



LEADING THROUGH A LEGACY OF  
**EXCELLENCE**



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ANNUAL REPORT 2018

# Cover Rationale

## LEADING THROUGH A LEGACY OF EXCELLENCE

*“Building a business with legacy that goes beyond your lifetime takes perseverance, commitment, foresight and a clear vision and LBS is built on these foundations.”*

*Tan Sri Lim Hock San, Group Managing Director, LBS.*

*When Dato’ Seri Lim Bock Seng first started his business of transporting sand and stone, he believed that integrity, commitment and perseverance are cornerstones to success. Eventually it grew into one of the leading transportation companies with more than 20 lorries. He also believed that no matter how successful a person became, he should never forget his roots. These became the core values of which LBS was built on.*

*Upon this foundation, Tan Sri Lim, as the eldest son, along with his three brothers, have evolved LBS into property development. Tan Sri Lim led LBS from strength to strength. Armed with a clear vision of housing our nation, he has persevered through challenging times and led the company to become an integral part of Malaysia’s economic ecosystem.*

*To date, LBS has developed over 36,000 quality homes for Malaysians and is well known as a township developer. A true builder of communities.*

*Under the leadership of Tan Sri Lim, LBS is firmly acknowledged as an award-winning developer, and in return this has earned him many various awards and accolades, both locally and internationally.*

*As a result, LBS continues to maximise returns on investment of its stakeholders.*

*Moving forward, LBS is looking to conquer new grounds. From successfully developing townships, LBS is currently venturing into retail management, hospitality and tourism.*

*As an entity with humble beginnings, LBS is proud and honoured to witness its legacy rippling through time, and its impact and influence extending through many generations, language and culture. This is aptly represented on the cover of the annual report.*



## 19th Annual General Meeting

### **VENUE**

Ballroom II, Main Wing  
Jalan Kelab Tropicana  
Tropicana Golf & Country Resort  
47410 Petaling Jaya  
Selangor Darul Ehsan

### **TIME**

10.00 a.m.

### **DATE**

Friday, 28 June 2019

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### 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.

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Form of Proxy



### 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



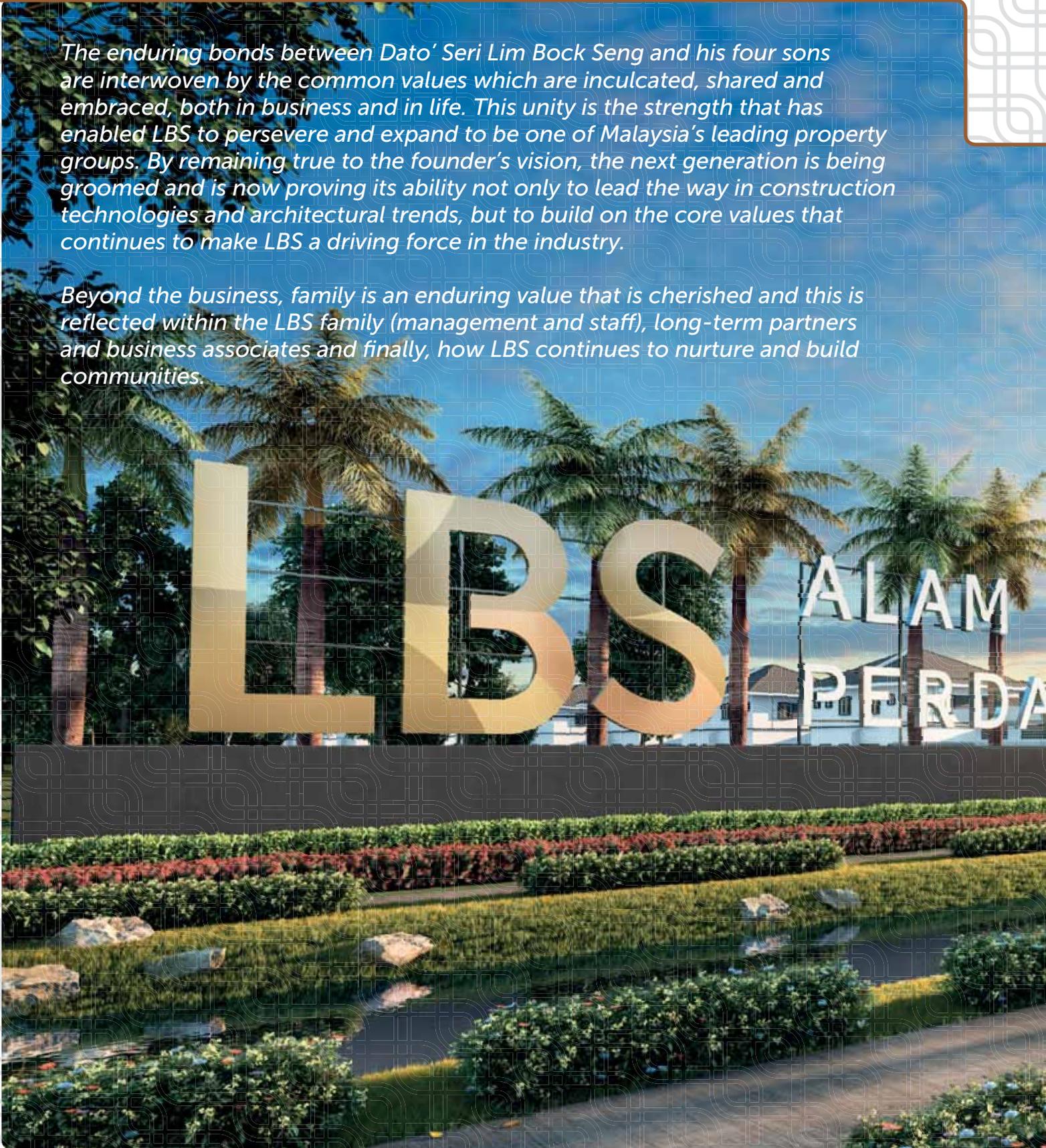
[WWW.LBS.COM.MY](http://WWW.LBS.COM.MY)

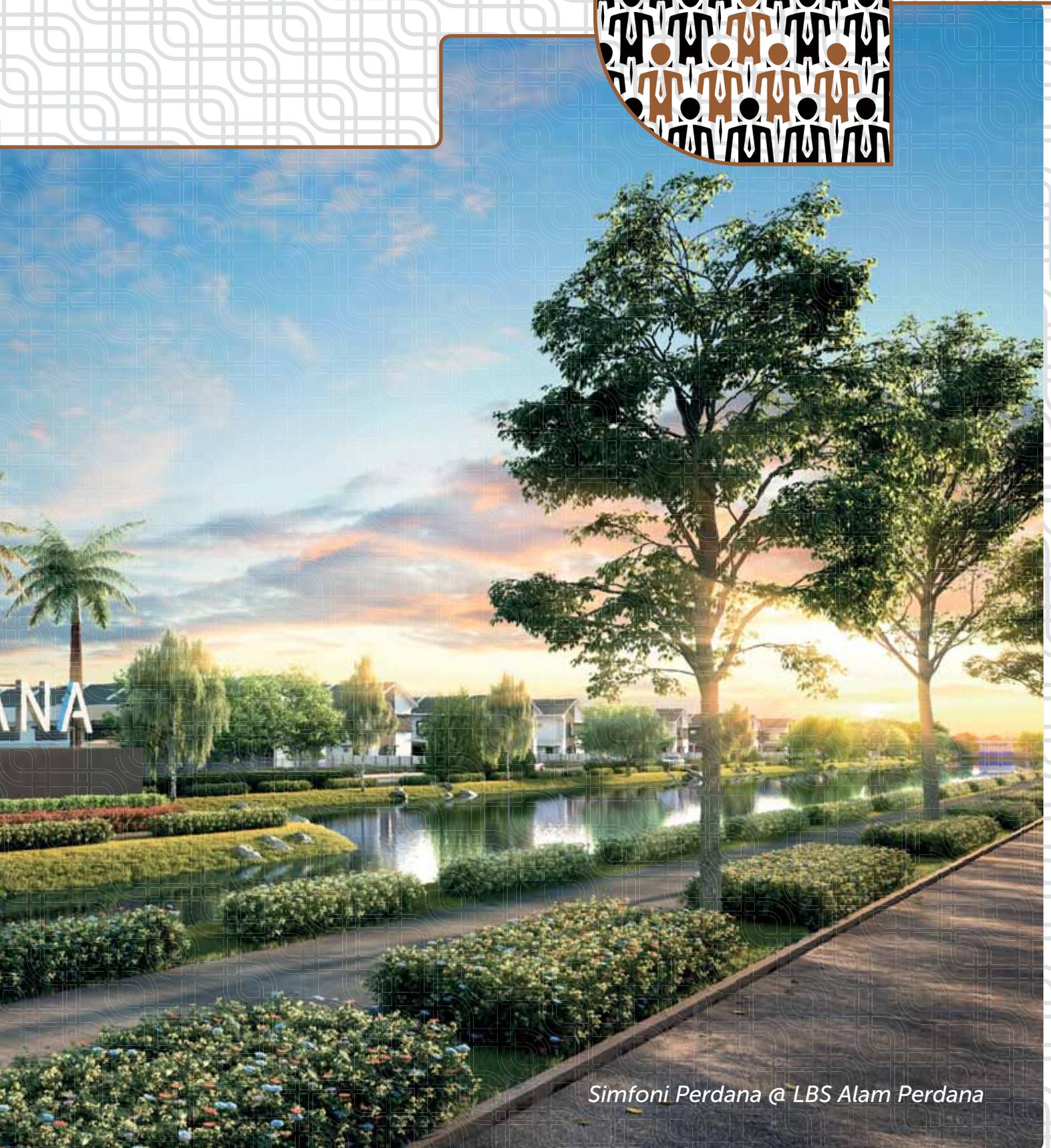
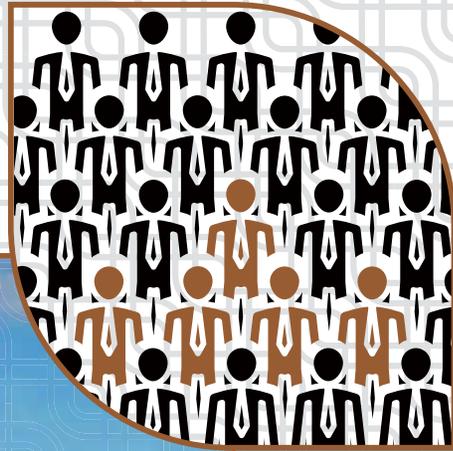


# EXCELLENCE THROUGH CONTINUITY

*The enduring bonds between Dato' Seri Lim Bock Seng and his four sons are interwoven by the common values which are inculcated, shared and embraced, both in business and in life. This unity is the strength that has enabled LBS to persevere and expand to be one of Malaysia's leading property groups. By remaining true to the founder's vision, the next generation is being groomed and is now proving its ability not only to lead the way in construction technologies and architectural trends, but to build on the core values that continues to make LBS a driving force in the industry.*

*Beyond the business, family is an enduring value that is cherished and this is reflected within the LBS family (management and staff), long-term partners and business associates and finally, how LBS continues to nurture and build communities.*





*Simfoni Perdana @ LBS Alam Perdana*

# LBS At A Glance

## As At 31 March 2019



Garnered

**44**

Awards and  
Accolades



Dividend of

**1.8**  
**SEN\***

Per Ordinary Share



Approximate

**706**

Employees  
in Malaysia



Revenue

**RM**  
**1.12**  
**BILLION**



Built more than

**36,000**  
**HOMES**



**15**

On-Going  
Projects In Hand



Land Bank More Than

**3,761**  
**ACRES**



Achieved

**7%**

Higher Sales  
In Year 2018

**\*1.8 sen single-tier first and final dividend subject to the shareholders' approval**



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.**

## Leading Through A Legacy of Excellence

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

Through progressive creations, we want to ensure LBS homes, townships and premises gives you the platform to experience a quality and balanced lifestyle suitable to meet your needs in today's fast-paced world of technology, from affordability to design, sustainability to aesthetics.

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

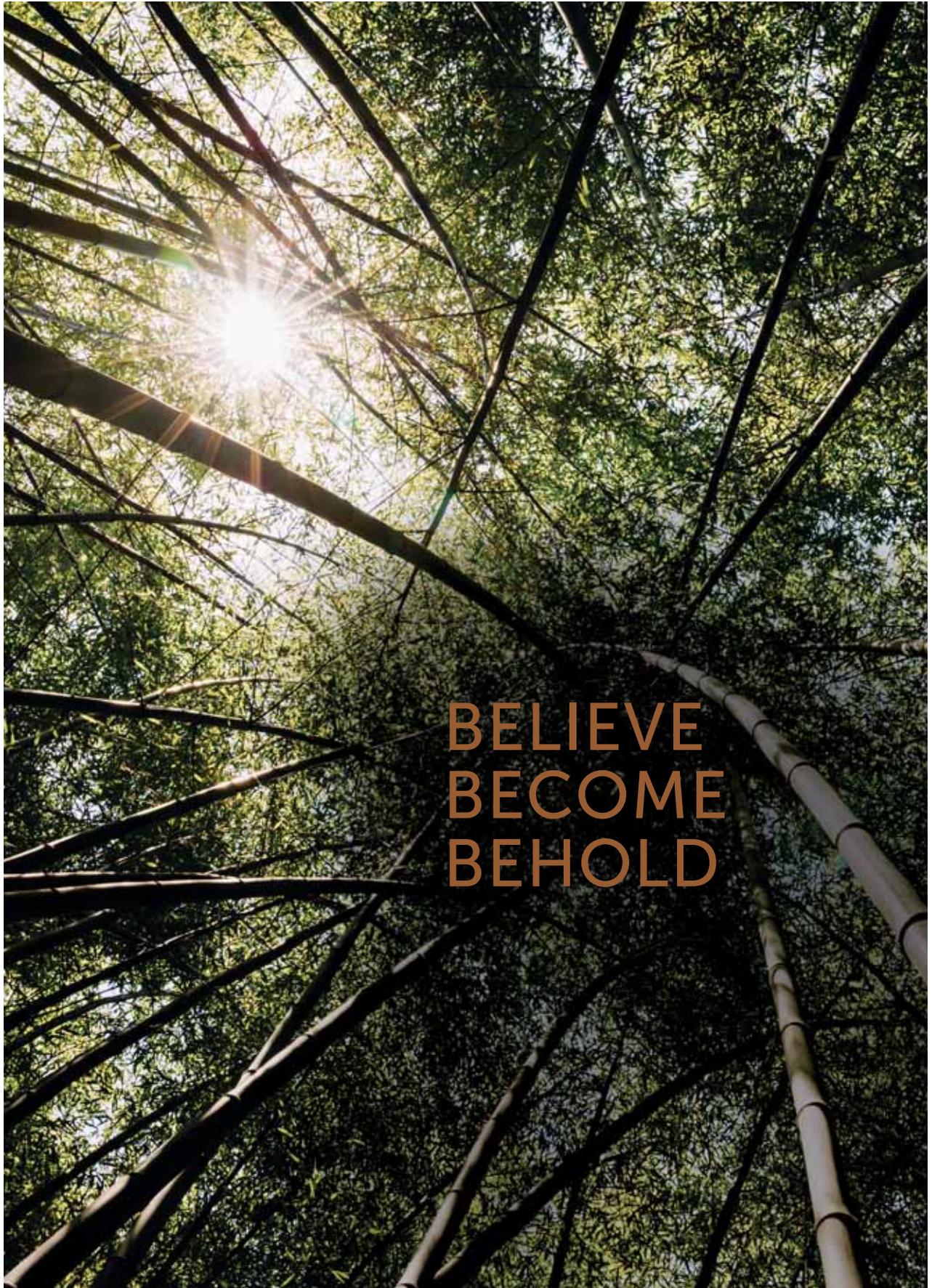


# The LBS Brand

The interweaving design represents the enduring bonds between the founder Dato' Seri Lim Bock Seng and his four sons, who, together, expanded LBS into a leading property group, infused with their core values of unity and trust. The interwoven pattern is then further expanded into an infinite monogram design, symbolising LBS' mission in delivering exceptional performance through progressive creations.



