.61	1.61	0.74	01.11.2013 - 17.09.2022	1.10	1.10	0.50
Seventh Grant	1.50	1.50	0.69	01.12.2013 - 17.09.2022	1.03	1.03	0.47
Eighth Grant	1.43	1.43	0.66	01.01.2014 - 17.09.2022	0.96	0.96	0.43
Ninth Grant	1.35	1.35	0.62	01.02.2014 - 17.09.2022	0.91	0.91	0.41
Tenth Grant	1.55	1.55	0.71	01.03.2014 - 17.09.2022	1.04	1.04	0.47
Eleventh Grant	1.55	1.55	0.71	01.04.2014 - 17.09.2022	1.09	1.09	0.50
Twelfth Grant	1.61	1.61	0.74	01.05.2014 - 17.09.2022	1.07	1.07	0.49
Thirteenth Grant	1.56	1.56	0.71	01.06.2014 - 17.09.2022	1.03	1.03	0.47
Fourteenth Grant	1.54	1.54	0.71	01.07.2014 - 17.09.2022	0.70	0.70	0.32
Fifteenth Grant	1.54	1.54	0.71	01.08.2014 - 17.09.2022	0.74	0.74	0.34
Sixteenth Grant	1.52	1.52	0.70	01.09.2014 - 17.09.2022	0.70	0.70	0.32
Seventeenth Grant	1.53	1.53	0.71	01.10.2014 - 17.09.2022	0.71	0.71	0.32
Eighteenth Grant	1.48	1.48	0.68	01.11.2014 - 17.09.2022	0.68	0.68	0.31
Nineteenth Grant	1.51	1.51	0.70	01.12.2014 - 17.09.2022	0.59	0.59	0.27
Twentieth Grant	1.44	1.44	0.66	01.01.2015 - 17.09.2022	0.62	0.62	0.28
Twenty-First Grant	1.40	1.40	0.64	01.02.2015 - 17.09.2022	0.55	0.55	0.25
Twenty-Second Grant	1.40	1.40	0.64	01.03.2015 - 17.09.2022	0.52	0.52	0.24
Twenty-Third Grant	1.35	1.35	0.62	01.04.2015 - 17.09.2022	0.63	0.63	0.28
Twenty-Fourth Grant	1.40	1.40	0.64	01.05.2015 - 17.09.2022	0.61	0.61	0.28
Twenty-Fifth Grant	1.48	1.48	0.68	01.06.2015 - 17.09.2022	0.65	0.65	0.29
Twenty-Sixth Grant	1.44	1.44	0.66	01.07.2015 - 17.09.2022	0.61	0.61	0.28
Twenty-Seventh Grant	1.33	1.33	0.61	01.08.2015 - 17.09.2022	0.57	0.57	0.17
Twenty-Eighth Grant	1.18	1.18	0.54	01.09.2015 - 17.09.2022	0.43	0.43	0.20
Twenty-Ninth Grant	1.33	1.33	0.61	01.10.2015 - 17.09.2022	0.52	0.52	0.27
Thirtieth Grant	1.29	1.29	0.60	01.11.2015 - 17.09.2022	0.52	0.52	0.27
Thirty-First Grant	1.23	1.23	0.57	01.12.2015 - 17.09.2022	0.48	0.48	0.22
Thirty-Second Grant	1.28	1.28	0.59	01.01.2016 - 17.09.2022	0.51	0.51	0.23
Thirty-Third Grant	1.22	1.22	0.56	01.02.2016 - 17.09.2022	0.46	0.46	0.21
Thirty-Fourth Grant	1.21	1.21	0.56	01.03.2016 - 17.09.2022	0.46	0.46	0.21
Thirty-Fifth Grant	1.42	1.42	0.65	01.04.2016 - 17.09.2022	0.55	0.55	0.25
Thirty-Sixth Grant	1.43	1.43	0.66	01.05.2016 - 17.09.2022	0.56	0.56	0.25
Thirty-Seventh Grant	1.41	1.41	0.65	01.06.2016 - 17.09.2022	0.54	0.54	0.25
Thirty-Eighth Grant	1.40	1.40	0.64	01.07.2016 - 17.09.2022	0.51	0.51	0.23
Thirty-Ninth Grant	1.45	1.45	0.67	01.08.2016 - 17.09.2022	0.50	0.50	0.23
Fortieth Grant	1.45	1.45	0.67	01.09.2016 - 17.09.2022	0.60	0.60	0.27
Forty-First Grant	1.61	1.61	0.74	01.10.2016 - 17.09.2022	0.57	0.57	0.26
Forty-Second Grant	1.57	1.57	0.72	01.11.2016 - 17.09.2022	0.54	0.54	0.24
Forty-Third Grant	1.51	1.51	0.70	01.12.2016 - 17.09.2022	0.53	0.53	0.24
Forty-Fourth Grant	1.51	1.51	0.70	01.01.2017 - 17.09.2022	0.52	0.52	0.24

42. EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

Details of share options outstanding at the end of the reporting period are as follows: (cont'd)

Share Options	Original exercise prices		Adjusted exercise prices*	Exercise periods	Original fair value of share options at grant date		Adjusted fair value of share options at grant date
	2019 RM	2018 RM			2019 RM	2018 RM	
ESOS							
Forty-Fifth Grant	1.60	1.60	0.73	01.02.2017 - 17.09.2022	0.58	0.58	0.26
Forty-Sixth Grant	1.71	1.71	0.79	01.03.2017 - 17.09.2022	0.59	0.59	0.27
Forty-Seventh Grant	1.78	1.78	0.81	01.04.2017 - 17.09.2022	0.61	0.61	0.28
Forty-Eighth Grant	1.84	1.84	0.84	15.06.2017 - 17.09.2022	0.54	0.54	0.25
Forty-Ninth Grant	1.69	1.69	0.78	16.09.2017 - 17.09.2022	0.46	0.46	0.21

* Additional Options were granted under the Fiftieth Grant pursuant to the corporate exercise in relation to the share subdivision and bonus issue on 27 February 2018. Such additional Options and their Exercise Prices were included/adjusted to the respective First to Forty-ninth Grant.

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:

	Group/Company	
	2019 RM	2018 RM
Weighted average fair value at grant date	0.32	0.32
Weighted average share price at grant date	1.26	1.26
Weighted average exercise price	1.18	1.18
Expected volatility (%)	15.64 - 19.85	15.64 - 19.85
Expected option life (years)	10	10
Risk-free interest rate, p.a. (%)	3.72 - 3.95	3.72 - 3.95
Expected dividend yield (%)	1.86 - 2.15	1.86 - 2.15

The expected life of the share options is based on historical data that has been adjusted accordingly to the 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.

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31 December 2019 (Cont'd)

42. 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:

	Group/Company	
	2019	2018
	Number of share options	
ESOS		
At 1 January	6,215,880	4,769,500
Additions *	209,440	-
Subdivision and bonus issue	-	3,918,480
Forfeited	(994,840)	-
Exercised	(356,400)	(2,472,100)
At 31 December	5,074,080	6,215,880

* 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.

43. STAFF COSTS

	Group	
	2019	2018
	RM	RM
Fees	1,080,113	1,356,829
Salaries, gratuity and other emoluments	69,899,812	64,319,595
Defined contribution plans	7,796,573	7,217,562
Social security contributions	1,251,434	1,213,950
Employment insurance scheme	27,740	25,348
Benefits-in-kind	554,084	488,637
Other benefits	5,091,341	4,358,967
	85,701,097	78,980,888

The Group's staff costs do not include the estimated monetary value of benefits-in-kind amounting to RM1,251,639 (2018: RM1,670,772).

43. STAFF COSTS (CONT'D)

	Company	
	2019	2018
Salaries and other emoluments	-	2,043,795
Defined contribution plans	-	159,076
Social security contributions	-	6,125
Employment insurance scheme	-	538
Other benefits	49,540	205,720
	49,540	2,415,254

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:

	Group	
	2019 RM	2018 RM
Executive Directors		
Company's Directors		
Fees	675,463	662,017
Salaries, gratuity and other emoluments	15,673,432	12,737,496
Defined contribution plans	1,841,617	1,842,129
Social security contributions	6,010	6,157
Employment insurance scheme	474	474
Benefits-in-kind	456,879	468,833
Other benefits	55,417	76,869
	18,709,292	15,793,975

	Company	
	2019 RM	2018 RM
Executive Directors		
Company's Directors		
Other benefits	1,473	-
	1,473	-

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31 December 2019 (Cont'd)

43. 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: (cont'd)

	2019 RM	Group 2018 RM
Executive Directors		
Subsidiary companies' Directors		
Salaries, gratuity and other emoluments	2,224,724	3,145,740
Defined contribution plans	147,924	282,061
Social security contributions	53,282	57,670
Employment insurance scheme	174	284
Benefits-in-kind	37,447	78,396
Other benefits	11,069	3,100
	2,474,620	3,567,251

	2019 RM	Group 2018 RM
Executive Directors		
Company's Directors	18,709,292	15,793,975
Subsidiary companies' Directors	2,474,620	3,567,251
	21,183,912	19,361,226

The Group's Executive Directors' remuneration does not include the estimated monetary value of benefits-in-kind amounting to RM477,792 (2018: RM625,275).