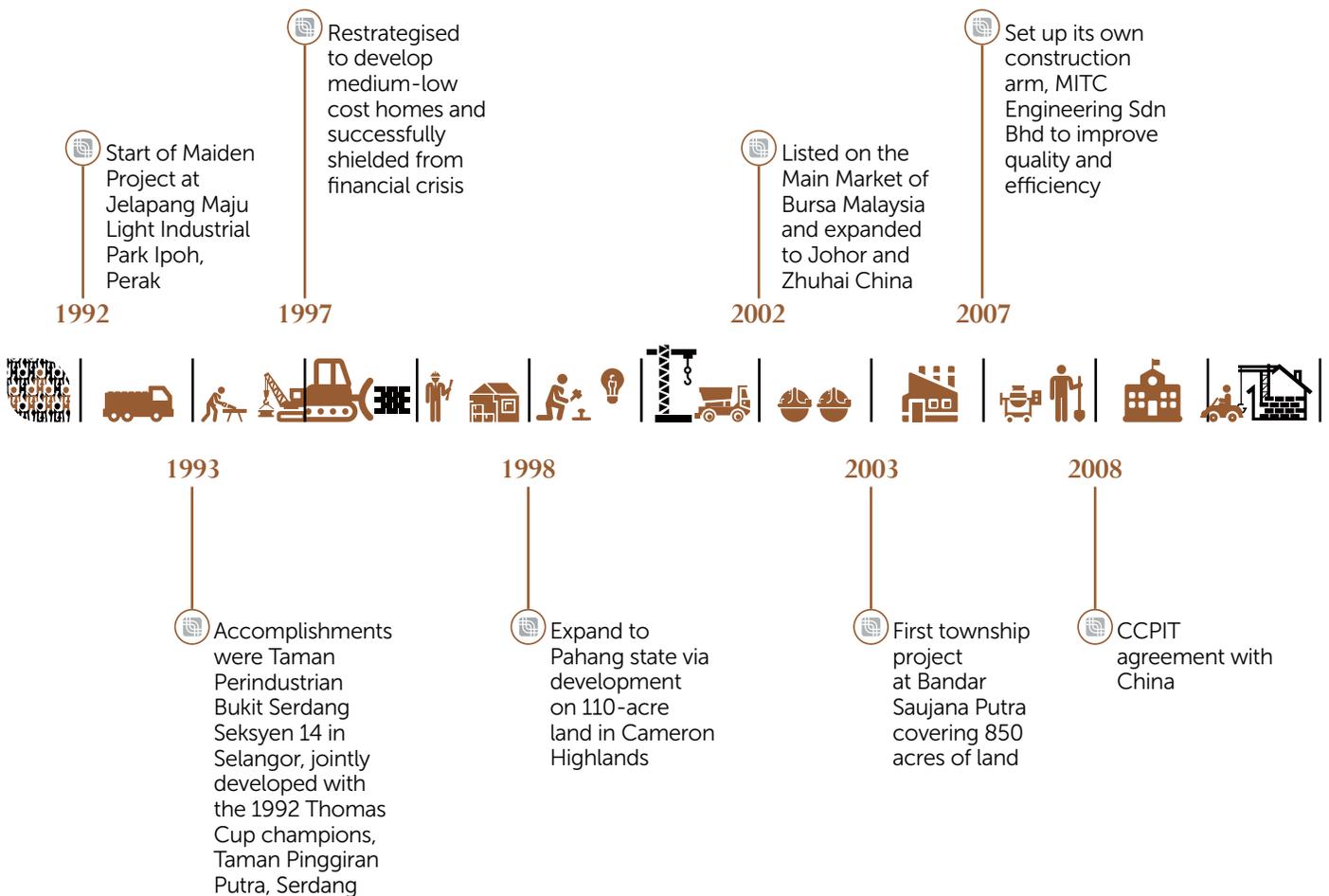
Over the years, LBS has succeeded in establishing a solid foundation in crafting high-quality built environments. This is what we believe in. Our ongoing commitment to improving overall community wellbeing has enabled us to come far and become who we are. We are driven by our promise to create sustainable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



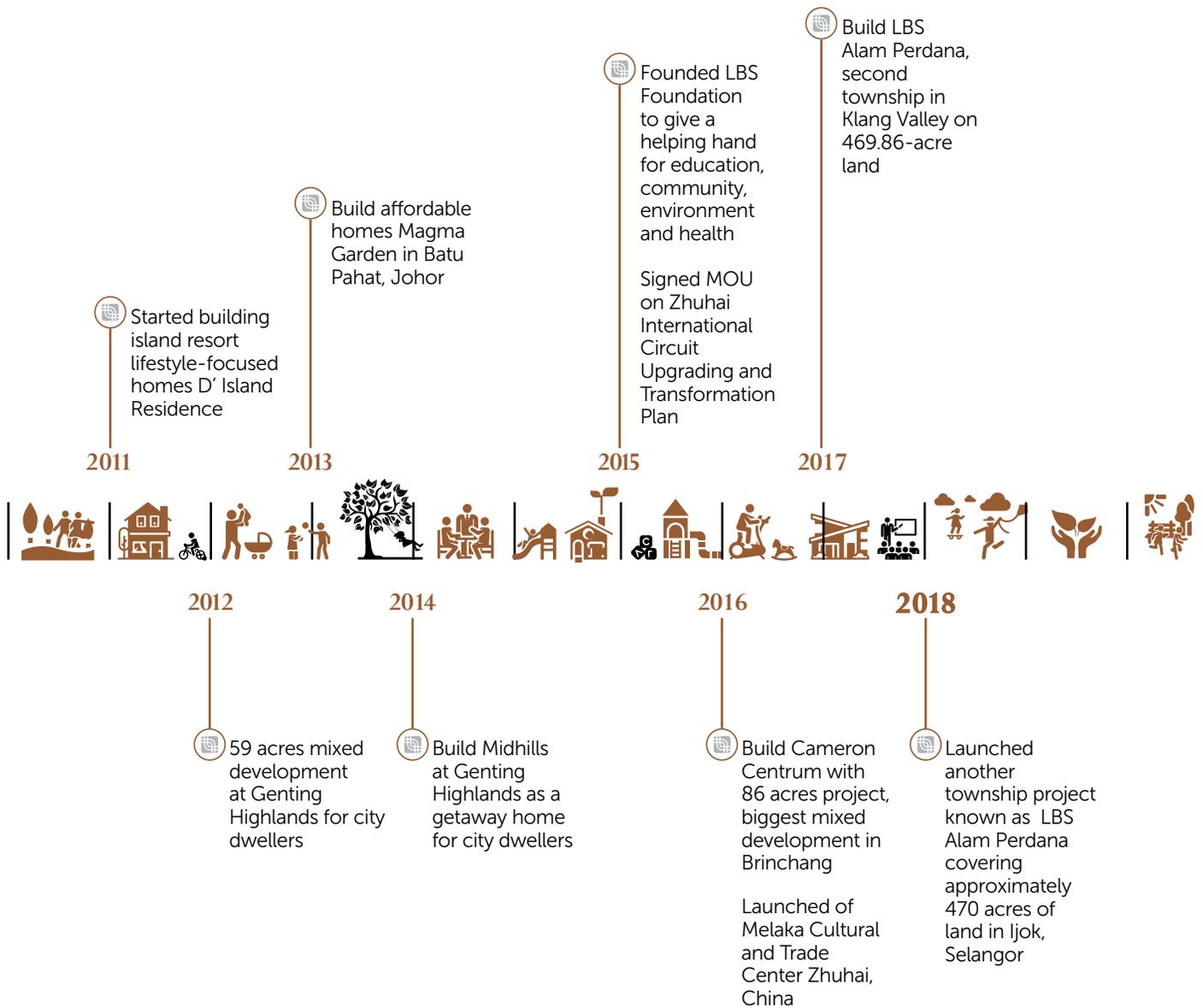
# Milestones

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

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

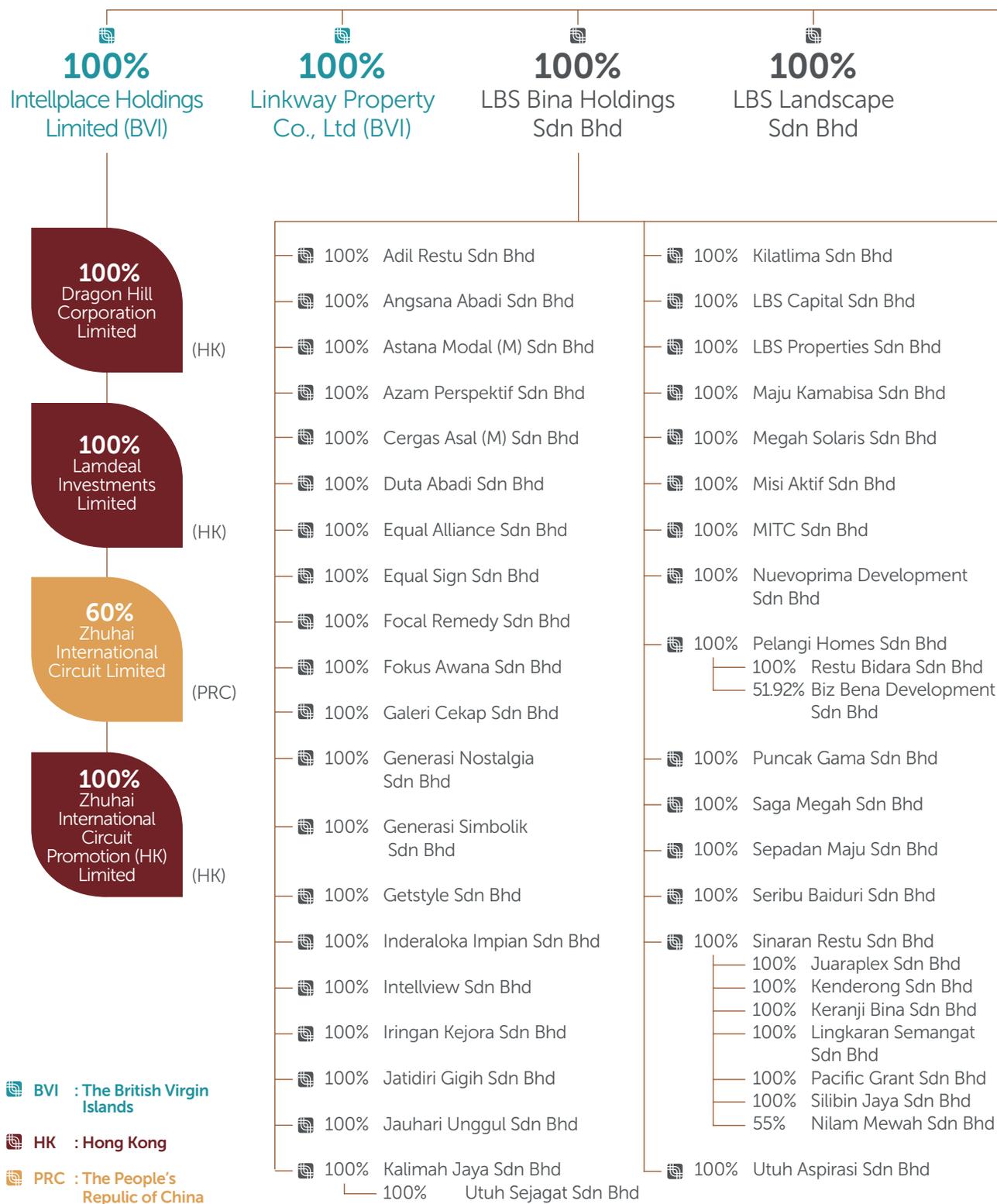


## Milestones (Cont'd)



# Corporate Structure

## As At 31 March 2019

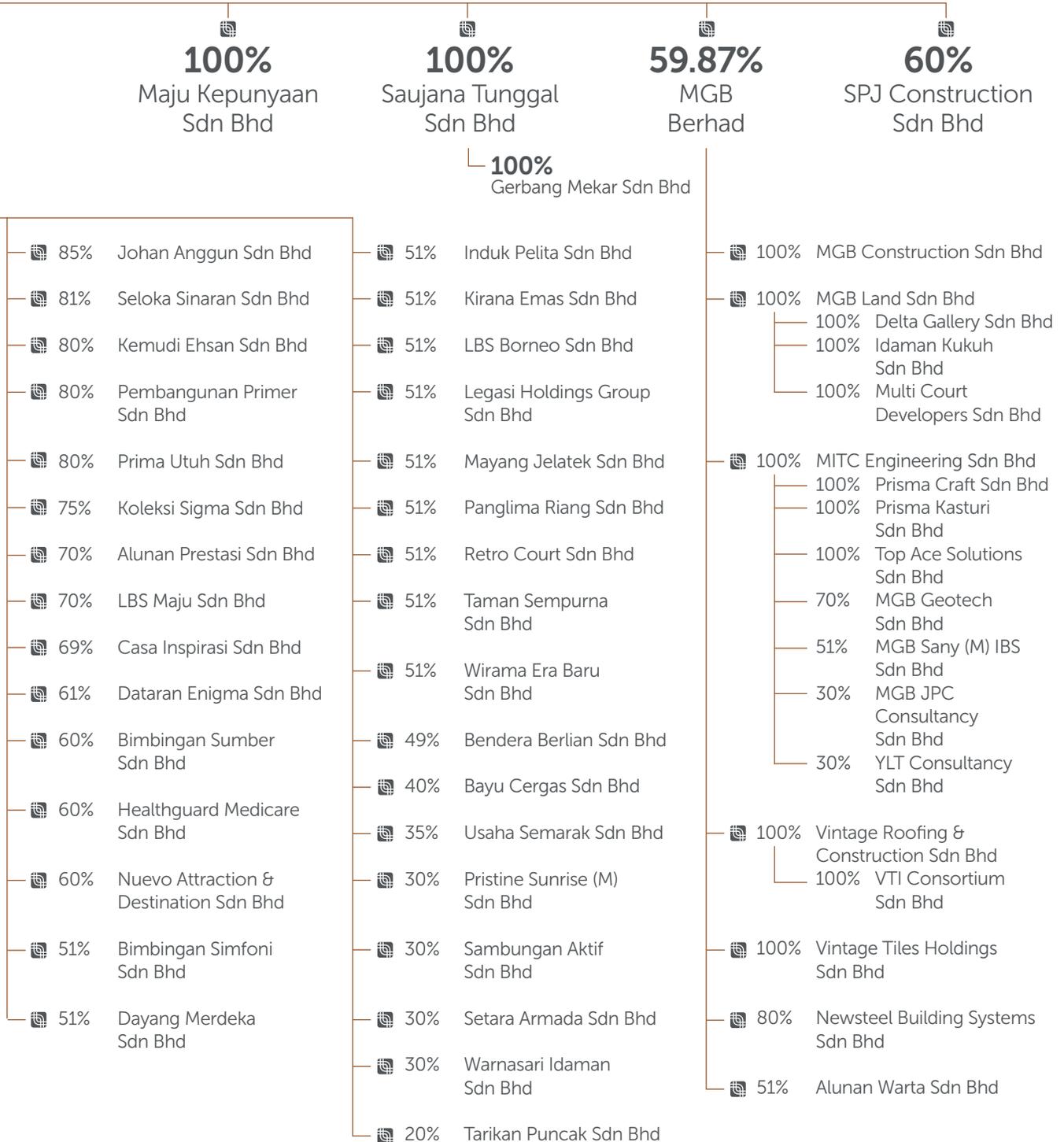


**BVI** : The British Virgin Islands

**HK** : Hong Kong

**PRC** : The People's Republic of China

## Corporate Structure As At 31 March 2019 (Cont'd)



# Corporate Information

## As At 31 March 2019



### 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 +605 545 5111

#### CAMERON HIGHLANDS

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



### SOUTHERN REGION

#### BATU PAHAT

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



### REGISTRAR

#### TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD (11324-H)

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



### SALES OFFICES & GALLERIES

#### D' ISLAND RESIDENCE

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

#### BANDAR SAUJANA PUTRA

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

#### BRINCHANG SQUARE

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

#### KUANTAN

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

## Corporate Information As At 31 March 2019 (Cont'd)

### 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 BY LBS

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  
Lee, Ong & Partners  
L.M.N. Amran L. Ibrahim  
Manjit Singh Sachdev, Mohammad  
Radzi & Partners  
Nanthakumar & Co  
Ong & Partners  
Steven Tai, Wong & Partners  
Teh Kim Teh, Salina & Co.  
The Law 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  
CIMB Bank Berhad  
Industrial and Commercial Bank of  
China (Malaysia) Berhad  
Kuwait Finance House (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](http://www.lbs.com.my)



### EMAIL

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

### SOCIAL MEDIA

Follow us on:



### WECHAT

[lbsbinagroupmy](#)  
(Subscription Account)



### YOUTUBE

[lbsbinagroup](#)



### TWITTER

[lbsbinagroup](#)



### FACEBOOK

[lbsbinagroup](#)



### INSTAGRAM

[lbsbinagroup](#)

# Corporate Calendar 2018



## JANUARY



**4 January 2018**  
**Annual Media Briefing on New Year's Strategies and Prospect of the Company**



**11 January 2018**  
**Launch of Residensi Bintang Bukit Jalil, Kuala Lumpur**



**18 January 2018**  
**One Belt One Road Initiative**

Tan Sri Lim Hock San was the main speaker for Exploring Business Opportunities in Guangdong Forum organised by StarProperty.my.



**26 January 2018**  
**LBS' Extraordinary General Meeting**

To approve share split and bonus issue.



# Corporate Calendar 2018 (Cont'd)



## FEBRUARY



**9 February 2018**  
**LBS Annual Internal Communication Briefing**



## MARCH

**3-4 March 2018**  
**Career Fair**



LBS participated in the Career Fair organised by JobsDB.



**13 March 2018**  
**35th Kiwanis Treasure Hunt 2018**

LBS and MGB collectively sponsored RM30,000.00 for the 35th Kiwanis Treasure Hunt.



**15 March 2018**  
**StarProperty.my Awards 2018**



**22 March 2018**  
**Launch of Zenopy Residence, Seri Kembangan, Selangor**



# Corporate Calendar 2018 (Cont'd)



## APRIL



### 4 April 2018 The Star's Step Up School Sponsorship Programme 2018

LBS sponsored RM60,000.00 to The Star's education programme - The Step Up and Star NiE for the seventh consecutive year.



### 13 APRIL 2018 LBSclub 9th Bowling Tournament 2018



### 30 APRIL 2018 PropertyGuru Asia Property Awards (Malaysia) 2018



### 22 April 2018 Majlis Perasmian Rakan Taman Komuniti Pearl Villa & Pelancaran Program 3R BSP

LBS collaborated with Kuala Langat District Council and BSP Resident Association in launching the Friends of Pearl Villa Community Park and 3R (Reduce, Reuse, Recycle) Programme.



## MAY



### 7 MAY 2018 IPAX Asia Pacific Property Awards 2018



## Corporate Calendar 2018 (Cont'd)



### MAY



**7 MAY 2018**  
**The BrandLaureate  
BestBrands Awards 2018**



**26-27 MAY 2018**  
**LBSclub 7th  
Treasure Hunt  
from Petaling Jaya  
to Malacca.**



**15 MAY 2018**  
**UTAR #ADTANK**

LBS collaborated with University Tunku Abdul Rahman, Kampar in organising the UTAR #ADTANK which integrated multiple university students in developing knowledge of the creative industry.



### JUNE



**1 JUNE 2018**  
**Property Insight  
Prestigious  
Developer  
Awards 2018  
(PIPDA 2018)**



**6 JUNE 2018**  
**18th Annual General  
Meeting 2018**

**22-23 JUNE 2018**  
**VUCA Leadership Training**



**29 JUNE 2018**  
**BCI Asia  
Awards 2018  
- Top 10  
Developers  
Awards 2018**



# Corporate Calendar 2018 (Cont'd)

## JULY

**6-29 JULY 2018**  
**EdgeProp.my Malaysia's  
Virtual Property Expo  
2018 (VPEX 2018)**



**18 JULY 2018**  
**LBS signed MOU with Tunku Abdul  
Rahman University College (TAR UC)**

Partnership poised to boost holistic education experience for TAR UC students.



**25 JULY 2018**  
**The Global Leadership  
Awards 2018**



**19 JULY 2018**  
**CSR Malaysia Awards 2018**



**20-21 JULY 2018**  
**Staff attended  
training on Basic  
Occupational First  
Aid, AED & CPR**



## Corporate Calendar 2018 (Cont'd)



### AUGUST



**2 AUGUST 2018**  
**Malaysia Social Media Awards 2018**



**18 AUGUST 2018**  
**Launch of Rentak Perdana at LBS Alam Perdana Township in Ijok, Selangor**



### SEPTEMBER



**1 SEPTEMBER 2018**  
**Fish Liberation @ D' Island Residence**

Fishes were liberated into the lakes demonstrating compassion, fortune and kindness.



**25 SEPTEMBER 2018**  
**Merdeka Singing Contest Award Presentation**

LBS sponsored RM50,000.00 to China Press on their National Day celebration activity - Merdeka Singing Contest\* to promote Malaysians' patriotism.



**26 SEPTEMBER 2018**  
**The BrandLaureate Prominent Business BestBrands Awards 2018**



# Corporate Calendar 2018 (Cont'd)



## OCTOBER



**8 OCTOBER 2018**  
First Townhall Meeting



**16 OCTOBER 2018**  
The BrandLaureate  
Special Edition World  
Award 2018



**22-23 OCTOBER 2018**  
MBRS - Introduction &  
Preparer Training



## NOVEMBER



**3 NOVEMBER 2018**  
Allianz Pacesetters 4 x 3 km  
2018 Relay Run



**9 NOVEMBER 2018**  
Media Appreciation Night



## Corporate Calendar 2018 (Cont'd)



### NOVEMBER

**13 NOVEMBER 2018**  
Launch of KITA @  
Cybersouth by LBS,  
Selangor



**17 NOVEMBER 2018**  
FIABCI Malaysia Property  
Award™ 2018



**16 NOVEMBER 2018**  
"Teresa Teng Golden Song"  
New Era National Singing  
Competition



### DECEMBER



**11 DECEMBER 2018**  
The Edge  
Billion Ringgit  
Club Awards 2018



**19 DECEMBER 2018**  
Training for Directors & Staff : Understanding  
Financial Statements, MFRS 9 & 15



# EXCELLENCE THROUGH GROWTH

*"The point is to be the best and to keep growing"*

*Tan Sri Lim Hock San, Group MD, LBS*

*In order to achieve the company's vision to be an internationally recognised developer that enhances community living through building and inspiring delightful spaces, the Group needs to remain committed and persevere through all challenges. Strength is gained through overcoming these challenges. This strength becomes the foundation and springboard for every point of growth. In this, LBS experienced an era of immense growth in 1997 to 2016. From a mere property developer, LBS grew into a company known for the development of award-winning townships and more.*

*Over the decades, LBS has the honour of playing a part in the transformation of the Malaysian landscape and earning a reputation as one of Malaysia's top developers which is a proud achievement. Today, the Group is maintaining its focus to be the best at creating living habitats that delight home owners and in turn generate value for all stakeholders. The years ahead will see LBS reinforcing the leadership of the property market, venturing into new areas, and soaring to new heights.*





# Board and Board Committees



## BOARD OF DIRECTORS

### **Dato' Seri Lim Bock Seng**

SSSA, DPMS, AMN

*(Chairman)*

### **Tan Sri Lim Hock San**

PSM, SSAP, DSSA, JP

*(Group Managing Director)*

### **Datuk Wira Lim Hock Guan**

DCSM, DMSM, PJK, JP

*(Executive Director)*

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

SSAP, DIMP, JP

*(Executive Director)*

### **Dato' Sri Lim Hock Seong**

SSAP, DMSM

*(Executive Director)*

### **Dato' Chia Lok Yuen**

DIMP

*(Executive Director)*

### **Dato' Lim Mooi Pang**

DIMP

*(Executive Director)*

### **Datuk Dr. Haji Baharum**

**Bin Haji Mohamed**

DMSM, AMN, PIS

*(Senior Independent Non-Executive Director)*

### **Datuk Lim Si Cheng**

PJN, PIS

*(Independent Non-Executive Director)*

### **Lim Tong Lee**

*(Independent Non-Executive Director)*



## Board and Board Committees (Cont'd)



### AUDIT COMMITTEE

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



### NOMINATION AND REMUNERATION COMMITTEE

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



### ESOS COMMITTEE

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



### RISK MANAGEMENT COMMITTEE

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



### COMPANY SECRETARY

Lee Ching Ching



# Board of Directors



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

**DATO' SERI  
LIM BOCK SENG**  
Chairman

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

**DATUK WIRA  
LIM HOCK GUAN**  
Executive Director

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

Board of  
Directors(Cont'd)



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

**LIM TONG LEE**  
Director

**DATUK  
LIM SI CHENG**  
Director

**DATO'  
CHIA LOK YUEN**  
Executive Director

**DATO'  
LIM MOOI PANG**  
Executive Director

# Directors' Profile

## DATO' SERI LIM BOCK SENG

Chairman,

Non-Independent Non-Executive Director

Male 88 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. He attended all the 5 board meetings held during the financial year ended 31 December 2018.

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

## Directors' Profile (Cont'd)

### TAN SRI LIM HOCK SAN

PSM, SSAP, DSSA, JP

Group Managing Director of LBS,  
Non-Independent Executive Director

Male 61 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



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

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

23. Honorary Adviser, Malaysia-China Chamber of Commerce
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. Deputy Chairman, Selangor/KL Lim Clansmen Association
30. Overseas Representative, The 5th Session of The 12th Chinese People's Political Consultative Conference
31. Overseas Representative, Fujian Chinese People's Political Consultative Conference
32. Committee, The 6th China Overseas Exchange Association
33. Committee, China Federation 10th Plenary Session
34. Committee, China Chamber of International Commerce
35. Committee, Fujian Provincial Federation
36. National Council Member, The Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM)

In addition, Tan Sri Lim holds directorship of several subsidiaries in the LBS Group, Chairman of Risk Management Committee in LBS and Managing Director of MGB Berhad. He attended all the 5 board meetings held during the financial year ended 31 December 2018.

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 57 years old Malaysian



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

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

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

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



He is also a qualified sharpshooter from National Rifle Association, Washington D.C. Datuk Wira Lim Hock Guan also sits on the board of MGB Berhad, a listed company as a Non-Independent Executive Director and several subsidiaries of the Group. He attended all the 5 board meetings held during the financial year ended 31 December 2018.

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

## Directors' Profile (Cont'd)

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

Executive Director,  
Non-Independent Executive Director

Male 55 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 also over 30 years of experience in property development, he has contributed invaluable aptitude in matters of finance, marketing and real estate evaluation. He is active in the day-to-day operation of the Group.

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



Being an active advocate of social and community works, Dato' Sri Lim Hock Sing sits as Chairman of Board of Governors of SJK (C) Sungai Way in January 2017 and Chairman of Persatuan Penganut Agama Buddha Kunzang Chokhor Ling Selangor since 2015. He is also President of Sungai Way Hokkien Association since 2019.

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

Dato' Sri Lim Hock Sing was awarded the rank of Honorary Major in the 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 attended all the 5 board meetings held during the financial year ended 31 December 2018.

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

## Directors' Profile (Cont'd)

### DATO' SRI LIM HOCK SEONG

*Executive Director,*

*Non-Independent Executive Director*

Male 53 years old Malaysian



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

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

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

Upon playing an active role in the social development and well-being of the community, Dato' Sri Lim Hock Seong has been conferred the Darjah Kebesaran Sri Sultan Ahmad Shah Pahang by the Sultan of Pahang in 2017. He attended all the 5 board meetings held during the financial year ended 31 December 2018.



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

## Directors' Profile (Cont'd)

### DATO' CHIA LOK YUEN

*Executive Director,  
Non-Independent Executive Director*

Male 60 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 an Associate member of the Institute of Chartered Secretaries and Administrator, UK (ACIS) and has obtained a Diploma in Banking and Finance from the Institute of Bankers Malaysia. He is also a MBA graduate from the prestigious Heriott-Watt University in Edinburgh, United Kingdom.

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

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

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



Dato' Chia also sits on the board of several subsidiaries of the Group. He is also a member of the Risk Management Committee and ESOS Committee in LBS. He attended all the 5 board meetings held during the financial year ended 31 December 2018.

## Directors' Profile (Cont'd)

### DATO' LIM MOOI PANG

*Executive Director,*

*Non-Independent Executive Director*

 Female  52 years old  Malaysian



Dato' Lim Mooi Pang was appointed as Executive Director of LBS on 16 July 2009. She graduated with an Honour Degree in Management Studies from the University of Waikato, New Zealand. She began her career with Messrs. Ernst & Young New Zealand where she attained her qualifications as a member of the New Zealand Institute of Chartered Accountants. Her last position with Ernst & Young was as Senior Audit Manager. 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. She attended all the 5 board meetings held during the financial year ended 31 December 2018.

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

## Directors' Profile (Cont'd)

### LIM TONG LEE

Director,  
Independent Non-Executive Director

 Male  51 years old  Malaysian  


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

He has number of years working experience in private equity, corporate finance and audit. He was the Head of Corporate Finance with KGI Fraser Securities Pte Ltd, Singapore from 2015 to 2017, Venstar Capital Management Pte Ltd, Singapore, from 2014 to 2015 as Senior Vice President, AmWater Investments Management Pte Ltd in 2013 as Chief Investment Officer and AmFraser Securities Pte Ltd, Singapore as Director/Head of Corporate Finance from 2007 to 2012. He was with AmInvestment Bank Berhad from 1995 to 1997 and 1999 to 2007 with last position as Director of Corporate Finance.

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

He is a Fellow Member of Association of Chartered Certified Accountants, United Kingdom, a member of



Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.

Lim Tong Lee is Chairman of the Audit Committee and ESOS Committee in LBS and a member of Nomination and Remuneration Committee in LBS. Save for the above, He attended all the 5 board meetings held during the financial year ended 31 December 2018.