44. DIVIDENDS

	Group/Company	
	2019 RM	2018 RM
Ordinary Shares		
In respect of the financial year ended 31 December 2017:		
A single-tier interim dividend of 1 sen per ordinary share on 1,556,066,313 ordinary shares	-	15,560,663
A single-tier final dividend of 1.2 sen per ordinary share on 1,557,910,693 ordinary shares	-	18,694,927
In respect of the financial year ended 31 December 2018:		
A single-tier first and final dividend of 1.8 sen per ordinary share on 1,558,461,911 ordinary shares	28,052,313	-
RCPS		
In respect of the financial year ended 31 December 2018:		
A preferential dividend of 6.6 sen per RCPS on 102,389,635 RCPS	-	6,757,716
In respect of the financial year ended 31 December 2019:		
A preferential dividend of 6.6 sen per RCPS on 95,367,255 RCPS	6,294,239	-
	34,346,552	41,013,306

FINANCIALS

On 14 May 2020, the Directors proposed a single-tier first and final dividend in respect of the financial year ended 31 December 2019 via share dividend distribution on the basis of 3 treasury shares for every 100 existing ordinary shares held, fractions of treasury shares will be disregarded. The proposed share dividend distribution is subject to the approval of the shareholders at the forthcoming 20th Annual General Meeting of the Company.

The financial statements for the current financial year do not reflect the share dividend distribution proposed on 14 May 2020. Such share dividend distribution will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2020.

Notes to the Financial Statements

31 December 2019 (Cont'd)

45. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below shows the details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	Note	At 1 January RM	Adjustment on adopting MFRS 16 RM	Financing cash flows (i) RM	New leases RM	Other changes (ii) RM	At 31 December RM
2019 Group							
Financial liabilities							
Finance lease payables	28	46,174,815	(46,174,815)	-	-	-	-
Lease liabilities	29	-	47,604,864	(13,358,794)	8,321,392	(664,788)	41,902,674
Bank borrowings	30	1,005,619,439	-	2,544,060	-	593,565	1,008,757,064
Sukuk	31	98,935,242	-	(9,659,242)	-	-	89,276,000
RCPS	33	50,000,000	-	(30,000,000)	-	-	20,000,000
Dividend payable	27	-	-	(34,346,552)	-	34,346,552	-
Amount due to holding company	35	7,020,154	-	(7,020,154)	-	-	-
		1,207,749,650	1,430,049	(91,840,682)	8,321,392	34,275,329	1,159,935,738
Company							
Financial liabilities							
Bank borrowings	30	189,249,216	-	79,832,200	-	(626,538)	268,454,878
Dividend payable	27	-	-	(34,346,552)	-	34,346,552	-
Amount due to subsidiary companies	17	1,003,662	-	(1,004,036)	-	374	-
		190,252,878	-	44,481,612	-	33,720,388	268,454,878

45. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONT'D)

The table below shows the details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes: (cont'd)

	Note	At 1 January RM	Financing cash flows (i) RM	New finance lease RM	Other changes (ii) RM	At 31 December RM
2018						
Group						
Financial liabilities						
Finance lease payables	28	12,576,701	(6,075,191)	39,673,305	-	46,174,815
Bank borrowings	30	780,083,646	182,535,793	-	43,000,000	1,005,619,439
Sukuk	31	-	98,935,242	-	-	98,935,242
RCPS	33	-	50,000,000	-	-	50,000,000
Dividend payable	27	28,180,380	(69,193,686)	-	41,013,306	-
Amount due to holding company	35	10,267,008	(3,246,854)	-	-	7,020,154
		831,107,735	252,955,304	39,673,305	84,013,306	1,207,749,650
Company						
Financial liabilities						
Bank borrowings	30	130,032,917	59,216,299	-	-	189,249,216
Dividend payable	27	28,180,380	(69,193,686)	-	41,013,306	-
Amount due to subsidiary companies	17	149,036	854,626	-	-	1,003,662
		158,362,333	(9,122,761)	-	41,013,306	190,252,878

- (i) The financing cash flows include the net amount of proceeds from or repayments of finance lease payables, lease liabilities, bank borrowings, Sukuk, RCPS, holding company, subsidiary companies and payment of dividends in the statements of cash flows.
- (ii) Other changes include capitalisation of foreign exchange, waiver of debts, dividends declared, acquisition of subsidiary company and expiration of lease contracts.

Notes to the Financial Statements

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46. 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:

	2019 RM	Group 2018 RM
Transactions with holding company:		
Dividends paid/payable	11,539,968	17,830,619
Finance costs	287,596	147,372
Transactions with other related parties:		
Income		
Sale of development properties	2,793,390	3,859,500
Rental income	34,600	198,722
Expenses		
Equity instrument	16,000,031	867,460
Finance cost	-	35,215
Legal fees	49,050	94,012
Purchase of properties	-	1,500,000
Rental expenses	-	125,194
Rendering of services	1,611,577	797,148
Dividends paid/payable	5,730,670	5,833,185

46. 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)

	2019 RM	Company 2018 RM
Transactions with holding company:		
Dividends paid/payable	11,539,968	17,830,619
Transactions with other related parties:		
Dividends paid/payable	5,513,038	5,550,409

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) Person who have financial interest in subsidiary companies;
- (iv) Directors or key management personnel of the Company or its subsidiary companies and their close family members;
- (v) An associate of the Company; and
- (vi) A substantial shareholder of the Company.

(c) Compensation of key management personnel

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

	2019 RM	Group 2018 RM
Fees	1,227,613	1,372,079
Salaries, gratuity and other emoluments	24,241,607	22,057,632
Defined contribution plans	2,708,321	2,848,370
Social security contributions	75,089	78,506
Employment insurance scheme	2,101	2,180
Benefits-in-kind	1,355,856	1,349,789
Other benefits	136,024	144,450
	29,746,611	27,853,006

Notes to the Financial Statements

31 December 2019 (Cont'd)

46. RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation of key management personnel (cont'd)

Remuneration of Directors and other members of key management are as follows: (cont'd)

	Company	
	2019 RM	2018 RM
Fees	166,950	159,000
Salaries, gratuity and other emoluments	26,400	1,755,762
Defined contribution plans	-	135,505
Social security contributions	-	3,079
Employment insurance scheme	-	190
Benefits-in-kind	-	131,662
Other benefits	3,659	23,793
	197,009	2,208,991

47. 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 at least on 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, general construction, piling activities, trading of construction materials and manufacturing of Industrialised Building System ("IBS") precast products (starting year 2018).
Motor racing circuit	Motor racing circuit development and management.
Management, investment and others	Investment holding and provision of management services, tourism development, hospitality, provision of finance through money lending and retail mall.

47. SEGMENT INFORMATION (CONT'D)

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, and retail mall, 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 represent property, plant and equipment, ROU assets, capital work-in progress, land held for property development and property development costs 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.

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47. 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	
	2019 RM	2018 RM
Malaysia	1,300,165,690	1,097,852,930
People's Republic of China	25,094,094	24,235,201
	1,325,259,784	1,122,088,131

	Non-current assets	
	2019 RM	2018 RM
Malaysia	2,032,467,301	2,030,798,792
People's Republic of China	158,926,405	168,298,162
Hong Kong	60,444,501	83,233,307
	2,251,838,207	2,282,330,261

Information about major customers

There is no significant concentration of revenue from any major customers as the major revenue generated by the Group is sells its development properties to individual purchaser.

47. SEGMENT INFORMATION (CONT'D)

Segment results

	Property Development RM	Construction and Trading RM	Motor Racing Circuit RM	Management, Investment and Others RM	Total RM
2019					
Revenue					
Total revenue	1,181,034,595	656,382,708	25,094,094	129,978,592	1,992,489,989
Less: Inter-segment revenue	-	(544,719,329)	-	(122,510,876)	(667,230,205)
Revenue from external customers	1,181,034,595	111,663,379	25,094,094	7,467,716	1,325,259,784
Financial results					
Segment results	182,544,304	22,868,540	(4,484,963)	7,817,343	208,745,224
Interest income	4,488,083	84,102	105,732	990,593	5,668,510
Finance costs	(11,376,902)	(7,468,078)	(1,170,456)	(40,373,968)	(60,389,404)
Share of profit/(loss) of associates, net of tax	-	68,850	-	(28,336)	40,514
Profit/(Loss) before tax	175,655,485	15,553,414	(5,549,687)	(31,594,368)	154,064,844
Taxation	(50,455,541)	(7,899,687)	1,590,150	(8,721,721)	(65,486,799)
Net profit/(loss) for the financial year	125,199,944	7,653,727	(3,959,537)	(40,316,089)	88,578,045
Assets					
Additions to non-current assets	215,376,208	18,886,839	3,094,205	8,926,643	246,283,895
Segment assets	3,238,968,742	243,733,079	205,618,756	601,670,099	4,289,990,676

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31 December 2019 (Cont'd)

47. SEGMENT INFORMATION (CONT'D)

Segment results (cont'd)

	Property Development RM	Construction and Trading RM	Motor Racing Circuit RM	Management, Investment and Others RM	Total RM
2019					
Other non-cash expenses					
Allowance for impairment losses on:					
- Contract assets	-	157,164	-	-	157,164
- Goodwill arising on consolidation	342,113	-	-	-	342,113
- Investment in associates	-	-	-	250,826	250,826
- Investment properties	24,343	-	-	94	24,437
- Other investments	-	-	-	150,000	150,000
- Property, plant and equipment	-	-	-	15,223	15,223
- Trade and other receivables	640,147	42,780	889,579	331,400	1,903,906
Amortisation of intangible assets	-	-	-	806,082	806,082
Bad debts written off	9,291	-	77,392	604,363	691,046
Capital work-in-progress written off	-	-	-	255,839	255,839
Property development costs written off	11,537	-	-	-	11,537
Deposits written off	50,030	2,200	-	123,223	175,453
Depreciation of:					
- Investment properties	65,488	661,333	-	1,750,516	2,477,337
- Property, plant and equipment	971,531	5,069,891	452,546	3,608,556	10,102,524
- Right-to-use-assets	4,353,184	6,486,083	6,756,252	3,616,125	21,211,644
Fair value loss on revaluation of financial assets measured at FVTPL	25,961	-	-	-	25,961
Fair value adjustment on trade receivables	-	-	-	117,083	117,083
Loss on disposal of:					
- Investment properties	188,582	-	-	-	188,582
- Property, plant and equipment	-	-	-	358	358
Property, plant and equipment written off	-	459	22,031	113,671	136,161
Provision for claims and staff economic compensation	-	-	598,816	-	598,816
Waiver of interest income	1,039,057	-	-	-	1,039,057
Unrealised loss on foreign exchange	-	-	-	84,946	84,946