## Directors' Profile (Cont'd)

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

*Director,*

*Senior Independent Non-Executive Director*

 Male  62 years old  Malaysian



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

Datuk Dr. Haji Baharum has graduated from the UKM, Malaysia with a Bachelor of Social Science (Honours) Degree in 1982. He also obtained certificate in Business Management from AIM, Manila in 1985. He obtained Master Degree from EUI, Ireland in 2003 and graduated with a doctorate in PhD (Environmental studies) from University Utara Malaysia in 2015.

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

He was the former Chairman of Lembaga Pelesenan Kenderaan Perdagangan (CVLB) Semenanjung



Malaysia from 2004 to 2006 and was also appointed as Chairman of UDA Holding Berhad from year 2006 to 2008. Presently, he is the Executive Chairman of a privately owned company involved in construction.

Datuk Dr. Haji Baharum is Chairman of the Nomination and Remuneration Committee and member of the Audit Committee and ESOS Committee in LBS. He attended all the 5 board meetings held during the financial year ended 31 December 2018.

## Directors' Profile (Cont'd)

### DATO' LIM SI CHENG

Director,  
Independent Non-Executive Director

Male 69 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 House of Representative, Parliament Malaysia and served as Deputy Speaker started from 1999 until February 2008. He was a member of the Malaysian Pepper Board from 2008 to 2011.

Datuk Lim holds directorship in various companies which include Ralco Corporation Berhad and Koperasi Jayadiri Malaysia Bhd. He is also very active in community works of various charitable organisations. Presently, Datuk Lim is council member of University Tunku Abdul Rahman, Trustee in Huaren Education Foundation, Trustees in Chang Ming Thien Foundation, board member of VTAR Education Sdn Bhd and committee member of Malaysia Mental Literacy Movement.



Datuk Lim is a member of the Audit Committee, Nomination and Remuneration Committee and ESOS Committee in LBS. He attended all the 5 board meetings held during the financial year ended 31 December 2018.

# Key Senior Management



**NICHOLAS LOO  
KONG CHIN**  
Assistant General Manager  
of Project Dept –  
Cameron Highlands

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

**WONG KAH YEEN**  
General Manager of Credit  
Administration Dept

**PUAN SRI  
KAREN WANG  
SWEE HONG**  
Senior General Manager  
of IT Dept

**CHEN  
SAU HIONG**  
General Manager of  
Project Dept

## Key Senior Management (Cont'd)



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

**VICTOR LIM  
SENG LEE**  
Senior General Manager of  
Investor Relations Dept

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

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

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

# Key Senior Management Profile

## NICHOLAS LOO KONG CHIN

Assistant General Manager of Project Dept  
– Cameron Highlands

 Male  43 years old  Malaysian  


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

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

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

He holds his current position as Assistant General Manager, Project – Cameron Highlands since 16 June 2014.

## SALLY LAU SAU KHENG

General Manager of Sales and MarCom Dept

 Female  51 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. During the year of 2011, she was promoted again to General Manager leading Sales and MarCom Department.

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

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

## WONG KAH YEEN

General Manager of  
Credit Administration Dept

 Male  50 years old  Malaysian  


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

Prior to joining 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 - Credit Administration since 1 August 2014.

## Key Senior Management Profile (Cont'd)

### PUAN SRI KAREN WANG SWEE HONG

Senior General Manager of IT Dept

 Female  59 years old  Malaysian  


Puan Sri Karen started her career with the 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 Managing Director, Head of Administration & IT Department and currently, heading the IT Department.

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

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

The special CSR projects undertaken are the annual Kiwanis Motor Treasure Hunt of which LBS is a Gold Sponsor for the 13th consecutive year and for the 2nd consecutive year in Hospis Malaysia Charity Treasure Hunt as the Platinum Sponsor.

Puan Sri Karen, spouse of Tan 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. Treasurer, RA of Damansara Legenda
7. Committee Member, JMB of Tropicana Avenue

She holds her current position as Senior General Manager of IT Department since 1 January 2014.

### CHEN SAU HIONG

General Manager of Project Dept

 Male  56 years old  Malaysian  


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

He has more than 26 years' experience in the property development industry with wealth of experience in planning, development, implementation and maintenance over various projects spans from housing sector to commercial and multi-storey development.

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

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

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

## Key Senior Management Profile (Cont'd)

### LEE CHEONG SAN

*Assistant General Manager of Project Dept*

 Male  51 years old  Malaysian  


Lee Cheong San joined the Group in April 1999 and was graduated with Bachelor of Science in Civil Engineering from Ohio State University, Columbus, USA. He also holds a Diploma in Civil Engineering from Universiti Teknologi Malaysia in 1991 before he further his study in USA. He is a graduate member of Board of Engineer Malaysia (BEM) and Institute of Engineer Malaysia (IEM). He has 25 years of working experience in property development, planning, implementation and construction of township development which consist of residential/commercial condominiums, office buildings and landed properties.

Currently, he is in charge of Bandar Saujana Putra, a 830 acres mixed development township with highrise service apartments and residential/commercial landed properties. Besides Bandar Saujana Putra, he is also in charge of 7.98 acres 1,436 units Service Apartment development consist of 4 blocks of 24 storey highrise apartment with 5 floors of podium carparks. In addition, he is also taking care of 60 acres Telok Gong industrial development at Port Klang. Previously, he was in charge of a 200 acres township development at Taman Pinggiran Putra, Seri Kembangan. Before joining LBS, he has few years of working experience in construction company as Project/Site Engineer, projects that he was involved were Putrajaya parcel B, Pearl Point Condominium Old Klang Road, Scott Villa Condominium Brickfield and others.

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

### VICTOR LIM SENG LEE

*Senior General Manager of Investor Relations Dept*

 Male  59 years old  Malaysian  


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

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

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

Prior to joining 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).

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

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

### CHANG YEE KHIM

*General Manager of Accounts and Finance Dept*

 Female  53 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)

### LOHYIN HUI

General Manager of Property Management /  
Maintenance & Project Audit Dept

 Male  50 years old  Malaysian  


Loh Yin Hui joined LBS since 1st July 2000, is a qualified civil engineer by profession and graduated from University Technology of Malaysia Johore Bahru in year 1992. He has more than 25 years of 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 commercial building ie. Low Yat Plaza Shopping Mall & Capitol Hotel in Bukit Bintang Kuala Lumpur City Centre, construction of deep foundation works with basement for Galleria Shopping Mall along Jalan Pahang Kuala Lumpur, Gasing Height Condominium at Petaling Jaya. His involvement in property development in a bigger township starts with the mix development under the Group namely Taman Kota Perdana within 157 acres of land next to Equine Park, Seri Kembangan. He is actively involved in project implementation & property management/maintenance such as the Development & Maintenance of 1,217 units of Casa Tropicana Condominium, Bandar Saujana Putra namely 689 units BSP SkyPark Service Apartment, 2,602 units of service apartment under BSP21, the most prestigious D'Island projects such as the 352 units Skyvilla Condominium & landed properties at Taman Tasik Puchong, Desiran Bayu Puchong & Alam Perdana Ijok project etc.

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

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

### DORIS LEE CHING CHING

General Manager of  
Secretarial & Corporate Affairs Dept

 Female  49 years old  Malaysian  


Doris Lee Ching Ching is an Associate member of Institute of Chartered Secretaries and Administrators, UK (ICSA). She also holds a Certificate in Professional Photography from Han Chiang Academy of Journalism and had obtained the Certificate in Investor Relations (CIR), UK in 2010.

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

In 1997, she joined Instangreen Corporation Berhad ("ICB") as Company Secretary overseeing the corporate compliances and public affairs of the ICB 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 - Secretarial & Corporate Affairs since 1 May 2006.

Save as disclosed, the members of the Board and Key Senior Management do not hold any directorship in any listed entity and public companies, have no family relationship with any Director and/or major shareholder of 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 2018.

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

# Group Financial Highlights

		2014 <sup>1</sup>	2015 <sup>1</sup>	2016 <sup>1</sup>	2017 <sup>2</sup>	2018
Revenue	(RM'000)	668,265	680,296	993,619	1,347,412	1,122,088
Profit before tax	(RM'000)	104,129	108,835	143,954	189,527	159,135
Profit after non-controlling interests	(RM'000)	69,930	76,074	85,301	102,687	85,560
Share capital	(RM'000)	538,298*	551,437*	641,424*	901,193	922,232
Equity attributable to owners of the parent	(RM'000)	969,062	1,031,661	1,165,819	1,282,514	1,349,454
Net tangible assets	(RM'000)	879,657	945,183	1,036,578	1,165,641	1,231,352
Basic earnings per share	(sen)	6.38**	6.39**	6.58**	6.99	5.53
Gross dividend per share						
- ordinary share	(sen)	9.25	9.50	10.00	8.20	1.80 <sup>#</sup>
- redeemable convertible preference shares ("RCPS")	(sen)	-	-	-	-	6.60
Net assets per share	(sen)	183.72 <sup>@</sup>	189.18 <sup>@</sup>	181.77 <sup>@</sup>	186.70 <sup>@</sup>	86.57
Net tangible assets per share	(sen)	166.77 <sup>@</sup>	173.33 <sup>@</sup>	161.62 <sup>@</sup>	169.69 <sup>@</sup>	78.99

#### Remarks

- 1 The comparative figures 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 to be approved by the shareholders at the forthcoming 19<sup>th</sup> 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 2018**

#### Announcement of Quarterly Results:

First Quarter ended 31 March 2018	30 May 2018
Second Quarter ended 30 June 2018	29 August 2018
Third Quarter ended 30 September 2018	30 November 2018
Fourth Quarter ended 31 December 2018	28 February 2019

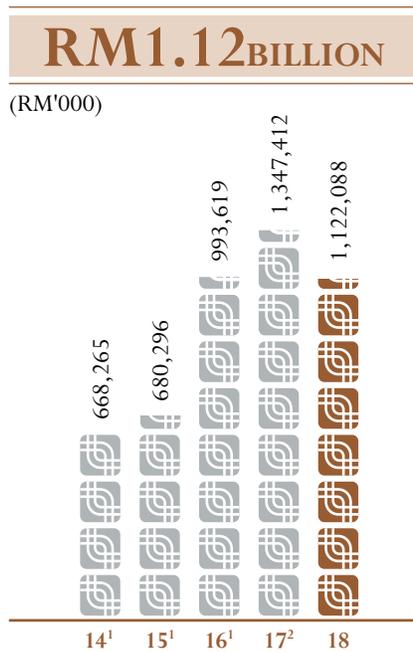
### Publishing of Annual Report

**29 April 2019**

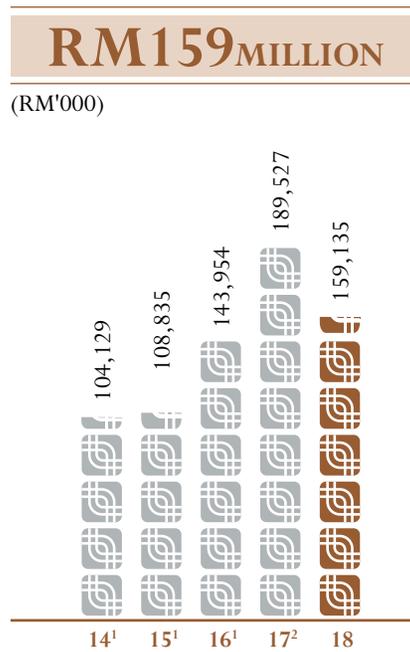
#### Annual General Meeting

28 June 2019

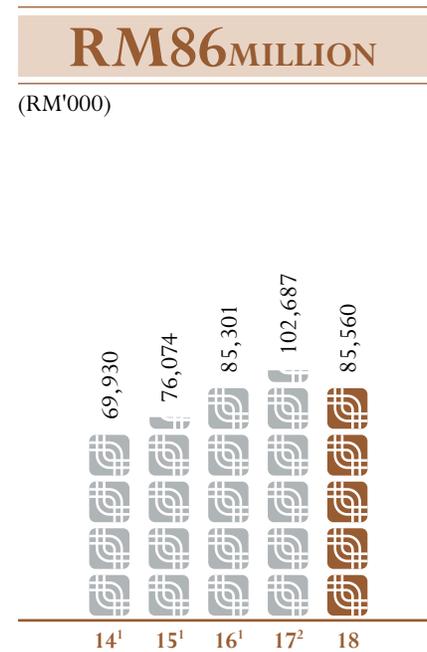
**REVENUE**



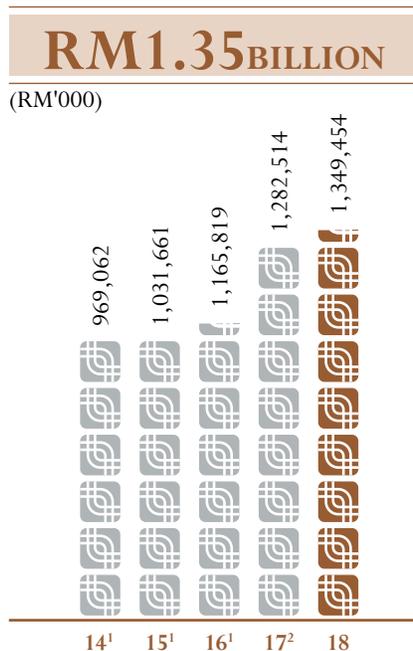
**PROFIT BEFORE TAX**



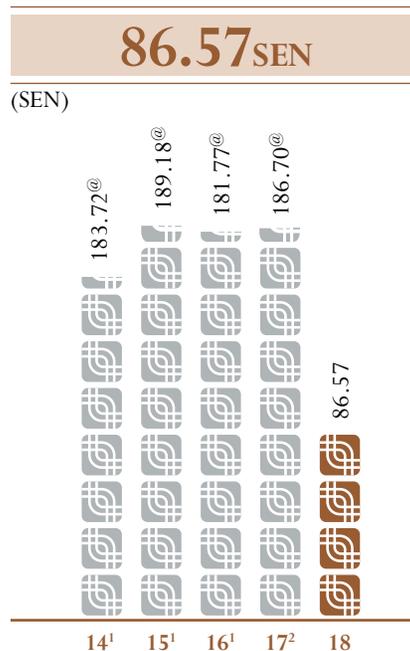
**PROFIT AFTER NON-CONTROLLING INTERESTS**



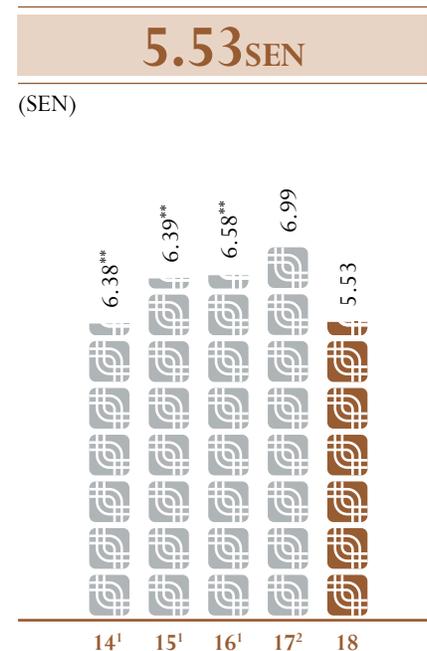
**EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT**



**NET ASSETS PER SHARE**



**BASIC EARNINGS PER SHARE**



# EXCELLENCE THROUGH ACHIEVEMENT



*In our quest for excellence, LBS has consistently proved its mettle. Since LBS rebranded in 2012, the developments under the Group have consistently garnered both local and international awards year on year.*

*While these achievements are notable, LBS is not in the habit of resting on past glory. Instead these will be used as a springboard to newer heights in the same pursuit of excellence.*



*The Skyline Award – Residensi Bintang Bkt Jalil*

# Letter From The Chairman

*Dear Shareholders of LBS*

*2018 was a challenging year on several fronts. Global financial and commodity markets were jittery, distraught by geopolitical instability, economic headwinds and various risks that intensified the uncertainty, causing the increase in volatility. Domestic economic environment generally remained stable, with the property market sentiment continued to be challenging where consumers remained cautious in spending.*



## SHAREHOLDERS' VALUE CREATION

The Special Dividend under the Dual Dividend Policy has been fully complied and paid in 2018. In line with the positive operating performance, the Board has recommended a Single Tier First and Final Dividend of 1.8 sen per share to be approved by shareholders at the forthcoming Nineteenth Annual General Meeting.

We remain committed to creating long term shareholders' value. Our efforts in this aspect had been recognised where LBS bagged the award for "Highest Returns to Shareholders Over Three Years" (for companies with market capitalisation below RM3 billion) by The Edge Billion Ringgit Club in 2018.



The Group's Sales recorded  
**RM1.5**  
**billion**  
in the year 2018

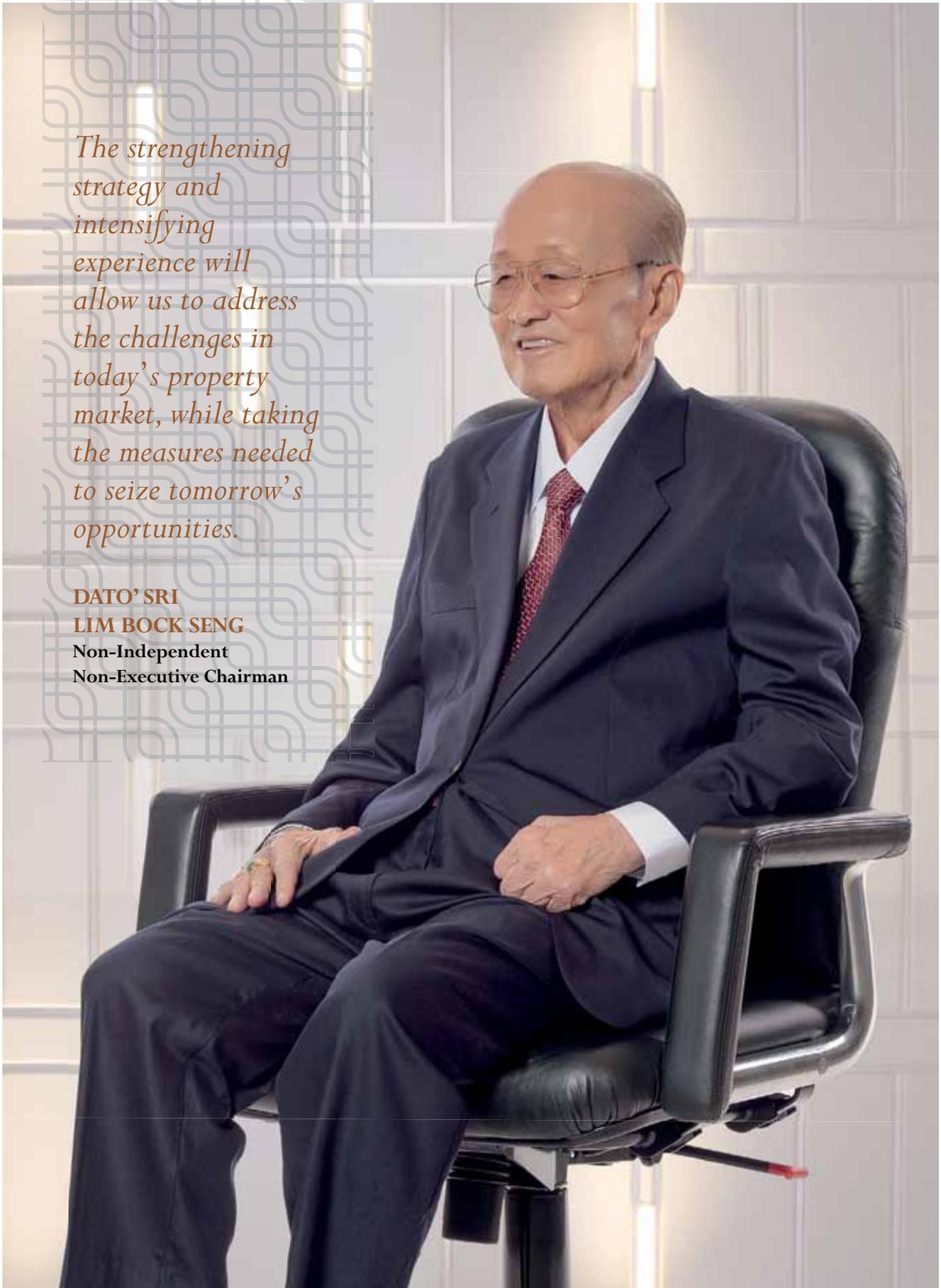
We continue to believe that talented and harmony team, prudent cost control, discipline investment and vigilant strategies will sustain in the volatile business environment.

## CREDITABLE PERFORMANCE

LBS maintains an upward growth trend in 2018 with sales increased to over RM1.5 billion from RM 1.4 billion in 2017. This marked the fourth consecutive year of improved results. Despite Revenue and Profit After Tax dropped by 17% and 14% respectively, the Group's underlying operating performance remain positive. Further details of the Group's performance are covered under the section on "Management Discussion and Analysis".

*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.*

**DATO' SRI  
LIM BOCK SENG**  
Non-Independent  
Non-Executive Chairman



## Letter from the Chairman (Cont'd)

### CHANGE IN STRATEGY

#### Land banking

In anticipating further economic turmoil and uncertainties, we have been more 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 and at the same time reserve war chest for critical business environment. As at 31 March 2019, the Group is still having a total undeveloped land bank of 3,761 acres with estimated Gross Development Value of RM32.7 billion, which is expected to cater for the development in the next 10 to 12 years.

#### Commitment to Sustainability

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

#### Human Capital Development

The Group will continue to invest in the development of its employees of over 700 staff in the Group (excluding overseas operations). Nurturing talent and supporting development are important parts of LBS culture. Our human capital strategy focuses on developing our employees' skills and capacity, enhancing their well-being and enabling them to be productive and efficient, which will give LBS and the employees a competitive edge to support each other for their future growth and success.



#### Health and Safety

Health and safety is fundamental in sustaining our human capital and the Group believes that 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 the working environments we control. The effective management of health, safety and security is fundamental to the productivity, culture and reputation of our business. We maintained our OHSAS 18001 certification, the benchmark for health and safety management systems. For the third consecutive year, our Construction Division was awarded MOSHPA OSH Excellence Award 2018 by Malaysia Occupational Safety and Health Practitioner's Association (MOSHPA). In 2018, there was zero fatality and serious injury at all of our project sites.

#### Recognition

In 2018, LBS won several awards from various prestigious organisations. With the recognition of these awards, not only did this signify the strength of our team, but this also served as a great encouragement for us to attain even better performance for the years to come. For more details of our awards garnered, may I refer you to the section on "Awards & Accolades" of this Annual Report.

#### Achievement

Here, I would like to take this opportunity to express my most sincere congratulations to our Group Managing Director, Tan Sri Lim Hock San who has been awarded the highly prestigious FIABCI Malaysia Property Man of the Year (Successor) 2018 Award.

## Letter from the Chairman (Cont'd)

The following are the other three awards & accolades honored for Tan Sri Lim's outstanding achievements, visionary leadership and steadfast dedication that have led to the successful growth of the Group over the years: -

- 8th Global Leadership Awards 2018 - Lifetime Achievement Award, 2018
- The BrandLaureate Prominent Business Brand Awards: Most Eminent - Prominent Business Brand Leadership Award, 2018
- The BrandLaureate Special Edition World Awards: BrandLaureate World Brandpreneur Hall of Fame - Lifetime Achievement Award, 2018

### 2019 CHALLENGES

Property industry has always been a cyclical sector. In this context, we have constantly reviewed and evolved our strategy to ensure we can effectively respond to changing economic and market conditions whilst achieving return and growth for shareholders.

Despite the soft market sentiment and an uncertain global economic outlook, we are committed to the annual sales target we announced in January. We remain cautious to the downside risks of the current economic environment, especially those relating to the advanced economies, global trade tensions and the future path of interest rates.

We will see our operation approaches evolving from opportunistic yet disciplined, to reserve and preserve, the extend of which is very much depending on the development in the macro and micro economies. We will continue to strengthen our governance efforts, grow our overseas platform, accelerate our expansion for income streams in an organic and sustainable manner, while continue to keep focus on the property market in 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 members for their commitment, dedication and efforts in continuing to deliver meaningful returns to our shareholders.

**DATO' SERI  
LIM BOCK SENG**  
Chairman  
11 April 2019



# Awards And Accolades



## 2019



### STARPROPERTY.MY AWARDS 2019

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



## Awards And Accolades (Cont'd)



### DES PRIX INFINITUS ASEAN PROPERTY AWARDS MALAYSIA 2019

- Best Affordable Housing Development – LBS Bina Group Berhad
- Best CSR Award – LBS Bina Group Berhad
- Best Developer – LBS Bina Group Berhad
- Best Family Living Development – LBS Bina Group Berhad
- Best Township Development – LBS Bina Group Berhad
- Lifetime Achievement Award – Tan Sri Lim Hock San
- Winner for Best Mass Market Landed Development – Rentak Perdana @ LBS Alam Perdana
- Highly Commended for Best Mid End Condo / Apartment Development (Klang Valley) – Residensi Bintang Bukit Jalil
- Highly Commended for Best Township Development – LBS Alam Perdana



## Awards And Accolades (Cont'd)



# 2018



### (a) STARPROPERTY.MY AWARDS 2018

- All-Star Award – Top Ranked Developers of the Year (LBS Bina Group Berhad)
- The Best Touch & Feel – Simfoni Perdana (Excellence)
- The Neighborhood Award – LBS Alam Perdana (Honours)
- The Long Life Award – BSP21 (Merit)



### (b) ASIA PROPERTY AWARDS (MALAYSIA) 2018

- Best Developer
- Highly Commended for Best Mass Development (Condo) – LBS SkyLake Residence
- Highly Commended for Best Landed Development – Irama Perdana
- Highly Commended for Best Township – BSP & D' Island Residence
- Special Recognition in CSR
- Special Recognition in Sustainable Development



### (c) INTERNATIONAL PROPERTY AWARDS 2018

- Winner of Residential High-rise Architecture Malaysia – BSP21
- Winner of Apartment Malaysia – Midhills



### THE BRANDLAUREATE BESTBRANDS AWARD 2017 - 2018

- BrandLaureate Most Valuable Brand 2018 in the International Property Development (LBS Bina Group Berhad)



### (d) PROPERTY INSIGHT PRESTIGIOUS DEVELOPER AWARDS 2018

- Top 10 Developer
- Best Facilities Development – BSP21
- Best High Rise Development – Residensi Bintang Bukit Jalil
- Best Gated and Guarded Development – Simfoni Perdana
- Best Affordable Housing Developer



### BCI ASIA AWARDS 2018

- Top 10 Developer



### CSR MALAYSIA AWARD 2018

- Company of The Year – Listed Property Development



## Awards And Accolades (Cont'd)



### (e) GLOBAL LEADERSHIP AWARDS 2018

- Lifetime Achievement Award (Tan Sri Dato' Sri Lim Hock San)
- Leadership Excellence in Property Development (Tan Sri Dato' Sri Lim Hock San)



### MALAYSIA SOCIAL MEDIA WEEK AWARD 2018

- Social Media Excellence Award – Best Property Sector



### (f) THE BRANDLAUREATE PROMINENT BUSINESS BESTBRANDS AWARDS 2018

- Best Choice Brand of the Year International Property Development
- Most Eminent - BrandLeadership Award (Tan Sri Lim Hock San)



### THE REALEST PROPERTY AWARD

- Bronze for The First Time Property (Most Value for Money) – BSP Skypark



### (g) IPROPERTY DEVELOPMENT EXCELLENCE AWARDS (IDEA) 2018

- People's Choice Award 2018



### THE BRANDLAUREATE SPECIAL EDITION WORLD AWARDS 2018

- International Iconic Brand International Property Development
- BrandLaureate World Brandpreneur Hall of Fame – Lifetime Achievement Award (Tan Sri Dato' Sri Lim Hock San)



### (h) MALAYSIA PROPERTY AWARD™ 2018 (FIABCI)

- Property Man of The Year



### (i) THE EDGE BILLION RINGGIT CLUB 2018

- Highest Returns to Shareholders Over Three Years - Below RM3B Market Capitalisation in Property Sector



# MANAGEMENT DISCUSSION AND ANALYSIS

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



## SEGMENTAL REVIEW

THE GROUP'S OPERATING BUSINESS SEGMENTS ARE BROADLY CATEGORISED INTO:

 property development

 construction and trading

 motor racing circuit

 management, investment and others

## Management Discussion and Analysis (Cont'd)



### PROPERTY DEVELOPMENT

*LBS builds homes that meet the needs of Malaysians.*

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



# 7%

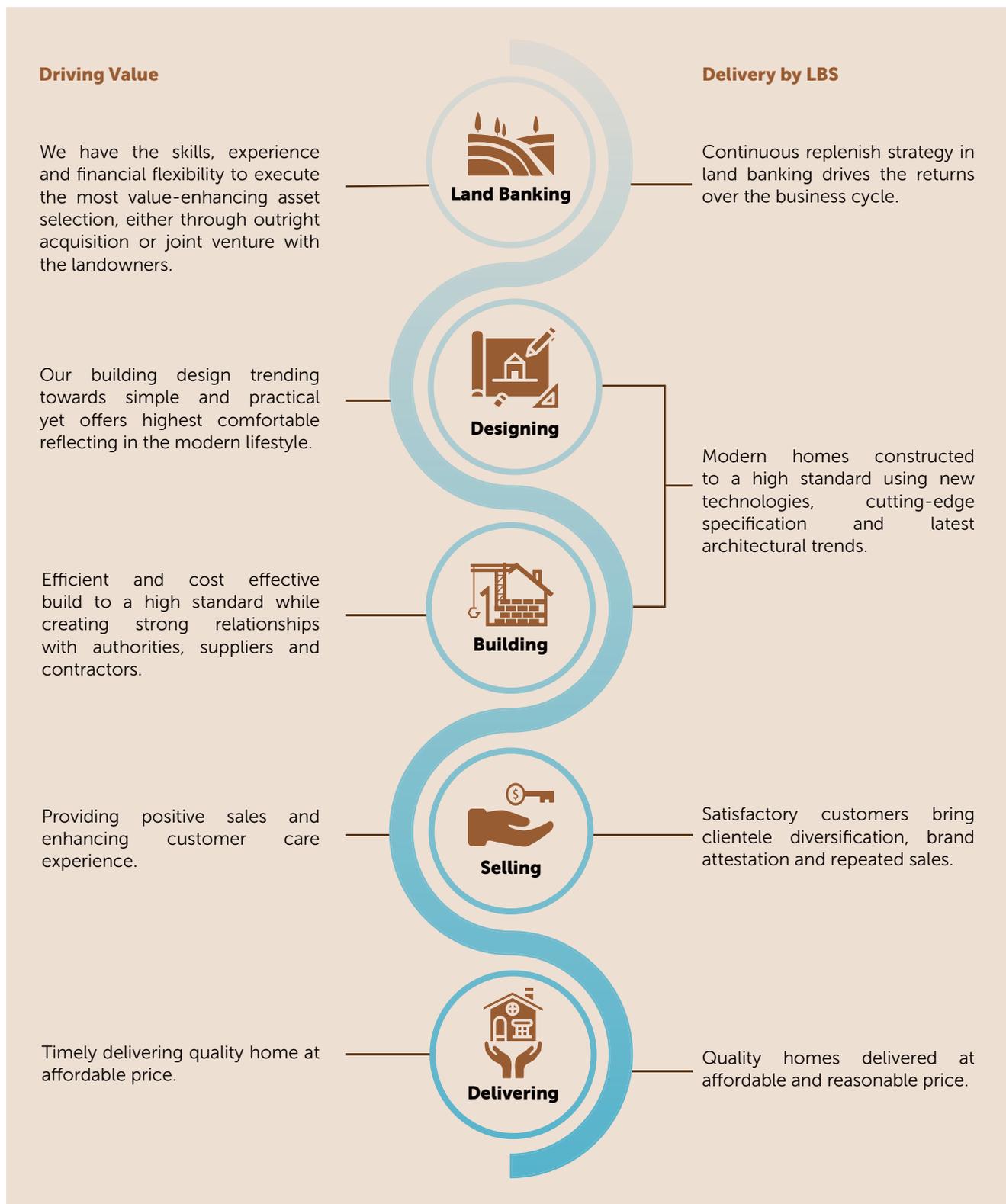
LBS has marked a record high of RM1,526 million sales of properties, an increase of 7% as compared to 2017.