47. SEGMENT INFORMATION (CONT'D)

Segment results (cont'd)

	Property Development RM	Construction and Trading RM	Motor Racing Circuit RM	Management, Investment and Others RM	Total RM
2019					
Other non-cash income					
Contingency sum provided in prior years no longer required	(23,870,304)	-	-	-	(23,870,304)
Dividend income from:					
- Financial assets measured at FVTPL	(342,692)	-	-	(136,555)	(479,247)
Fair value gain on revaluation of financial assets measured at FVTPL	(35,937)	-	-	(6,053)	(41,990)
Gain on disposal of:					
- Investment properties	-	-	-	(99,123)	(99,123)
- Property, plant and equipment	(43,998)	(207,053)	-	(5,310)	(256,361)
- Right-of-use-assets	(206,395)	-	-	(238,998)	(445,393)
Reversal of allowance for impairment losses on trade and other receivables	(1,128,588)	(41,168)	(104,097)	(664,980)	(1,938,833)
Unrealised gain on foreign exchange	-	-	(92,235)	(66,126)	(158,361)
Waiver of debts	(19,265)	-	-	(34,790)	(54,055)

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31 December 2019 (Cont'd)

47. SEGMENT INFORMATION (CONT'D)

Segment results (cont'd)

	Property Development RM	Construction and Trading RM	Motor Racing Circuit RM	Management, Investment and Others RM	Total RM
2018					
Revenue					
Total revenue	935,217,395	709,629,635	24,235,201	47,071,782	1,716,154,013
Less: Inter-segment revenue	-	(553,406,769)	-	(40,659,113)	(594,065,882)
Revenue from external customers	935,217,395	156,222,866	24,235,201	6,412,669	1,122,088,131
Financial results					
Segment results	114,030,365	46,733,380	(4,394,866)	40,623,724	196,992,603
Interest income	4,036,266	107,747	101,894	817,617	5,063,524
Finance costs	(5,535,461)	(3,527,623)	(1,186,155)	(32,688,401)	(42,937,640)
Share of profit/(loss) of associates, net of tax	-	48,110	-	(31,947)	16,163
Profit/(Loss) before tax	112,531,170	43,361,614	(5,479,127)	8,720,993	159,134,650
Taxation	(39,034,250)	(14,762,492)	1,613,124	(12,947,936)	(65,131,554)
Net profit/(loss) for the financial year	73,496,920	28,599,122	(3,866,003)	(4,226,943)	94,003,096
Assets					
Additional investment in associates	-	15,000	-	539,000	554,000
Additions to non-current assets	201,336,946	67,705,451	5,386,988	135,605,792	410,035,177
Segment assets	3,242,410,754	320,972,911	213,878,267	596,220,511	4,373,482,443

47. SEGMENT INFORMATION (CONT'D)

Segment results (cont'd)

	Property Development RM	Construction and Trading RM	Motor Racing Circuit RM	Management, Investment and Others RM	Total RM
2018					
Other non-cash expenses					
Allowance for impairment losses on:					
- Goodwill arising on consolidation	4,645,352	-	-	-	4,645,352
- Investment in an associate	-	-	-	171,717	171,717
- Investment properties	-	-	-	284,328	284,328
- Other investments	-	-	-	188,000	188,000
- Trade and other receivables	2,233,233	265,975	16,762	286,453	2,802,423
Bad debts written off	16,142	-	-	806,363	822,505
Deposits written off	2,000,000	-	-	-	2,000,000
Depreciation of:					
- Investment properties	42,215	661,333	-	2,346,466	3,050,014
- Property, plant and equipment	4,394,762	7,053,412	7,129,192	6,089,381	24,666,747
Fair value loss on revaluation of financial assets measured at FVTPL	-	-	-	2,385	2,385
Fair value adjustment on trade receivables	-	-	-	352,034	352,034
Loss on disposal of:					
- Property, plant and equipment	-	-	355	2,625	2,980
Other investment written off	15,500	-	-	-	15,500
Property development costs written off	2,016,280	-	-	-	2,016,280
Property, plant and equipment written off	1	320,036	29,004	78,854	427,895

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31 December 2019 (Cont'd)

47. SEGMENT INFORMATION (CONT'D)

Segment results (cont'd)

	Property Development RM	Construction and Trading RM	Motor Racing Circuit RM	Management, Investment and Others RM	Total RM
2018					
Other non-cash expenses (cont'd)					
Provision for claims and staff economic compensation written off	-	-	617,108	-	617,108
Unrealised loss on foreign exchange	-	-	-	16,779	16,779
Waiver of interest income	265,827	-	-	-	265,827
Other non-cash income					
Contingency sum provided in prior years no longer required	(37,608,746)	-	-	-	(37,608,746)
Dividend income from:					
- Financial assets measured at FVTPL	-	-	-	(106,608)	(106,608)
Gain on disposal of:					
- Investment in subsidiary companies	-	-	-	(1,520,970)	(1,520,970)
- Property, plant and equipment	(101,200)	(23,311)	-	(267,499)	(392,010)
Reversal of allowance for impairment losses on trade and other receivables	(3,951,668)	(809,658)	(100,530)	(186,331)	(5,048,187)
Unrealised gain on foreign exchange	-	(129,232)	(107,545)	(512,052)	(748,829)

48. 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:

	Financial assets measured at			
	Carrying amount RM	Amortised cost RM	FVTOCI RM	FVTPL RM
Group 2019				
Financial Assets				
Trade receivables	413,311,097	413,311,097	-	-
Other receivables	106,298,875	106,298,875	-	-
Amount due from an associate	12,296	12,296	-	-
Other investments	59,403,306	-	49,782,672	9,620,634
Fixed deposits with licensed banks	58,166,355	58,166,355	-	-
Cash held under Housing Development Accounts	105,407,345	105,407,345	-	-
Cash and bank balances	112,829,690	112,829,690	-	-
	855,428,964	796,025,658	49,782,672	9,620,634
2018				
Financial Assets				
Trade receivables	711,229,645	711,229,645	-	-
Other receivables	73,766,214	73,766,214	-	-
Amount due from an associate	40,000	40,000	-	-
Other investments	76,508,136	-	73,382,778	3,125,358
Fixed deposits with licensed banks	38,919,298	38,919,298	-	-
Cash held under Housing Development Accounts	123,035,817	123,035,817	-	-
Cash and bank balances	78,201,635	78,201,635	-	-
	1,101,700,745	1,025,192,609	73,382,778	3,125,358

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31 December 2019 (Cont'd)

48. FINANCIAL INSTRUMENTS (CONT'D)

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

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: (cont'd)

	Carrying amount RM	Financial assets measured at Amortised cost RM	FVTPL RM
Company			
2019			
Financial Assets			
Other receivables	2,038,697	2,038,697	-
Other investments	2,168,854	-	2,168,854
Amount due from subsidiary companies	560,808,929	560,808,929	-
Fixed deposits with licensed banks	25,131,609	25,131,609	-
Cash and bank balances	10,230,119	10,230,119	-
	600,378,208	598,209,354	2,168,854
2018			
Financial Assets			
Other receivables	1,158,130	1,158,130	-
Other investments	2,092,671	-	2,092,671
Amount due from subsidiary companies	531,653,272	531,653,272	-
Fixed deposits with licensed banks	24,690,982	24,690,982	-
Cash and bank balances	3,405,754	3,405,754	-
	563,000,809	560,908,138	2,092,671

48. FINANCIAL INSTRUMENTS (CONT'D)

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

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: (cont'd)

	Carrying amount RM	Financial assets measured at amortised cost RM
Group		
2019		
Financial Liabilities		
Trade payables	965,786,146	965,786,146
Other payables	494,501,842	494,501,842
Amount due to an associate	7,200	7,200
Lease liabilities	41,902,674	41,902,674
Bank borrowings and overdrafts	1,102,551,683	1,102,551,683
Sukuk	89,276,000	89,276,000
RCPS	20,000,000	20,000,000
	2,714,025,545	2,714,025,545
2018		
Financial Liabilities		
Trade payables	982,278,974	982,278,974
Other payables	473,340,837	473,340,837
Amount due to holding company	7,020,154	7,020,154
Finance lease payables	46,174,815	46,174,815
Bank borrowings and overdrafts	1,111,088,555	1,111,088,555
Sukuk	98,935,242	98,935,242
RCPS	50,000,000	50,000,000
	2,768,838,577	2,768,838,577

Notes to the Financial Statements

31 December 2019 (Cont'd)

48. FINANCIAL INSTRUMENTS (CONT'D)

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

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: (cont'd)

	Carrying amount RM	Financial assets measured at amortised cost RM
Company 2019		
Financial Liabilities		
Other payables	1,461,728	1,461,728
Bank borrowings and overdrafts	270,955,466	270,955,466
	272,417,194	272,417,194
2018		
Financial Liabilities		
Other payables	1,685,956	1,685,956
Amount due to subsidiary companies	1,003,662	1,003,662
Bank borrowings and overdrafts	214,309,818	214,309,818
	216,999,436	216,999,436

(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 operation whilst managing its financial risks, including credit, liquidity, foreign currency, interest rate and market price risks. 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.

48. FINANCIAL INSTRUMENTS (CONT'D)

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

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 exposure to credit risk arises principally from its receivables from customers and deposits with banks. The Company's exposure to credit risk arises principally from deposits with banks, amount due from subsidiary companies and financial guarantees given to banks and non-financial institutions granted to certain subsidiary companies.

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. Receivables are monitored on an ongoing basis via the Group's and 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.

At each reporting date, the Group and the Company assess whether any of the receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

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 RM921,886,825 (2018: RM990,590,685), 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 and advances to its subsidiary companies where risks of default have been assessed to be low.

Notes to the Financial Statements

31 December 2019 (Cont'd)

48. FINANCIAL INSTRUMENTS (CONT'D)

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

(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.

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 to 2 years RM	2 to 5 years RM	After 5 years RM
Group 2019 Non-derivative financial liabilities						
Trade payables	965,786,146	965,786,146	516,783,000	33,604,808	50,264,000	365,134,338
Other payables	494,501,842	494,501,842	444,609,479	-	-	49,892,363
Amount due to associates	7,200	7,200	7,200	-	-	-
Lease liabilities	41,902,674	46,502,406	16,552,064	6,681,401	23,041,481	227,460
Bank borrowings and overdrafts	1,102,551,683	1,258,444,582	666,995,514	153,405,116	342,949,974	95,093,978
Sukuk	89,276,000	114,485,488	10,112,098	14,579,842	48,835,634	40,957,914
RCPS	20,000,000	20,316,667	20,316,667	-	-	-
	2,714,025,545	2,900,044,331	1,675,376,022	208,271,167	465,091,089	551,306,053

48. 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. (cont'd)

	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM
Group						
2018						
Non-derivative financial liabilities						
Trade payables	982,278,974	982,278,974	545,966,499	31,173,718	51,543,811	353,594,946
Other payables	473,340,837	473,340,837	422,081,235	-	-	51,259,602
Amount due to holding company	7,020,154	7,020,154	7,020,154	-	-	-
Finance lease payables	46,174,815	52,365,467	13,879,682	13,765,198	23,630,170	1,090,417
Bank borrowings and overdrafts	1,111,088,555	1,290,768,705	637,734,417	116,682,159	485,220,095	51,132,034
Sukuk	98,935,242	128,975,816	16,214,023	10,290,650	51,632,386	50,838,757
RCPS	50,000,000	53,562,500	53,562,500	-	-	-
	2,768,838,577	2,988,312,453	1,696,458,510	171,911,725	612,026,462	507,915,756

Notes to the Financial Statements

31 December 2019 (Cont'd)

48. 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. (cont'd)

	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM
Company 2019					
Non-derivative financial liabilities					
Other payables	1,461,728	1,461,728	1,461,728	-	-
Bank borrowings and overdrafts	270,955,466	295,528,409	241,741,684	41,796,725	11,990,000
Financial guarantees *	-	921,886,825	921,886,825	-	-
	272,417,194	1,218,876,962	1,165,090,237	41,796,725	11,990,000
2018					
Non-derivative financial liabilities					
Other payables	1,685,956	1,685,956	1,685,956	-	-
Amount due to subsidiary companies	1,003,662	1,003,662	1,003,662	-	-
Bank borrowings and overdrafts	214,309,818	231,214,848	201,521,498	15,262,725	14,430,625
Financial guarantees *	-	990,590,685	990,590,685	-	-
	216,999,436	1,224,495,151	1,194,801,801	15,262,725	14,430,625

* Based on the maximum amount that can be called for under the financial guarantee contract. At the end of the reporting period, financial guarantee liabilities have not been recognised as there is no indication that the subsidiary companies would default on repayment and the probability that the financial guarantee contracts will be called by third parties is remote.

48. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Market risks

Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Hong Kong Dollar ("HKD"), EURO ("EUR"), Chinese Renminbi ("RMB") and Singapore Dollar ("SGD").

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.

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

	USD RM	HKD RM	EUR RM	RMB RM	SGD RM	Total RM
Group 2019						
Financial Assets						
Other receivables	-	1,472	-	-	-	1,472
Fixed deposits with licensed banks	8,210,947	528,850	-	21,827	-	8,761,624
Cash and bank balances	3,023,751	1,679,148	1,011,722	282,501	482,669	6,479,791
	11,234,698	2,209,470	1,011,722	304,328	482,669	15,242,887
Financial Liabilities						
Trade payables	292,178	-	-	579,990	-	872,168
Other payables	1,275,442	192,651	-	82,145	-	1,550,238
	1,567,620	192,651	-	662,135	-	2,422,406

Notes to the Financial Statements

31 December 2019 (Cont'd)

48. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Market risks (cont'd)

Foreign currency risk (cont'd)

The carrying amounts of the Group's and of the Company's foreign currency denominated financial assets and financial liabilities that are exposed to foreign currency risk at the end of the reporting period are as follows: (cont'd)

	USD RM	HKD RM	EUR RM	RMB RM	SGD RM	Total RM
Group						
2018						
Financial Assets						
Other receivables	-	1,479	-	-	-	1,479
Fixed deposits with licensed banks	8,288,736	529,525	-	22,079	-	8,840,340
Cash and bank balances	1,959,192	1,440,645	1,055,475	152,102	-	4,607,414
	10,247,928	1,971,649	1,055,475	174,181	-	13,449,233
Financial Liabilities						
Trade payables	295,322	-	-	-	-	295,322
Other payables	1,266,763	203,019	-	1,707,282	-	3,177,064
	1,562,085	203,019	-	1,707,282	-	3,472,386

48. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Market risks (cont'd)

Foreign currency risk (cont'd)

The carrying amounts of the Group's and of the Company's foreign currency denominated financial assets and financial liabilities that are exposed to foreign currency risk at the end of the reporting period are as follows: (cont'd)

	USD RM	HKD RM	Total RM
Company 2019			
Financial Assets			
Fixed deposits with licensed banks	8,210,947	264,428	8,475,375
Cash and bank balances	415,906	22,522	438,428
	8,626,853	286,950	8,913,803
2018			
Financial Assets			
Fixed deposits with licensed banks	8,288,736	264,751	8,553,487
Cash and bank balances	407,792	22,461	430,253
	8,696,528	287,212	8,983,740

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.

Notes to the Financial Statements

31 December 2019 (Cont'd)

48. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Market risks (cont'd)

Foreign currency risk sensitivity (cont'd)

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

	2019		2018	
	Changes in currency rate	Effect on profit before tax RM	Changes in currency rate	Effect on profit before tax RM
Group				
USD	Strengthened 10%	966,708	Strengthened 10%	868,584
	Weakened 10%	(966,708)	Weakened 10%	(868,584)
HKD	Strengthened 10%	201,682	Strengthened 10%	176,863
	Weakened 10%	(201,682)	Weakened 10%	(176,863)
EUR	Strengthened 10%	101,172	Strengthened 10%	105,548
	Weakened 10%	(101,172)	Weakened 10%	(105,548)
RMB	Strengthened 10%	(35,781)	Strengthened 10%	(153,310)
	Weakened 10%	35,781	Weakened 10%	153,310
SGD	Strengthened 10%	48,267	Strengthened 10%	-
	Weakened 10%	(48,267)	Weakened 10%	-
Company				
USD	Strengthened 10%	862,685	Strengthened 10%	869,653
	Weakened 10%	(862,685)	Weakened 10%	(869,653)
HKD	Strengthened 10%	28,695	Strengthened 10%	28,721
	Weakened 10%	(28,695)	Weakened 10%	(28,721)

Interest rate risk

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

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

48. 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 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:

	2019 RM	Group 2018 RM
Fixed Rate Instruments		
Financial Asset		
Fixed deposits with licensed banks	58,166,355	38,919,298
Financial Liabilities		
Finance lease payables	-	46,174,815
Lease liabilities	41,902,674	-
RCPS	20,000,000	50,000,000
	61,902,674	96,174,815
Floating Rate Instruments		
Financial Assets		
Cash held under Housing Development Accounts	105,407,345	123,035,817
Cash and bank balances	8,721,135	3,837,881
	114,128,480	126,873,698
Financial Liabilities		
Bank borrowings and overdrafts	1,102,551,683	1,111,088,555
Amount due to holding company	-	7,020,154
Sukuk	89,276,000	98,935,242
	1,191,827,683	1,217,043,951

Notes to the Financial Statements

31 December 2019 (Cont'd)

48. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Market risks (cont'd)

Interest rate risk (cont'd)

	2019 RM	Company 2018 RM
Fixed Rate Instruments		
Financial Asset		
Fixed deposits with licensed banks	25,131,609	24,690,982
Floating Rate Instruments		
Financial Assets		
Cash and bank balances	655,611	121,930
Amount due from subsidiary companies	476,656,797	468,153,858
	477,312,408	468,275,788
Financial Liability		
Bank borrowings and overdrafts	270,955,466	214,309,818

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 profit before tax by RM10,776,992 (2018: RM10,901,703), arising mainly as a result of lower or higher interest expense on floating rate financial assets and financial liabilities. A change in 1% interest rate at the end of the reporting period would have increased or decreased the Company's profit before tax by RM2,063,569 (2018: RM2,539,660), arising mainly as a result of higher or lower interest income 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.

48. FINANCIAL INSTRUMENTS (CONT'D)

(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 financial assets measured at fair value through other comprehensive income.

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.

(d) Fair value of financial instruments

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

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 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.