During the year 2018, a total of 9 new projects were launched with total GDV of RM1.2 billion.



## Management Discussion and Analysis (Cont'd)

### OUR STRATEGIES



## Management Discussion and Analysis (Cont'd)

### CREATING VALUE ACROSS THE PROPERTY CYCLE

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

Strategies	Effect to our Strategies	2018 activities
<p><b>Land banking</b></p>  <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 submit to the Board, where the final decision is taken on.</p> <p>Land acquisitions or joint venture project are considered against a series of criteria, such as gross margin, forecast sales rates, location and planning prognosis.</p>	<p>Lands at the 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>No new land was acquired in 2018 as we have been more 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 and at the same time reserve war chest for critical business environment.</p> <p>Total land bank for future development recorded at approximately 3,761 acres as at 31 March 2019 with estimated Gross Development Value ("GDV") of RM32.7 billion would enable the Group to have sufficient capacity for future growth.</p>
<p><b>Designing</b></p>  <p>Designing appropriate range of products at reasonable price to cater to the different income group.</p> <p>Simple and practical are the main concerns 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 attractive to a wide and growing range of customers.</p> <p>Actively monitor and positioning our brand and offering to appeal to a broad range of customers.</p>

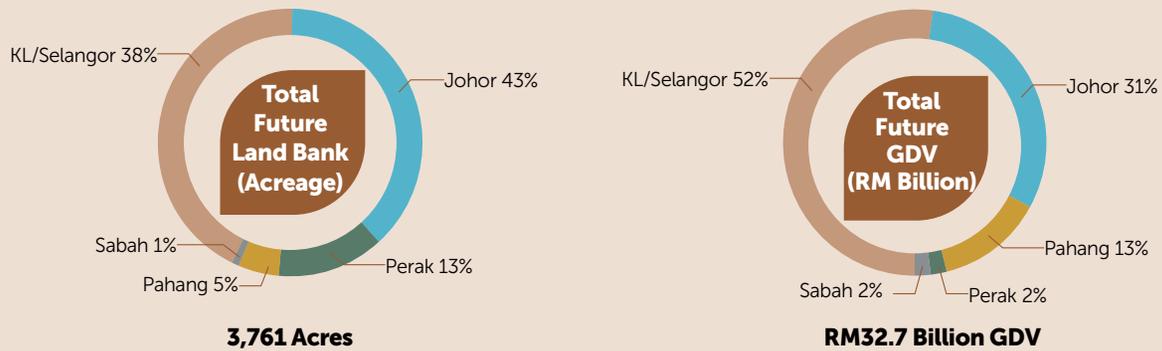
## Management Discussion and Analysis (Cont'd)

Strategies	Effect to our Strategies	2018 activities
<p><b>Building</b></p>  <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 its 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 subject 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 is expected to reduce construction workforce and construction time.</p>
<p><b>Selling</b></p>  <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 delivery of vacant possession.</p>	<p>Good customer care and services helps to perpetuate a positive reputation for the Group and assists in generating further sales through personal 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 will enable us to measure our service and focus our attention.</p>
<p><b>Delivery</b></p>  <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>

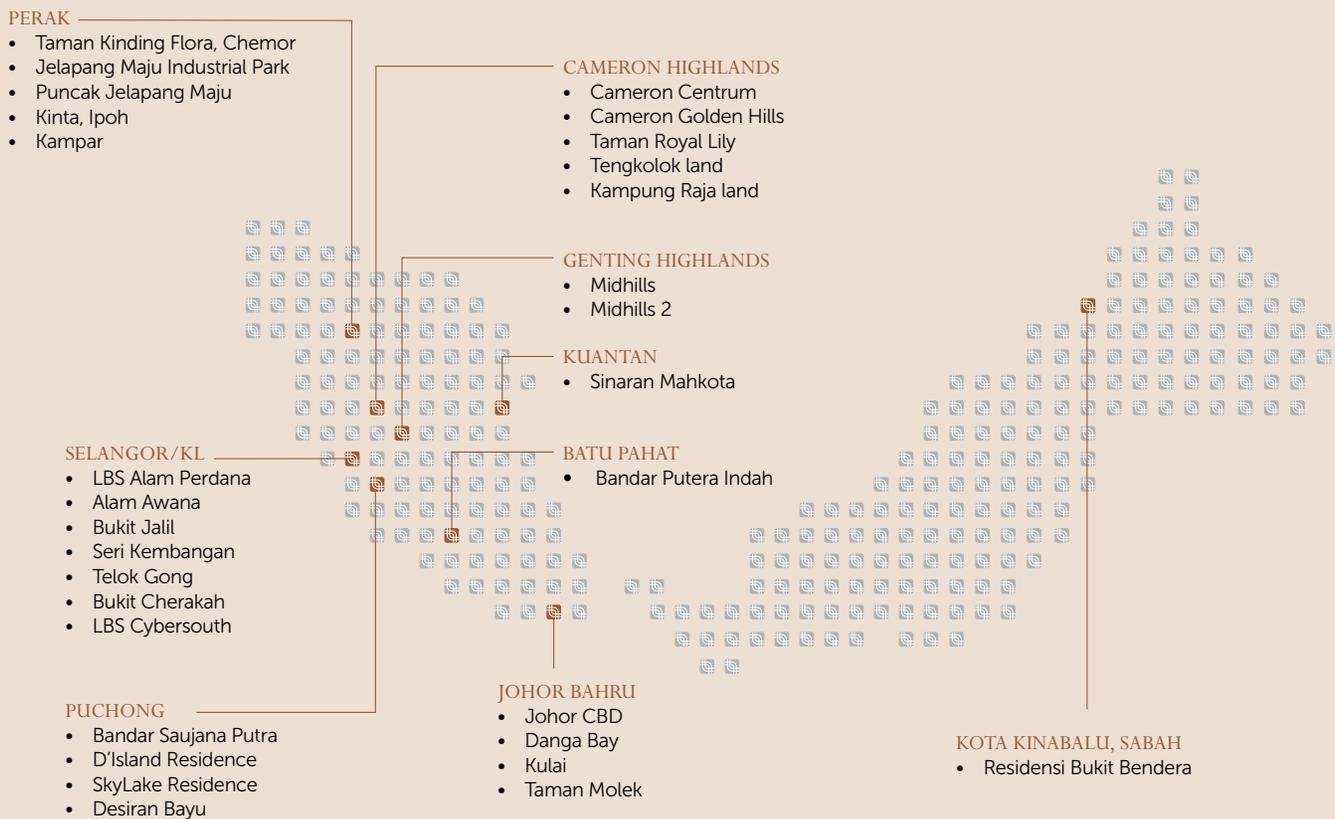
## Management Discussion and Analysis (Cont'd)

### OUR WAR CHEST

The Group has a total undeveloped land bank of 3,761 acres and the breakdown by geographical area is as follows: -



### OUR PRESENCE



# Management Discussion and Analysis (Cont'd)

## OUR BUSINESS MODEL



1

### Land Banking

- Joint venture with strategic partners
- Strategic location
- Feasibility Study
- Long and short term planning

2

### Designing

- Optimal use of space
- Cost efficiency
- Modern & creative
- Wide range of selection

3

### Building

- Health & Safety
- Quality Control
- Water, energy, waste management
- Time Efficiency

4

### Selling

- Marketing & Product Knowledge
- Gather feedback
- Innovative marketing approach
- Excellent customer experience

5

### Delivering

- Timely deliver
- Handling defects and complaints
- Gather feedback
- Complete Documents

## Management Discussion and Analysis (Cont'd)

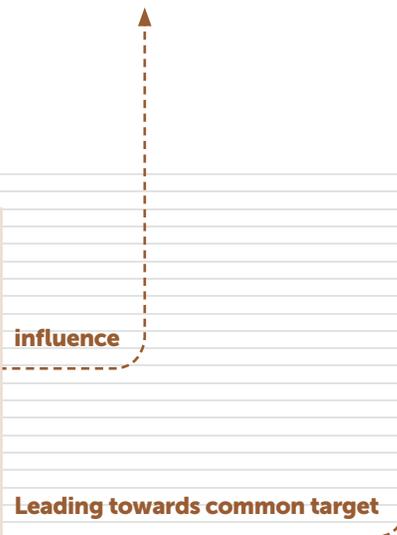
### FINANCIAL OBJECTIVES

GROWTH	OUTCOME	MEASURE	INFLUENCES	TARGET
<p><b>Growth in profit</b> The increase in projects portfolio and margin</p> <p><b>Growth in Asset Value</b> The increase in the value of our asset</p>	<p><b>Dividend</b> Dividend Policy fixed by the Company</p> <p><b>Capital gain</b> Appreciation of assets value</p>	<p><b>Total Business return</b> Capital: Enlarged capital base of the business</p> <p><b>Net Asset Value:</b> Overall acceleration in asset value</p>	<p><b>Market Sentiment</b> Responds to</p> <p><b>External factors</b></p> <ul style="list-style-type: none"> <li>• Economic condition</li> <li>• Government policies</li> <li>• Interest rate</li> </ul> <p><b>Internal factors</b></p> <ul style="list-style-type: none"> <li>• Type of products</li> <li>• Pricing</li> <li>• Location</li> <li>• Customer services</li> <li>• Company reputation</li> </ul>	<p><b>Total shareholder's return</b></p> <p><b>Dividend payment</b> The financial value of dividend paid to shareholders</p> <p><b>Share Price growth</b> The increase in market price of our quoted shares</p>

### NON-FINANCIAL OBJECTIVES

#### CORPORATE RESPONSIBILITIES

CORPORATE RESPONSIBILITIES	OUTCOME
<p><b>Customers</b> Assist Malaysians to own their dream homes at affordable price</p> <p><b>Environment</b> Improve the business environment while minimising negative impact</p> <p><b>Communities</b> Contributing back to society</p> <p><b>Employees</b> Develop human resource pool comprises skillful people with business ethics</p>	<p><b>Brand</b> Strengthening LBS Brand and reputation</p> <p><b>Sustainable</b> Long term sustainability and prospect</p>



## Management Discussion and Analysis (Cont'd)

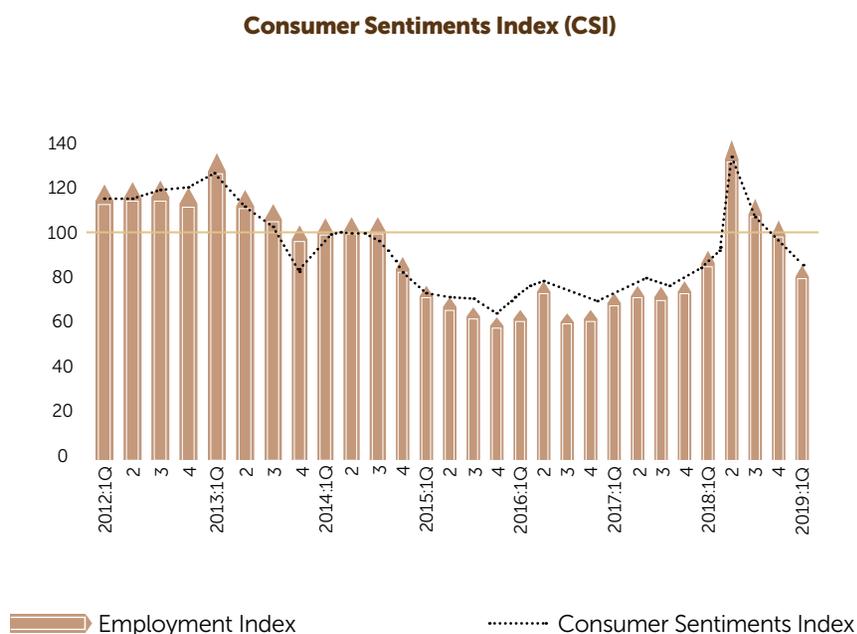
### MALAYSIAN ECONOMY OUTLOOK & OVERVIEW

The Malaysian economy expanded at a more moderate pace of 4.7% in 2018 (2017: 5.9%). Despite a positive start to 2018, the economy subsequently was confronted with several external and domestic challenges. Major policy and political shifts, arising partly from the global trade tensions and the historic change of government in Malaysia, became sources of uncertainty for the economy.

Domestic demand continued to anchor growth, supported mainly by private sector expenditure. Private consumption growth, in particular, recorded the fastest rate since 2012 at 8.1% (2017: 7.0%). Favourable wage and employment growth continued to drive household spending with additional support from the three-month tax holiday (1 June – 31 August) following the zerorisation of the Goods and Services Tax (GST) rate, as well as other Government measures such as the fixing of the retail fuel price of RON95 petrol and special payments to civil servants and pensioners.