	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	Level 2	Level 3	Total RM	Level 1	Level 2	Level 3	Total RM		
	RM	RM	RM		RM	RM	RM			
2019										
Group										
Financial										
asset										
Other investments	59,403,306	-	-	59,403,306	-	-	-	-	59,403,306	59,403,306
Company										
Financial										
asset										
Other investments	2,168,854	-	-	2,168,854	-	-	-	-	2,168,854	2,168,854
2018										
Group										
Financial										
asset										
Other investments	76,508,136	-	-	76,508,136	-	-	-	-	76,508,136	76,508,136

Notes to the Financial Statements

31 December 2019 (Cont'd)

48. FINANCIAL INSTRUMENTS (CONT'D)

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

	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		
2018										
Group										
Financial liability										
Finance lease payables	-	-	-	-	-	33,512,162	-	33,512,162	33,512,162	34,809,689
Company										
Financial asset										
Other investments	2,092,671	-	-	2,092,671	-	-	-	-	2,092,671	2,092,671

(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 disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting date.

(iv) Level 3 fair value

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

49. CAPITAL MANAGEMENT

The Group's and the Company'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 and the Company 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.

The Group and the Company monitors capital using gearing ratio. The Group's and the Company'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:

	2019 RM	Group 2018 RM
Debts		
Finance lease payables	-	46,174,815
Lease liabilities	41,902,674	-
Bank borrowings and overdrafts	1,102,551,683	1,111,088,555
Sukuk	89,276,000	98,935,242
RCPS	20,000,000	50,000,000
Total debts	1,253,730,357	1,306,198,612
Deposits, cash and bank balances		
Fixed deposits with licensed banks	58,166,355	38,919,298
Cash and bank balances	112,829,690	78,201,635
Cash held under Housing Development Accounts	105,407,345	123,035,817
Total deposits, cash and bank balances	276,403,390	240,156,750
Net debts	977,326,967	1,066,041,862
Total equity	1,458,464,531	1,417,054,428
Gross gearing ratio	0.86	0.92
Net gearing ratio	0.67	0.75

Notes to the Financial Statements 31 December 2019 (Cont'd)

49. CAPITAL MANAGEMENT (CONT'D)

The Group and the Company monitors capital using gearing ratio. The Group's and the Company'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:(cont'd)

	2019 RM	Company 2018 RM
Debt		
Bank borrowings and overdrafts	270,955,466	214,309,818
Total debt	270,955,466	214,309,818
Deposits, cash and bank balances		
Fixed deposits with licensed banks	25,131,609	24,690,982
Cash and bank balances	10,230,119	3,405,754
Total deposits, cash and bank balances	35,361,728	28,096,736
Net debt	235,593,738	186,213,082
Total equity	957,472,552	974,114,057
Gross gearing ratio	0.28	0.22
Net gearing ratio	0.25	0.19

There were no changes in the Group's and the Company's approach to capital management during the financial year.

50. SUBSEQUENT EVENTS

- (a) On 8 January 2020, Koleksi Sigma Sdn. Bhd. ("KSSB"), a 75% owned subsidiary company of LBS Bina, had increased its paid-up share capital from 100,000 to 250,000 ordinary shares. LBS Bina has subscribed for an additional 112,500 ordinary shares in KSSB by way of capitalisation of amount due from KSSB. KSSB remained as a 75% owned subsidiary company of LBS Bina.
- (b) On 17 February 2020, LBS Bina acquired 245,000 ordinary shares representing 49% equity interest in Taman Sempurna Sdn. Bhd. ("TSSB") for a total cash consideration of RM245,000 only. Consequently, TSSB became a wholly-owned subsidiary company of LBS Bina.

50. SUBSEQUENT EVENTS (CONT'D)

(c) Outbreak effect of coronavirus pandemic

The Directors of the Company have been closely monitoring the development of the coronavirus pandemic ("COVID-19") in Malaysia and the region that may affect the business performance, financial performance and financial position of the Group. Travelling and movement restrictions and other precautionary measures imposed by the relevant authorities have posed significant impact on the operations of our Group. As at the date of this report, the financial impact of the COVID-19 outbreak to the Group cannot be reasonably ascertained as it is unprecedented and the pandemic is not ended yet. As such, the Directors of the Company will continue to monitor the situations closely and respond proactively to mitigate the impact on the Group's financial performance and financial position.

51. CAPITAL COMMITMENTS

	2019 RM	Group 2018 RM
Approved and contracted for property development:		
- Development Rights Agreements	86,940,000	86,940,000
- Joint Venture Agreements	419,547,626	395,313,848
- Sale and Purchase Agreements	3,420,000	3,420,000
Approved and contracted for plant, property and equipment and right-of-use assets:		
- Sale and Purchase Agreements	-	4,417,805
- Interior design and renovation works	2,966,336	5,876,709
Authorised but not contracted for right-of-use assets:		
- Sale and Purchase Agreements	1,425,600	-
	514,299,562	495,968,362

Notes to the Financial Statements 31 December 2019 (Cont'd)

52. FINANCIAL GUARANTEE

	2019 RM	Group 2018 RM
Secured:		
Bank guarantees for:		
- property development	49,463,690	55,836,948
- construction contracts	3,560,695	9,403,176
- others	48,200	30,200
	53,072,585	65,270,324
	2019 RM	Company 2018 RM
Unsecured:		
Corporate guarantees given to:		
- licensed banks to secure banking facilities granted to subsidiary companies	855,538,962	895,337,936
- suppliers of goods for credit terms/facilities granted to subsidiary companies	15,533	1,329,538
- third parties for undertaking due performance in relation to development rights and joint venture agreements	63,823,311	93,923,211
	919,377,706	990,590,685

53. LIST OF SUBSIDIARY COMPANIES

Name of company	Place of business/ country of incorporation	Effective interest		Principal activities
		2019 %	2018 %	
Direct holding				
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
Kita Sejati Sdn. Bhd. (f.k.a Maju Kepunyaan Sdn. Bhd.)	Malaysia	100	100	Dormant
MGB Berhad	Malaysia	59.36	59.68	Investment holding and provision of management services
# Puncak Maksimum Berhad	Malaysia	100	-	Dormant
Saujana Tunggal Sdn. Bhd.	Malaysia	100	100	Investment holding
SPJ Construction Sdn. Bhd.	Malaysia	60	60	Dormant
Indirect holding				
Subsidiary companies of LBS Bina Holdings Sdn. Bhd.:				
Adil Restu Sdn. Bhd.	Malaysia	100	100	Property development
Alunan Prestasi Sdn. Bhd.	Malaysia	100	70	Property development
Angsana Abadi Sdn. Bhd.	Malaysia	100	100	Property development and other related activities
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	51	Property development
Bimbingan Sumber Sdn. Bhd.	Malaysia	60	60	Property development

Notes to the Financial Statements

31 December 2019 (Cont'd)

53. LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of company	Place of business/ country of incorporation	Effective interest 2019 %	2018 %	Principal activities
Indirect holding				
Subsidiary companies of LBS Bina Holdings Sdn. Bhd.:				
Casa Inspirasi Sdn. Bhd.	Malaysia	69	69	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	51	Property development
Duta Abadi Sdn. Bhd.	Malaysia	100	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	Property development related activities
Generasi Nostalgia Sdn. Bhd.	Malaysia	100	100	Property development
Generasi Simbolik Sdn. Bhd.	Malaysia	100	100	Property development
Getstyle Sdn. Bhd.	Malaysia	100	100	Property development
Healthguard Medicare Sdn. Bhd.	Malaysia	60	60	Dormant
Inderaloka Impian Sdn. Bhd.	Malaysia	100	100	Property development
Induk Pelita Sdn. Bhd.	Malaysia	81	51	Dormant
Intellview Sdn. Bhd.	Malaysia	100	100	Property development
Iringan Kejora Sdn. Bhd.	Malaysia	70	100	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

53. LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of company	Place of business/ country of incorporation	Effective interest		Principal activities
		2019 %	2018 %	
Indirect holding				
Subsidiary companies of LBS Bina Holdings Sdn. Bhd.:				
Kalimah Jaya Sdn. Bhd.	Malaysia	100	100	Investment holding
Kemudi Ehsan Sdn. Bhd.	Malaysia	80	80	Property development
Kilatlima Sdn. Bhd.	Malaysia	100	100	Property development and car park management
Kirana Emas Sdn. Bhd.	Malaysia	51	51	Dormant
Koleksi Sigma Sdn. Bhd.	Malaysia	75	75	Property development
LBS Borneo Sdn. Bhd.	Malaysia	51	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
Legasi Holdings Group Sdn. Bhd.	Malaysia	51	51	Dormant
Maju Kamabisa Sdn. Bhd.	Malaysia	100	100	Property development related activities
Mayang Jelatek Sdn. Bhd.	Malaysia	51	51	Property development
Megah Solaris Sdn. Bhd.	Malaysia	100	100	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	Ceased operation
Nuevoprima Development Sdn. Bhd.	Malaysia	100	100	Dormant
Panglima Riang Sdn. Bhd.	Malaysia	51	51	Dormant

Notes to the Financial Statements

31 December 2019 (Cont'd)

53. LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of company	Place of business/ country of incorporation	Effective interest 2019 %	2018 %	Principal activities
Indirect holding				
Subsidiary companies of LBS Bina Holdings Sdn. Bhd.:				
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	100	Property development
Retro Court Sdn. Bhd.	Malaysia	51	51	Dormant
Saga Megah Sdn. Bhd.	Malaysia	100	100	Trading of building materials and general construction
Seloka Sinaran Sdn. Bhd.	Malaysia	81	78	Property development
Sepadan Maju Sdn. Bhd.	Malaysia	100	100	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
Subsidiary company of Saujana Tunggal Sdn. Bhd.:				
Gerbang Mekar Sdn. Bhd.	Malaysia	100	100	Retail mall
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

53. LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of company	Place of business/ country of incorporation	Effective interest 2019 %	2018 %	Principal activities
Indirect holding				
Subsidiary companies of Sinaran Restu Sdn. Bhd.:				
Lingkar Semangat Sdn. Bhd.	Malaysia	100	100	Property development
Nilam Mewah Sdn. Bhd.	Malaysia	55	55	Dormant
Pacific Grant Sdn. Bhd.	Malaysia	100	100	Dormant
Silibin Jaya Sdn. Bhd.	Malaysia	100	100	Property development
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	Dormant
Biz Bena Development Sdn. Bhd.	Malaysia	51.92	51.92	Property development
Subsidiary companies of MGB Berhad:				
Alunan Warta Sdn. Bhd.	Malaysia	30.27	30.44	Dormant
MGB Construction Sdn. Bhd.	Malaysia	59.36	59.68	Civil engineering, design and build and general construction activities
MGB Land Sdn. Bhd.	Malaysia	59.36	59.68	Investment holding
MGB Construction & Engineering Sdn. Bhd. (f.k.a MITC Engineering Sdn. Bhd.)	Malaysia	59.36	59.68	Civil engineering, design and build, general construction activities, trading activities and investment holding
Newsteel Building Systems Sdn. Bhd.	Malaysia	47.49	47.74	Dormant
Vintage Roofing & Construction Sdn. Bhd.	Malaysia	59.36	59.68	Dormant
Vintage Tiles Holdings Sdn. Bhd.	Malaysia	59.36	59.68	Dormant

Notes to the Financial Statements

31 December 2019 (Cont'd)

53. LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of company	Place of business/ country of incorporation	Effective interest 2019 %	2018 %	Principal activities
Indirect holding				
Subsidiary companies of MGB Land Sdn. Bhd.:				
Delta Gallery Sdn. Bhd.	Malaysia	59.36	59.68	Property development
# Idaman Aktif Sdn. Bhd.	Malaysia	59.36	-	Dormant
# Idaman Elegan Sdn. Bhd.	Malaysia	59.36	-	Dormant
Idaman Kukuh Sdn. Bhd.	Malaysia	59.36	59.68	Dormant
# Idaman Living Sdn. Bhd.	Malaysia	59.36	-	Dormant
Multi Court Developers Sdn. Bhd.	Malaysia	59.36	59.68	Property development
Sinaran Kencana Sdn. Bhd. (f.k.a VTI Consortium Sdn. Bhd.)	Malaysia	59.36	-	Dormant
Subsidiary companies of MGB Construction & Engineering Sdn. Bhd. (f.k.a MITC Engineering Sdn. Bhd.):				
Prisma Craft Sdn. Bhd.	Malaysia	59.36	59.68	Dormant
Prisma Kasturi Sdn. Bhd.	Malaysia	59.36	59.68	Hospitality
Top Ace Solutions Sdn. Bhd.	Malaysia	59.36	59.68	Trading of building materials and general construction activities
MGB Geotech Sdn. Bhd.	Malaysia	59.36	41.78	Piling and foundation construction works
MGB SANY (M) IBS Sdn. Bhd.	Malaysia	48.08	30.44	Manufacturing of Industrialised Building System precast products
Subsidiary company of Vintage Roofing & Construction Sdn. Bhd.:				
Sinaran Kencana Sdn. Bhd. (f.k.a VTI Consortium Sdn. Bhd.)	Malaysia	-	59.68	Dormant

53. LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of company	Place of business/ country of incorporation	Effective interest		Principal activities
		2019 %	2018 %	
Indirect holding				
Subsidiary company of Intellplace Holdings Limited: * Dragon Hill Corporation Limited		100	100	Investment holding
Subsidiary company of Dragon Hill Corporation Limited: * Lamdeal Investments Limited		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		60	60	Racing circuit development and management
Subsidiary company of Zhuhai International Circuit Limited: * Zhuhai International Circuit Promotion (HK) Limited		60	60	Providing handling services to its holding company

* Subsidiary companies not audited by UHY.

Became subsidiary companies during the financial year.

Notes to the Financial Statements 31 December 2019 (Cont'd)

54. LIST OF ASSOCIATES (CONT'D)

Name of company	Place of business/ country of incorporation	Effective interest 2019 %	2018 %	Principal activities
Indirect holding				
Associates of LBS Bina Holdings Sdn. Bhd.:				
Bayu Cergas Sdn. Bhd.	Malaysia	40	40	Dormant
Bendera Berlian Sdn. Bhd.	Malaysia	49	49	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	Property development
* Usaha Semarak Sdn. Bhd.	Malaysia	35	35	Dormant
Warnasari Idaman Sdn. Bhd.	Malaysia	30	30	Dormant
Associates of MGB Construction & Engineering Sdn. Bhd.(f.k.a MITC Engineering Sdn. Bhd.):				
* YLT Consultancy Sdn. Bhd.	Malaysia	17.81	17.90	Engineering consultancy services
MGB JPC Consultancy Sdn. Bhd.	Malaysia	17.81	17.90	Engineering consultancy services

* Associates not audited by UHY.

55. 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 2019 were authorised for issue in accordance with a resolution of the Board of Directors on 18 May 2020.

List of Material Properties Held By the Group

As At 31 December 2019

Location	Description	Tenure	Net Book Value RM'000	Land Area (acres)	Date of Acquisition
LBS Alam Perdana, Mukim Ijok, Daerah Kuala Selangor, Selangor Darul Ehsan	Land under development and held for development	Leasehold (expiring on 15.02.2111)	321,438.09	469.85	06.10.2017
Jinding, Zhuhai, The People's Republic of China	Land and building (age: 20 years) racing circuit	Land use right term (expiring on 23.10.2043)	154,026.85	263.34	02.10.2013
Lot 20952, 24962 & 24963 District of Johor Bahru, Johor Darul Takzim	Land held for development	Freehold and leasehold (expiring on 01.11.2099)	137,997.97	5.50	30.04.2015/ 27.10.2015
Lot 62606, 62607 & 62614, Mukim Tanjung Duabelas, Daerah Kuala Langat, Selangor Darul Ehsan	Land held for development	Leasehold (expiring on 05.02.2094)	133,957.77	106.65	31.10.2012/ 06.11.2015
Lot 102143 & Lot 102142, Mukim Petaling, Wilayah Persekutuan, Kuala Lumpur	Land under development	Leasehold (expiring on 14.08.2116)	133,127.52	10.90	24.09.2018
Mukim Linau, Daerah Batu Pahat, Negeri Johor Darul Takzim	Land under development and held for development	Freehold	106,300.04	401.41	27.07.2007
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 & 24.04.2115)	101,943.80	85.70	30.11.2016
LOT 22823 & LOT 22824, Mukim Ulu Sungai Johor, Kota Tinggi, Johor Darul Takzim	Land held for development	Leasehold (expiring on 12.01.2103)	89,452.20	341.00	19.04.2016
Lot 13961, Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan	Land under development and held for development	Leasehold (expiring on 06.10.2108)	88,584.62	74.63	09.10.2009
Gombak, Kuala Lumpur	Retail mall known as M3 Mall buildings (age: 3 years)	Leasehold (expiring on 01.11.2111)	87,423.08	3.24	08.03.2018

Analysis of Ordinary Shareholdings

As At 12 May 2020

ORDINARY SHARE CAPITAL

Types of Shares	:	Ordinary Shares
Issued Shares Capital	:	1,514,042,111 ordinary shares (excluding treasury shares of 53,068,900)
No. of Shareholders	:	7,264
Voting Rights	:	One (1) vote per ordinary share on a poll, in the meeting of shareholders.

DISTRIBUTION OF ORDINARY SHAREHOLDINGS

Size of Shareholders	No. of Shareholders	Percentage (%) of Shareholders	No. of Shares Held	Percentage (%) of Shareholdings
1 - 99	146	2.010	5,604	0.000
100 - 1,000	1,436	19.769	549,003	0.036
1,001 - 10,000	2,673	36.798	14,209,903	0.939
10,001 - 100,000	2,489	34.265	77,997,809	5.152
100,001 - 75,702,104 (*)	516	7.103	969,455,252	64.031
75,702,105 AND ABOVE (**)	4	0.055	451,824,540	29.842
	7,264	100.000	1,514,042,111	100.000

Remarks:

* Less than 5% of Issued Shares

** 5% and above of Issued Shares

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SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Shareholdings			
	Direct		Indirect	
	No. of Share	%	No. of Share	%
Gaterich Sdn Bhd	543,309,954	35.88	-	-
Tan Sri Dato' Sri Lim Hock San	30,398,559	2.01	543,309,954 ⁽¹⁾	35.88
Datuk Wira Lim Hock Guan	27,311,111	1.80	543,309,954 ⁽¹⁾	35.88
Tan Sri Dr Lim Wee Chai	103,345,000	6.83	-	-
Kumpulan Wang Persaraan (Diperbadankan)	126,229,540	8.34	48,027,540 ⁽⁴⁾	3.17

DIRECTORS' INTEREST IN SHARES

Name of Directors	Shareholdings			
	Direct		Indirect	
	No. of Share	%	No. of Share	%
Dato' Seri Lim Bock Seng	-	-	287,100 ⁽²⁾	0.02
Tan Sri Dato' Sri Lim Hock San	30,398,559	2.01	547,924,454 ⁽³⁾	36.19
Datuk Wira Lim Hock Guan	27,311,111	1.80	545,860,304 ⁽³⁾	36.05
Maj (Hon) Dato' Sri Lim Hock Sing	455,000	0.03	597,360 ⁽²⁾	0.04
Dato' Sri Lim Hock Seong	8,150,916	0.54	353,375 ⁽²⁾	0.02
Dato' Chia Lok Yuen	2,372,000	0.16	-	-
Dato' Lim Mooi Pang	5,211,903	0.34	-	-
Datuk Lim Si Cheng	261,800	0.02	-	-
Datuk Dr. Haji Baharum Bin Hj Mohamed	261,800	0.02	-	-

Notes:

- (1) Deemed interested by virtue of his substantial shareholdings in Gaterich Sdn Bhd pursuant to Section 8 of the Companies Act, 2016 ("the Act").
- (2) Shares held by virtue of Section 59(11)(c) of the Act.
- (3) Deemed interested by virtue of his substantial shareholdings in Gaterich Sdn Bhd pursuant to Section 8 of the Act and by virtue of Section 59(11)(c) of the Act.
- (4) Deemed interested by virtue of shares held by Fund Managers of Kumpulan Wang Persaraan (Diperbadankan).