*(Source: Bank Negara Malaysia Annual Report 2018)*

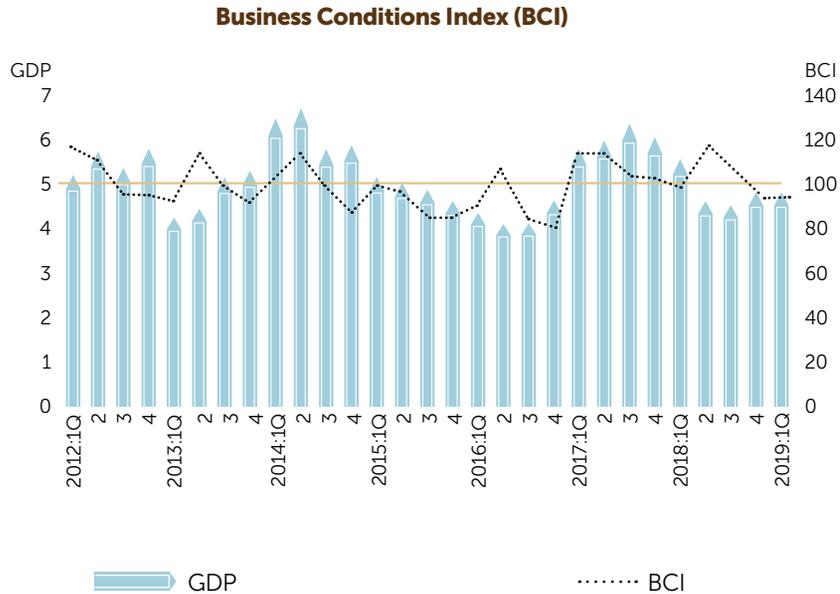
In 2018, headline inflation declined to 1.0% (2017: 3.7%) which was mainly reflected the impact of the fixing of retail fuel prices and the zerorisation of the GST rate. The 2019 headline inflation however, is expected to be higher at the average rate of 2.0% due to expansionary policy to support domestic demand and a weak ringgit foreign exchange. The fourth quarter MIER Consumer Sentiments Index (CSI) dipped to below the optimism threshold (100 points), recording 96.8 points, after two quarters remaining above 100 points.



*(Source: MIER, 2019)*

## Management Discussion and Analysis (Cont'd)

The overall BCI for the fourth quarter slipped to 95.3, which is below the demarcation level of 100-point threshold of optimism, as compared to 108.8 in the previous quarter and 116.3 in the second quarter- two quarters drop in a row. The drop in the fourth quarter BCI is attributable to the deterioration of the current index due to a slowdown in the manufacturing sector.



(Source: MIER, 2019)



# 8.1%

Private consumption growth, in particular, recorded the fastest rate since 2012 at 8.1% (2017: 7.0%).



## Management Discussion and Analysis (Cont'd)

### MARKET & INDUSTRY OVERVIEW

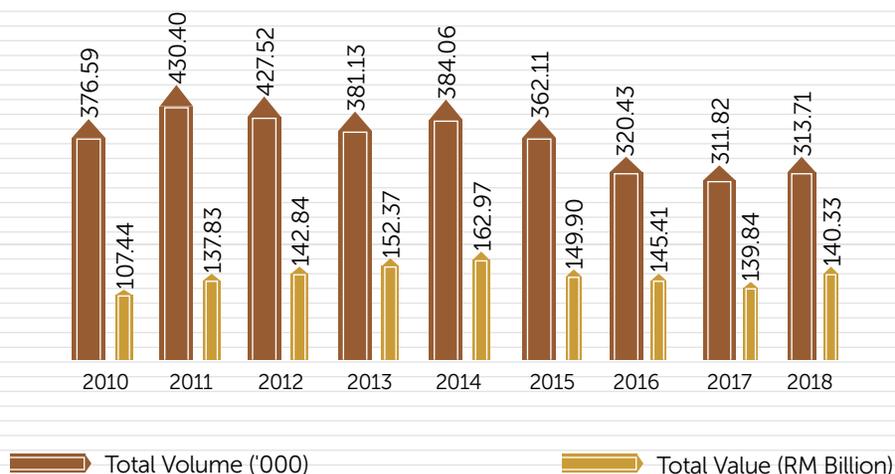
Transaction volume in the property market has been on a decline. Based on data from the National Property Information Centre (NAPIC), transaction volume peaked in 2011 at 430,400 transactions before falling to 311,824 transactions in 2017, an average decline of 5.2% annually since 2011.

A total of 78,978 transactions worth RM33.1 billion were recorded as at Q3 2018, an increase in volume by 5.5% as compared to Q3 2017. Residential properties continued to chart the largest transaction volume by 63.5%. Houses priced below RM200,000 dominated the residential market with 43.6% share as at Q3 2018. For all houses valued RM500,000 and below, it accounted for 83.2% of the residential market share.

Total overhang properties (i.e. completed units but remained unsold) have increased to 30,115 units worth RM19.5 billion at the end of Q3 2018, from 25,193 units worth RM15.6 billion in Q1 2018.

Klang Valley's property market remained subdued as of 1H 2018 when its total transaction volume declined by 1.6% to 38,053 transactions. When measured in value, these transactions worth RM33.8 billion. Overall, the market could still be considered as on a recovery mode post-2016 since the y-o-y contraction in transaction volume has diminished in comparison to -7.4% for 1H 2017. Another reasoning is that transaction value remained on the rise despite the fall in transaction volume (1H 2017: RM33.2 billion). Overall, Klang Valley constituted approximately one-quarter of all transactions in Malaysia. Making up about 77% of total transactions, residential sector is still by far the largest segment of Klang Valley's property market.

**Total Volume and Value of Property Transactions (2010-2018)**



(Source: NAPIC)

## Management Discussion and Analysis (Cont'd)

In Q3 2018, the Malaysian House Price Index projected to increase moderately by 1.1% (Q3 2017: 6.5%), amid a negative growth in both detached and high-rise property prices.

### MALAYSIAN HOUSE PRICE INDEX AS AT Q3 2018<sup>P</sup>

Item / Quarter	Q3 10	Q3 17	Q3 18P
<b>Index Point</b>	102.0	190.1	<b>192.1</b>
<b>Average Price RM</b>	220,154	410,050	<b>414,469</b>
<b>Y-o-Y %</b>	6.7	6.5	<b>1.1</b>
<b>Q-o-Q %</b>	1.6	2	<b>-0.5</b>

(Source: National Property Information Centre (NAPIC))

In 2019, the global economy is projected to expand moderately, following slower growth in both advanced and major emerging market economies. Global trade developments will remain a key factor affecting the 2019 outlook. Against the backdrop of a challenging global environment, the Malaysian economy is expected to sustain its growth momentum, expanding by 4.3% – 4.8% in 2019 (2018: 4.7%). Domestic demand will remain the anchor of growth, underpinned by continued expansion in private sector activity.

Malaysia's strong fundamentals and the diversified nature of the economy will help to weather these risks and vulnerabilities while preserving macroeconomic and financial stability. These strong fundamentals include a healthy labour market, stable inflation rate, continued surplus in the current account of the balance of payments, deep financial markets as well as a strong financial sector.

(Source: BNM)



## Management Discussion and Analysis (Cont'd)

### OPERATION REVIEW

LBS has marked a record high of RM1,526 million sales of properties, an increase of 7% as compared to 2017. This marks the fourth consecutive year of improved results with a strong 25% compounded annual growth rate (CAGR) from 2014 to 2018. Sales from projects located in Klang Valley continued to outperform those from Pahang, Johor and Perak.

Properties from the Klang Valley contributed to approximately 90% (2017: 69%) of our total sales of RM1.526 billion for the year 2018. Residensi Bintang Bukit Jalil, Zenopy Residences, LBS Alam Perdana, Kita @ Cybersouth by LBS and Skylake Residence all located in the Klang Valley were our chief contributors towards the total sales.

Properties priced below RM500,000 made up 63% (2017: 58%) of our total sales for the year 2018, representing an increase of approximately 5% as compared to 2017. 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 2018, a total of 9 new projects were launched with total GDV of RM1.2 billion. Township development remains as our core activity wherein 2018 saw another launch of township project known as Kita @ Cybersouth by LBS. We were glad to note that over 300 potential home buyers attended the introduction of Kita Bayu, Kita @ Cybersouth by LBS held at Shaftsbury Square in Cyberjaya. Phase 1A, 20'x60' double storey terrace homes priced attractively at RM530,000, sold over 120 units while Phase 2A comprising 22'x75' double storey town houses priced at RM399,900, sold close to 100 units on the day of first launch.

New phases in the township LBS Alam Perdana were unveiled in 2018, comprising a total of 972 residential units all priced below RM500,000. Other new launches in 2018 include PPAM Mercu Jalil in Bukit Jalil, Block B of SkyLake Residence in Puchong and Phase 6 to 10 of the Emerald Garden in Bandar Putera Indah, Johor.

As at 31 December 2018, the Group still has a total of 17 on-going projects with total GDV of RM3.7 billion after delivered vacant possession of RM1.8 billion to the purchasers.

To read more information about our projects go to Portfolio 2018 page 88 to 107.

### 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.

Supportive measures were announced by the Government with aim to address some issues in the property market. These include:

- The rolling out of the National Housing Policy 2018-2025
- The waiving of stamp duties on property sales & purchase agreements (SPA) for properties priced up to RM1 million as well as for loan agreements of up to RM2.5 million under the National Home Ownership Campaign 2019 (HOC 2019).
- BNM's RM1 Billion Fund for Affordable Homes for the B40 segment.
- MOF's stamp duty exemption for the purchase of first residential property.
- Extended financing term of 5 years under Public Sector Home Financing Board (LPSSA) by BNM / LPSSA.
- RM25 million in allocation for Cagamas Berhad to provide mortgage guarantee (jaminan pajak gadai) to ensure that first-time house buyers with a household income of up to RM5,000 will receive a higher margin, including the deposit.



## Management Discussion and Analysis (Cont'd)



Properties from the Klang Valley contributed to approximately

# 90%

(2017:69%) of our total sales of RM1.526 billion for the year 2018.

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.

We remain optimistic about the growth prospects with total unbilled sales stood at RM1.6 billion as of 31 March 2019. The Group has lined up new projects with an estimated GDV of RM1.82 billion. The property projects to be unveiled in 2019 include double storey terrace houses in LBS Alam Perdana, Residensi Bintang Bukit Jalil condominium, double storey terrace houses in Bandar Putera Indah, Batu Pahat as well as more than 1,000 affordable homes in Kita @ Cybersouth by LBS.

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

## Management Discussion and Analysis (Cont'd)



### CONSTRUCTION

*MGB, through its subsidiaries, is 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. This Division has accumulated strong track record for more than 10 years ranging from design and build to general construction for residential, commercial and industrial buildings as well as infrastructure works.*



Armed with ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environmental Management System) and OHSAS 18001:2007 (Health & Safety Management System) certified, 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.

#### Vision

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

#### Culture

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

#### Focus

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

#### Commitment

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



As at 31 December 2018, the outstanding order book in hand remained at approximately

# RM1.92 billion

## Management Discussion and Analysis (Cont'd)

### MARKET & INDUSTRY OVERVIEW

Growth in the construction sector moderated to 4.2% in 2018 (2017: 6.7%). Growth in the construction sector is expected to moderate in 2019, due to the completion of large petrochemical projects in the civil engineering sub-sector. Continued progress of large transportation and utility projects will provide support to growth. The residential and non-residential sub-sectors, however, are expected to remain subdued amid the oversupply of residential and commercial properties.

### OPERATION REVIEW

In 2018, the Division secured RM410 million contracts including contract for design and build residential properties for Alam Perdana, Ijok (856 units) and in Dengkil, Selangor (1,077 units), bringing total order book to RM2.54 billion as at 31 December 2018, out of which, approximately RM330 million was from external parties (being contracting parties other than LBS Group). As at 31 December 2018, the outstanding order book in hand remained at approximately RM1.92 billion.

In addition to the main building construction works, the Division has also ventured into piling activities and has secured eighteen (18) contracts worth RM50.5 million of which approximately RM8.5 million value of projects were from external parties.

The joint venture with Sany Construction Industry Development (M) Sdn Bhd, a subsidiary of China's Sany Group Co Limited ("Sany Group"), to embark on manufacturing of precast products for building projects has started its production in 2018. The on-site mobile plant in Alam Perdana producing precast concrete with annual production capability for 2,000 units of properties has successfully produced and supplied for its pilot project, 673 units of double storey terrace houses at LBS Alam Perdana Township. This pilot project successfully reduced construction time by 33% from 18 months to 12 months, led to 31% reduction of manpower quantity and 49% savings in total on-site labour costs.

The permanent IBS precast concrete plant in Nilai, Negeri Sembilan with built-up area of 119,017 square feet was launched and officiated by the Minister of Housing and Local Government, YB Zuraida Kamaruddin in March 2019. Combined with the on-site mobile plant, the Division will be able to produce 4,000 unit of properties annually. Both plants are currently catered for the Group's projects with endeavour to expand the supply to external projects.

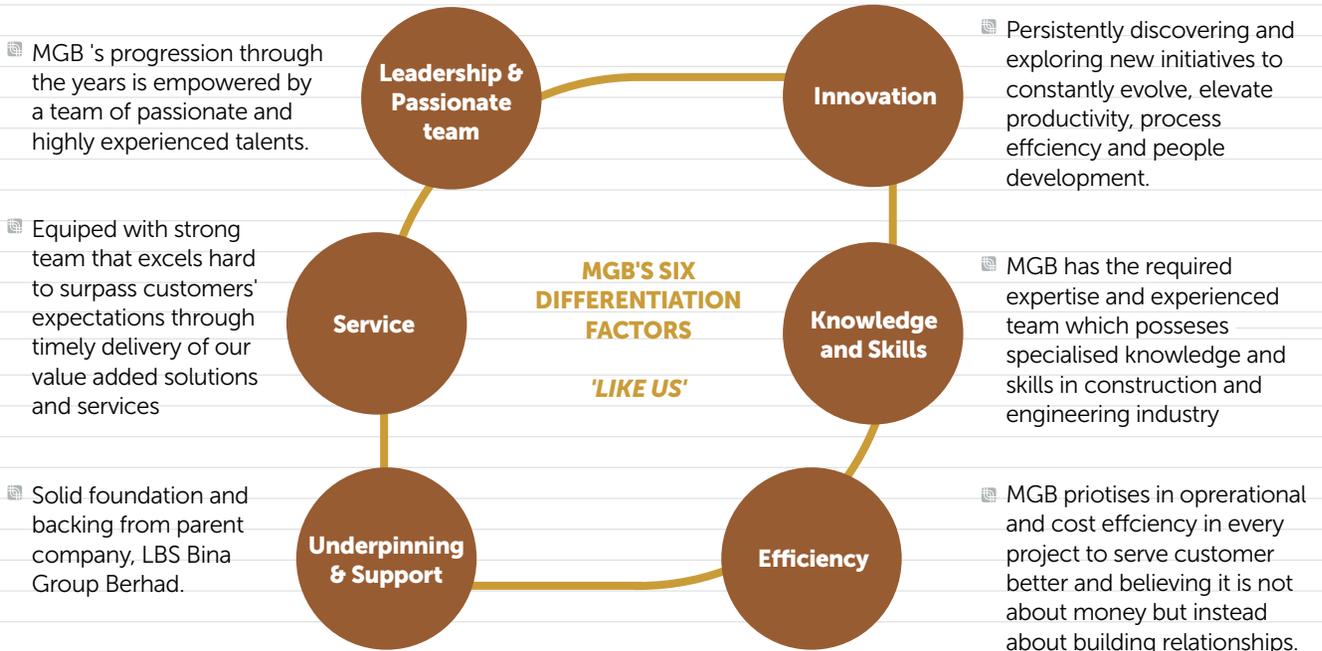
### CHALLENGES AND STRATEGIES

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 cost platform that enables delivering high quality, value added services at market prices whilst maintaining performance target commitments. Effective cost management measure where negotiate 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.



## Management Discussion and Analysis (Cont'd)

Construction business is people intensive, especially foreign skilled labour. Difficulties in recruit, develop and retain appropriate skilled people could impact the Division's ability to meet its commitments and project delivery. Through the Division's Six Differential Factors "LIKE US", proactive actions were put to seek new initiatives to drive operational efficiencies and enhance competitiveness such as exploiting new construction technologies (adoption of IBS mechanisation where precast concrete plant set-up was one example), the reliance on labour will be reduced.