Analysis of Ordinary Shareholdings As At 12 May 2020 (Cont'd)

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 KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	126,229,540	8.337
2 RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD	120,470,000	7.957
3 CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LIM WEE CHAI (PB)	103,125,000	6.811
4 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR GATERICH SDN.BHD. (SMART)	102,000,000	6.737
5 ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD	58,621,000	3.872
6 MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR PRINCIPAL DALI EQUITY GROWTH FUND (UT-CIMB-DALI) (419455)	54,245,530	3.583
7 RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD	45,700,000	3.018
8 KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD	39,750,000	2.626
9 KENANGA INVESTMENT BANK BERHAD IVT-(EDSP-OTC/ESH)	39,272,600	2.594
10 CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	38,992,440	2.575
11 CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	38,958,920	2.573
12 RHB NOMINEES (TEMPATAN) SDN BHD INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MALAYSIA) BERHAD PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD	38,800,000	2.563
13 CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR GATERICH SDN BHD (PBCL-0G0342)	34,100,000	2.252
14 KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD	31,449,047	2.077
15 CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	29,966,900	1.979

LIST OF THE THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

(Without Aggregating Securities From Different Securities Accounts Belonging To The Same Registered Holder) (Cont'd)

	Holder Name	Shares Held	Percentage (%)
16	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR GATERICH SDN BHD	22,840,000	1.509
17	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM HOCK SAN (MY2970)	18,674,057	1.233
18	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD (51401138104A)	18,474,000	1.220
19	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (PRINCIPAL EQITS)	16,760,640	1.107
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM KENANGA)	15,205,160	1.004
21	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	14,828,160	0.979
22	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD (5140113810 5A)	14,668,858	0.969
23	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM HOCK GUAN	14,000,000	0.925
24	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (P)	13,696,160	0.905
25	LIM HOCK GUAN	13,311,111	0.879
26	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PARTICIPATING FUND	12,295,120	0.812
27	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (MEF)	11,825,600	0.781
28	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PRINCIPAL DALI OPPORTUNITIES FUND	10,596,160	0.700
29	TMF TRUSTEES MALAYSIA BERHAD LBS BINA GROUP BERHAD	10,376,832	0.685
30	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD - KENANGA SYARIAH GROWTH FUND	9,900,440	0.654
		1,119,133,275	73.916

Analysis of Warrant B Holdings

As At 12 May 2020

WARRANT B

Types of Securities	:	Warrant B 2015/2020
No. of Warrant B Issued	:	99,949,262 Warrant B
No. of Warrant B Holders	:	3,937
Voting Rights	:	One (1) vote per Warrant B on a 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	1,088	27.635	53,943	0.054
100 - 1,000	1,055	26.797	333,819	0.334
1,001 - 10,000	1,272	32.309	3,893,859	3.896
10,001 - 100,000	417	10.592	12,506,414	12.513
100,001 - 4,997,462 (*)	104	2.642	47,642,692	47.667
4,997,463 AND ABOVE (**)	1	0.025	35,518,535	35.536
	3,937	100.000	99,949,262	100.000

Remarks:

* Less than 5% of Issued Warrants

** 5% and above of Issued Warrants

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DIRECTORS' INTEREST IN WARRANT B

Name of Directors	Warrant B Holdings			
	Direct		Indirect	
	No. of Warrant B	%	No. of Warrant B	%
Dato' Seri Lim Bock Seng	-	-	38,550 ⁽¹⁾	0.04
Tan Sri Dato' Sri Lim Hock San	-	-	35,721,320 ⁽²⁾	35.74
Datuk Wira Lim Hock Guan	4,327,598	4.33	35,521,285 ⁽²⁾	35.54
Maj (Hon) Dato' Sri Lim Hock Sing	453,750	0.45	106,700 ⁽¹⁾	0.11
Dato' Sri Lim Hock Seong	2,210,450	2.21	-	-
Dato' Chia Lok Yuen	2,302,000	2.30	-	-

Notes:

(1) Warrant B held by virtue of Section 59(1)(c) of the Companies Act, 2016 ("the Act").

(2) Deemed interested by virtue of his substantial shareholdings in Gaterich Sdn Bhd pursuant to Section 8 of the Act and by virtue of Section 59(1)(c) of the Act.

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	GATERICH SDN BHD	35,518,535	35.537
2	LIM HOCK GUAN	4,327,598	4.330
3	TMF TRUSTEES MALAYSIA BERHAD LBS BINA GROUP BERHAD	2,594,210	2.596
4	LIM HOCK SEONG	2,210,450	2.212
5	LOW MUN TENG	2,065,800	2.067
6	TAN WEI ENG	1,836,450	1.837
7	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (GROWTH)	1,737,000	1.738
8	MAYBANK NOMINEES (TEMPATAN) SDN BHD MOHAMMAD HAFIZI BIN DAHLAN	1,447,500	1.448
9	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	1,341,800	1.342
10	LOW BOON ANN	1,219,040	1.220
11	TAN KHAY LONG	848,900	0.849
12	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIA LOK YUEN	843,250	0.844
13	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHIAM HUA (E-BPT)	790,700	0.791
14	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR PACIFIC MILLENNIUM FUND	786,780	0.787
15	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)	731,500	0.732
16	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM MIOW LEONG (7000851)	709,280	0.710
17	LOW MON TONG	699,600	0.700
18	CHAN WEI LING	697,000	0.697

Analysis of Warrant B Holdings As At 12 May 2020 (Cont'd)

LIST OF THE THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

(Without Aggregating Securities From Different Securities Accounts Belonging To The Same Registered Holder) (Cont'd)

Holder Name	Warrant B Held	Percentage (%)
19 RHB NOMINEES (ASING) SDN BHD EXEMPT AN (BP) FOR RHB SECURITIES HONG KONG LIMITED A/C CLIENTS (RETAIL)	687,830	0.688
20 AZHAR BIN AHMAD	642,400	0.643
21 CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIA LOK YUEN (MY0701)	601,250	0.602
22 GANESON A/L P.SUBRAMANIAM	550,000	0.550
23 PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HWEE CHOW CHUAN (E-TSA)	543,000	0.543
24 ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR POH SENG HEE (8073193)	500,100	0.500
25 CHU JIN KANG	500,000	0.500
26 CHIN AH OON	490,000	0.490
27 WILFRED KOH SENG HAN	487,520	0.488
28 HWEE CHOW CHUAN	486,140	0.486
29 TAI TET CHUAN	473,003	0.473
30 PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEOH LEN HUAT (E-KLG)	461,000	0.461
	66,827,636	66.861

Analysis of Preference Shareholdings

As At 12 May 2020

PREFERENCE SHARE CAPITAL

Types of Shares	:	Redeemable Convertible Preference Shares ("RCPS")
Issued RCPS Capital	:	95,367,255 RCPS
No. of Shareholders	:	1,045
Voting Rights	:	Ten (10) RCPS for eleven (11) votes

DISTRIBUTION OF RCPS SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Percentage (%) of Shareholders	No. of Shares Held	Percentage (%) of Shareholdings
1 - 99	14	1.340	614	0.001
100 - 1,000	410	39.234	292,674	0.307
1,001 - 10,000	465	44.498	1,684,085	1.766
10,001 - 100,000	110	10.526	3,645,861	3.823
100,001 - 4,768,361 (*)	44	4.211	25,944,301	27.204
4,768,362 AND ABOVE (**)	2	0.191	63,799,720	66.899
	1,045	100.000	95,367,255	100.000

Remarks:

* Less than 5% of Issued RCPS

** 5% and above of Issued RCPS

DIRECTORS' INTEREST IN RCPS

Name of Directors	RCPS Holdings			
	Direct		Indirect	
	No. of RCPS	%	No. of RCPS	%
Tan Sri Dato' Sri Lim Hock San	-	-	158,000 ⁽¹⁾	0.17
Maj (Hon) Dato' Sri Lim Hock Sing	-	-	38,800 ⁽¹⁾	0.04
Dato' Sri Lim Hock Seong	-	-	20,750 ⁽¹⁾	0.02
Datuk Lim Si Cheng	23,800	0.02	-	-
Datuk Dr. Haji Baharum Bin Hj Mohamed	23,800	0.02	-	-

Note:

(1) RCPS held by virtue of Section 59(11)(c) of the Companies Act, 2016.

Analysis of Preference Shareholdings As At 12 May 2020 (Cont'd)

LIST OF THE THIRTY (30) LARGEST RCPS HOLDERS

(Without Aggregating Securities From Different Securities Accounts Belonging To The Same Registered Holder)

Holder Name	RCPS Held	Percentage (%)
1 AMSEC NOMINEES (TEMPATAN) SDN BHD AMBANK (M) BERHAD (HEDGING)	53,026,600	55.603
2 KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	10,773,120	11.296
3 CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	3,320,000	3.481
4 CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	2,732,120	2.865
5 CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	2,554,100	2.678
6 CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	2,116,120	2.219
7 CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (PRINCIPAL EQITS)	1,600,000	1.678
8 CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)	993,300	1.042
9 HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (P)	964,260	1.011
10 TEO TIN LUN	931,000	0.976
11 CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD - KENANGA SYARIAH GROWTH FUND	817,580	0.857
12 CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOH YEM PHOI (J KUNING 2-CL)	732,400	0.768
13 CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LGF)	693,520	0.727
14 NG HO FATT	631,900	0.663
15 YEAP CHOE HOON	576,000	0.604
16 CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (F.TEMISLAMIC)	538,350	0.564
17 LIM KHUAN ENG	470,000	0.493

LIST OF THE THIRTY (30) LARGEST RCPS HOLDERS (CONT'D)

(Without Aggregating Securities From Different Securities Accounts Belonging To The Same Registered Holder) (Cont'd)

Holder Name	RCPS Held	Percentage (%)
18 HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (ULIFE)	413,360	0.433
19 CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LBF)	400,480	0.420
20 MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (LIFE PAR)	380,120	0.399
21 MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (LIFE NON PAR)	340,000	0.356
22 HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (MEF)	335,391	0.352
23 CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN SIN SANG (KUCHAI LAMA-CL)	290,000	0.304
24 HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (ULIFE2)	288,880	0.303
25 CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (F TEMPLETON)	272,540	0.286
26 CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD - KENANGA MALAYSIAN INC FUND	264,300	0.277
27 PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)	260,000	0.273
28 CARTABAN NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR KENANGA ASIA PACIFIC TOTAL RETURN FUND	255,620	0.268
29 UNIVERSAL TRUSTEE (MALAYSIA) BERHAD KENANGA ISLAMIC FUND	234,920	0.246
30 EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR CHONG KIM CHAN (SFC)	210,000	0.220
	87,415,981	91.662

Notice of Twentieth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twentieth Annual General Meeting of LBS Bina Group Berhad ("Company") will be held at Ballroom III, Main Wing, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Monday, 27 July 2020 at 10.00 a.m. for the following purposes:-

AGENDA

- | | | |
|----|---|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and Auditors thereon. | (Please refer to Note 1 of the Explanatory Notes on Ordinary Business) |
| 2. | To approve the payment of a First and Final Single Tier Dividend in respect of the financial year ended 31 December 2019 comprising Treasury Shares distribution in the ratio of 3 Treasury Shares for every 100 existing Ordinary Shares held, fractions of Treasury Shares will be disregarded. | Resolution 1 |
| 3. | To approve the payment of Directors' Fees of RM166,950 for the financial year ended 31 December 2019. | Resolution 2 |
| 4. | To approve the payment of Directors' Fees, allowances and benefits-in-kind to the Directors of the Company up to an amount of RM2.6 million, for the period from the conclusion of 20th Annual General Meeting to the next Annual General Meeting in 2021. | Resolution 3 |
| 5. | To re-elect the following Directors who retire in accordance with Clause 100 of the Company's Constitution:- | |
| | i) Dato' Seri Lim Bock Seng | Resolution 4 |
| | ii) Dato' Chia Lok Yuen | Resolution 5 |
| | iii) Datuk Dr. Haji Baharum Bin Haji Mohamed | Resolution 6 |
| 6. | To re-appoint Messrs. UHY as Auditors and to authorise the Directors to fix their remuneration. | Resolution 7 |
| 7. | As Special Business:
To consider and, if thought fit, to pass with or without any modifications, the following resolutions:- | |
| | (a) ORDINARY RESOLUTION
AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 & 76 OF THE COMPANIES ACT, 2016 | Resolution 8 |

"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) ORDINARY RESOLUTION**Resolution 9****PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE INVOLVING LBS BINA GROUP BERHAD ("LBS") AND ITS SUBSIDIARIES ("LBS GROUP") AND DIRECTORS AND MAJOR SHAREHOLDERS OF LBS 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 to Shareholders dated 11 June 2020 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 to Shareholders dated 11 June 2020 and/or this resolution."

(c) ORDINARY RESOLUTION**Resolution 10****PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

"THAT, subject always to the provisions under the Act, the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("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 ("LBS Shares") as may be determined by the Directors of the Company from time to

Notice of Twentieth Annual General Meeting (Cont'd)

time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution shall not exceed ten per centum (10%) of the total 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 LBS Shares so purchased ("Purchased Shares") by the Company in the following manners:-

- i) to cancel the Purchased Shares;
- ii) to retain the Purchased Shares as treasury shares held by the Company;
- iii) to distribute the treasury shares as dividend to shareholders;
- iv) to resell the treasury shares on Bursa Securities in accordance with the relevant rules of Bursa Securities;
- v) to transfer the treasury shares for the purposes of or under an employees' share scheme and/or as purchase consideration; and/or
- vi) in such manner as may be permitted pursuant to Section 127 of the Companies Act, 2016, the provision of Listing Requirements and any other relevant authorities.

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

- i) the conclusion of the next Annual General Meeting ("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 Share 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 DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN that, subject to the approval of the shareholders at the Twentieth Annual General Meeting, a First and Final Single Tier Dividend in respect of the financial year ended 31 December 2019 comprising Treasury Shares distribution in the ratio of 3 Treasury Shares for every 100 existing Ordinary Shares held, fractions of Treasury Shares to be disregarded, will be credited on 14 August 2020 to depositors registered in the Record of Depositors on 30 July 2020.

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

- (a) shares transferred into the Depositor's Securities Account before 4.30 p.m. on 30 July 2020 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
CHOOY WAI NEE
Company Secretaries

Petaling Jaya, Selangor
11 June 2020

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) Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly. Any alteration to the instrument appointing a proxy must be initialled.
- (5) The Instrument appointing of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote:
 - (i) In hard copy form
In the case of an appointment made in hard copy form, the proxy form must be deposited with the Company's Share Registrar at Tricor Investor & Issuing House Services Sdn. Bhd of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - (ii) By electronic means
The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online> (applicable to individual shareholders only). Kindly refer to the Annexure to Proxy Form on the procedures for electronic lodgement of proxy form via TIIH Online.
- (6) For a corporate member who has appointed an authorised representative instead of a proxy to attend this meeting, please deposit the **ORIGINAL** certificate of

Notice of Twentieth Annual General Meeting (Cont'd)

Explanatory Notes on Ordinary Business

- appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. Alternatively, please bring the **ORIGINAL** certificate of appointment of authorised representative if it has not been deposited with the Share Registrar.
- (7) The certificate of appointment of authorised representative should be executed in the following manner:
- (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
- (8) 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.
- (9) The date of Record of Depository for the purpose of determining members' entitlement to attend, vote and speak at the meeting is on Monday, 20 July 2020.
- (10) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions set out in this Notice of Twentieth Annual General Meeting will be put to vote by way of poll.

(1) Item 1 of the Agenda

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

(2) Ordinary Resolution 3

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; and the Board members for their meeting allowance; allowance/fee 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 fees, allowances and benefits-in-kind will be made on a monthly basis and/or as and when incurred, if the Ordinary Resolution 3 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 the conclusion of the 20th Annual General Meeting to the next Annual General Meeting in 2021.

(3) Ordinary Resolutions 4 to 6

Dato' Seri Lim Bock Seng, Dato' Chia Lok Yuen and Datuk Dr. Haji Baharum Bin Haji Mohamed are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 20th Annual General Meeting.

The Board of Directors has through the Nomination and Remuneration Committee considered the assessment of the Directors and collectively agreed that they meet the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Securities.

(4) Ordinary Resolution 7

The Board has through the Audit Committee, considered the re-appointment of Messrs. UHY as the Auditors of the Company. The factors considered by the Audit Committee in making the recommendation to the Board to table their re-appointment at the 20th Annual General Meeting are disclosed in the Corporate Governance Overview Statement of the Annual Report 2019.

Explanatory Notes on Special Business(1) Ordinary Resolution 8

The Ordinary Resolution proposed under Resolution 8 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 Nineteenth Annual General Meeting held on 28 June 2019.

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.

(2) Ordinary Resolution 9

Ordinary Resolution 9, if passed, will allow the Group to enter into the Recurrent Related Party Transactions in its ordinary course of business and the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such Recurrent Related Party Transactions occur would not arise. 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 11 June 2020 which is despatched together with the 2019 Annual Report of the Company.

(3) Ordinary Resolution 10

Ordinary Resolution 10, 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 11 June 2020 of the Company.

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.

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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

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.

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, urusan 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

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/Passport/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 Twentieth Annual General Meeting of the Company to be held at Ballroom III, Main Wing, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Monday, 27 July 2020 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		

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 _____ 2020

No. of Shares Held	
CDS Account No.	

Signature/ Common Seal of Shareholder(s)

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) Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly. Any alteration to the instrument appointing a proxy must be initialled.
- (5) The Instrument appointing of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote:
 - (i) In hard copy form
In the case of an appointment made in hard copy form, the proxy form must be deposited with the Company's Share Registrar at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, 59200 Kuala Lumpur, Malaysia.
 - (ii) By electronic means
The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiah.online> (applicable to individual shareholders only). Kindly refer to the Annexure to Proxy Form on the procedures for electronic lodgement of proxy form via TIIH Online.
- (6) For a corporate member who has appointed an authorised representative instead of a proxy to attend this meeting, please deposit the ORIGINAL certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. Alternatively, please bring the ORIGINAL certificate of appointment of authorised representative if it has not been deposited with the Share Registrar.
- (7) The certificate of appointment of authorised representative should be executed in the following manner:
 - (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
- (8) 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.
- (9) The date of Record of Depository for the purpose of determining members' entitlement to attend, vote and speak at the meeting is on Monday, 20 July 2020.
- (10) 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 Twentieth Annual General Meeting will be put to vote by way of poll.

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The Share Registrar

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(197101000970 (11324-H))

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