## PROSPECTS

The Division would continue to focus on its business strategies by actively tendering for construction projects particularly on affordable home segment. The key action plans announced by the Government in the National Housing Policy 2.0, particularly the target of building one million affordable homes in 10 years, with 100,000 of them scheduled to begin in 2019, would bring a positive impact to construction industry, specifically in the affordable homes segment.

The setup of IBS precast concrete plants represents the commitment to complement the Government's Construction Industry Transformation Plan as well as heading the call for further IBS adoption. These plants will allow the Division to increase its IBS production and expand our presence in the local construction market. In line with the Government's on-going efforts on building affordable home, we strive to become their preferred collaboration partner within the industry, particularly on building affordable homes.



## Management Discussion and Analysis (Cont'd)



### MOTOR RACING CIRCUIT

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



ZIC project is a sino-foreign joint venture with local partner, Zhuhai Jiuzhou Group Holdings Limited (“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 have four events under one roof. Namely the formula car racing, RV, motorcycle, and drifting events. This marked the bold step forward for the automobile racing sports entering into the masses. For the past 14 years, ZIC has attracted over 5,000 racing drivers and more than 900 thousand audience to the events. In 2017, the value of media coverage hit a new height of more than RMB 160 million.

This festival was awarded the “Best Racing Event of the Year”, and Zhuhai was proclaimed the “Automobile City of China” and “China City of Motor Sport Racing”.

In alignment with the concept of “One Belt One Road” and the Memorandum of Understanding signed for Establishment of Friendly State and Province between Melaka and Guangdong Province,

in year 2015; LBS & JiuZhou signed the joint development agreement; ZIC introducing its transformation plan of becoming the first integrated development in China which bring together the motor sport racing, tourism, and Malaysian culture into one. This project also aims to integrate the racing events into the urban lifestyle of city living in Zhuhai.



## Management Discussion and Analysis (Cont'd)

### OPERATION REVIEW

In 2018, ZIC has hosted the annual Pan Delta Super Racing Festival for the Spring, Summer and Autumn races. The action-packed event featured fast-paced racing in the form of Circuit Hero Series, Superbikes, Asian Formula Renault, drifting and stunt show, auto show, food festival and interactive activities. This is the venue for top overseas players enhanced the level of competition and offered an opportunity for domestic players to study and progress.

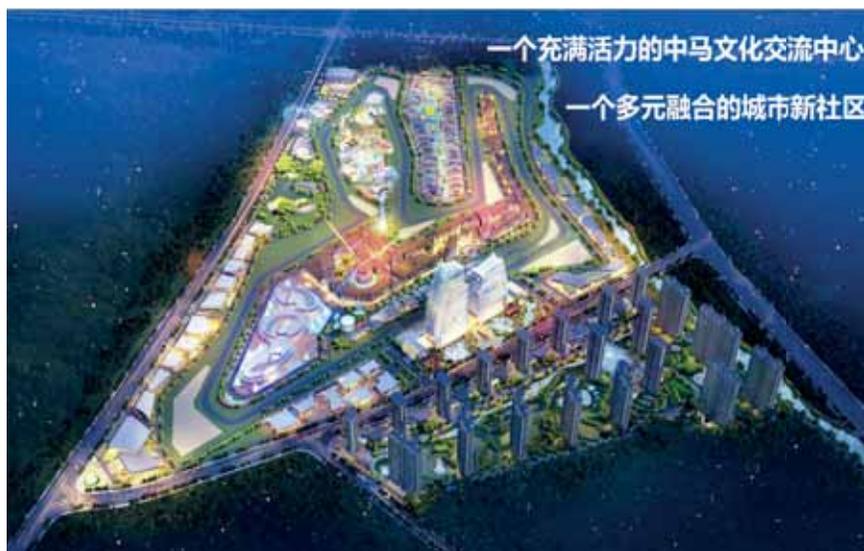
Garnered with more than 20 years of motorsports experience, ZIC has started to provide its expertise service in circuit management. Circuit design and circuit operation services for Zhengzhou International Autodrome and consultation services for circuit operation for VI Autoworld are examples of service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

To create more value of this segment, the Management together with its local partner have sought local authorities' approvals on an upgrading and transformation plan to transform the racing circuit into a mixed development comprising motor sports, tourism and cultural elements in 2015. The transformation plan is in line with the 21st Century Maritime Silk Road strategy introduced by China President Xi Jinping and is also riding on the establishment of "Friendly State and Province" between Malacca State and Guangdong Province.

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

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

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



### PROSPECTS

Following the promulgation of the Outline Development Plan ("Plan") for the Greater Bay Area in February 2019, which signified a milestone in the development of GBA, we have further strengthened our confident that value of the ZIC land would be enhanced by leaps and bounds. 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. The GBA has the potential to become the most diversified city cluster in the world, by leveraging 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 onto 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 the 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 total area is 56,000 km<sup>2</sup> with total population 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 international 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 Area:

	Guangdong-Hong Kong - Macao Bay Area	Tokyo Bay Area	New York Metropolitan Area	San Francisco Bay Area
<b>Size</b>	56,000 km <sup>2</sup>	36,900 km <sup>2</sup>	21,500 km <sup>2</sup>	17,900 km <sup>2</sup>
<b>Population</b>	71.1 million	44 million	20.2 million	7.7 million
<b>GDP</b>	US\$1.6 trillion	US\$1.8 trillion	US\$1.7 trillion	US\$0.8 trillion
<b>Annual Airport Freight Turnover</b>	8 million tonnes	3.6 million tonnes	2.2 million tonnes	1.2 million tonnes
<b>Annual Air passenger traffic</b>	202 million	124 million	132.2 million	81.3 million
<b>Annual Port container throughput</b>	66.5 million TEUs	7.8 million TEUs	6.3 million TEUs	2.4 million TEUs

(source: Constitutional and Mainland Affairs Bureau of Hong Kong)

### INVESTMENT, MANAGEMENT AND OTHERS

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

## Management Discussion and Analysis (Cont'd)



### REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION



#### FINANCIAL PERFORMANCE

For the financial year ended 31 December 2018 ("FY 2018"), the Group achieved revenue and profit before tax ("PBT") of approximately RM1.12 billion and RM159 million respectively. The Property Development segment remains as the major revenue and PBT contributor for FY 2018.

The Group's revenue and PBT in FY 2018 decreased by approximately 17% and 16% respectively as compared to the results recorded in financial year ended 31 December 2017 ("FY2017"), mainly due to lower revenue and PBT contribution from the Property Development segment. The contribution from each operating business segment is set out as follows:

#### Property Development

During FY 2018, Property Development segment recorded lower revenue and PBT by 22% and 37% respectively. Lower revenue and PBT were mainly due to certain projects were completed and handed over in FY2017 and ongoing projects are still at early stage of construction.

Projects which contributed to the revenue and PBT in FY 2018 were *Bandar Saujana Putra, Desiran Bayu, LBS*

*Alam Perdana, D' Island Residence, Zenopy Residences, Cameron Golden Hills, Midhills, Bandar Putera Indah, Residensi Bintang Bukit Jalil, Cameron Centrum, Sinaran Mahkota and Kita @ Cybersouth by LBS.*

Projects within the Klang Valley remain as the largest revenue contributor, accounting for more than 60% of the Group's revenue for the current financial year.

#### Construction and Trading

During FY 2018, Construction and Trading segment posted higher revenue and PBT by 4% and 6% respectively. The increase in revenue and PBT were primarily contributed from in-house projects.



## Management Discussion and Analysis (Cont'd)

### Motor Racing Circuit

During FY 2018, Motor Racing Circuit segment recorded higher revenue and lower loss before tax ("LBT") by 10% and 58% respectively.

Higher revenue and lower LBT were primarily due to higher income from racing activities including consultancy services, lower operating expenses and depreciation charges.

### Management and Investment

During FY 2018, Management and Investment segment posted lower revenue (amount before inter-company elimination) and higher PBT.

The decrease in revenue was mainly due to lesser intra-group dividends being declared in the current financial year.

### Others

During FY 2018, others segment posted higher revenue and higher LBT. The increase in revenue was mainly derived from rental income

## 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 FY 2018, the Group's total assets increased by 10% to RM4.41 billion (2017:RM3.99 billion). The increase was mainly attributable to the followings:



- |    |  |    |   |
|----|--|----|---|
| a) | <p><b><u>Inventories - land held and property development costs</u></b><br/>The Group's land and property development costs increased by 14% to RM2.06 billion (2017:RM1.80 billion). The increase was mainly due to additional certified property development costs incurred and land cost for new land bank for existing and future project development.</p> | d) | <p><b><u>Property, plant and equipment ("PPE")</u></b><br/>The Group's PPE increased by 35% to RM347 million (2017:RM257 million). The increase was mainly due to acquisition of bore pile machines, batching plant, precast machineries, office building and motor vehicles.</p>                               |
| b) | <p><b><u>Trade receivables</u></b><br/>The Group's trade receivables increased by 19% to RM711 million (2017: RM597 million). The increase was primarily due to additional billings to property purchasers.</p>  | e) | <p><b><u>Contract assets - property development activities</u></b><br/>The Group's contract assets - property development activities decreased by 44% to RM199 million (2017: RM355 million). The decrease was mainly due to the completion of projects at Desiran Bayu, Midhills and Bandar Saujana Putra.</p> |
| c) | <p><b><u>Investment properties ("IP")</u></b><br/>The Group's IP increased by 178% to RM169 million (2017:RM61 million). The increase was mainly due to an addition of a retail mall known as M3 mall in Gombak, Kuala Lumpur.</p>   |    |   |

## Management Discussion and Analysis (Cont'd)

### Total equity

Total equity increased by 3% to RM1.42 billion (2017:RM1.37 billion). The increase was mainly attributable to the followings:

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

The Group's equity attributable to the owners of the parent increased by 5% to RM1.35 billion (2017:RM1.28 billion). The increase was mainly due to profit made in FY 2018, exercise of employees' share options, conversion of warrants and redeemable convertible preference shares.

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

The Group's NCI decreased to RM68 million (2017:RM90 million). The decrease was mainly due to acquisition of additional stake in MGB.

### Total liabilities

Total liabilities increased by 14% to RM2.99 billion (2017:RM2.62 billion). The increase was mainly attributable to the increase in bank borrowings, finance lease payables, bank overdrafts, sukuk murabahah and redeemable convertible preferences shares ("loans and borrowings")

Please refer to "Capital structures and Capital resources" section below:

### Capital structures and capital resources

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

The Group's bank loans and borrowings increased by 51% to RM1.31 billion (2017:RM863 million). Gross gearing raised higher to 0.92 times from 0.63 times as at the end of FY2017. The increase was partly due to higher working capital requirements arising from new project launches in FY 2018.

### DUAL DIVIDEND POLICY

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

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

During FY 2018, the Group had declared and fully paid all the dividends under the Special Dividend Policy.

Under the Normal Dividend Policy, the Board has recommended a Single Tier First and Final Dividend of 1.8 sen per ordinary share for the FY 2018 from its ordinary course of business. The First and Final Dividend is subject to the shareholders' approval at the forthcoming Nineteenth Annual General Meeting.

## Management Discussion and Analysis (Cont'd)

### 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.

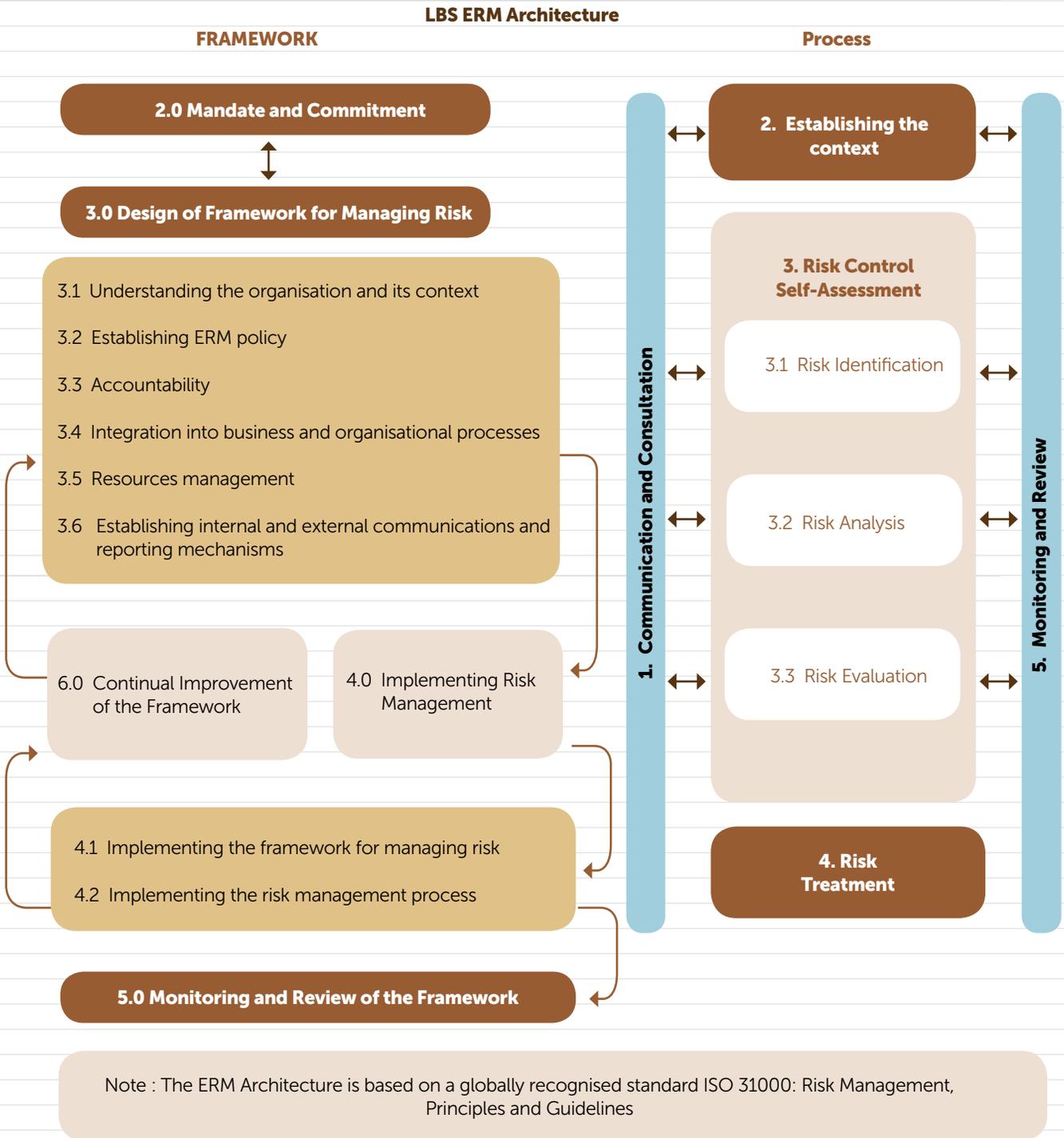
The Company has outsourced its entire ERM framework by engaging an external service provider, Deloitte Enterprise Risk Services Sdn Bhd to facilitate the risk control self-assessment exercise with various stakeholders. Risk analysis and evaluation were performed to update the existing risk registers. 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, we have further strengthened our risk management and ‘three lines of defence’ model throughout our simplified business was introduced. In particular, in implementing our strategy, we reviewed our operating processes in detail, developing risk and control matrices for each process that we considered.

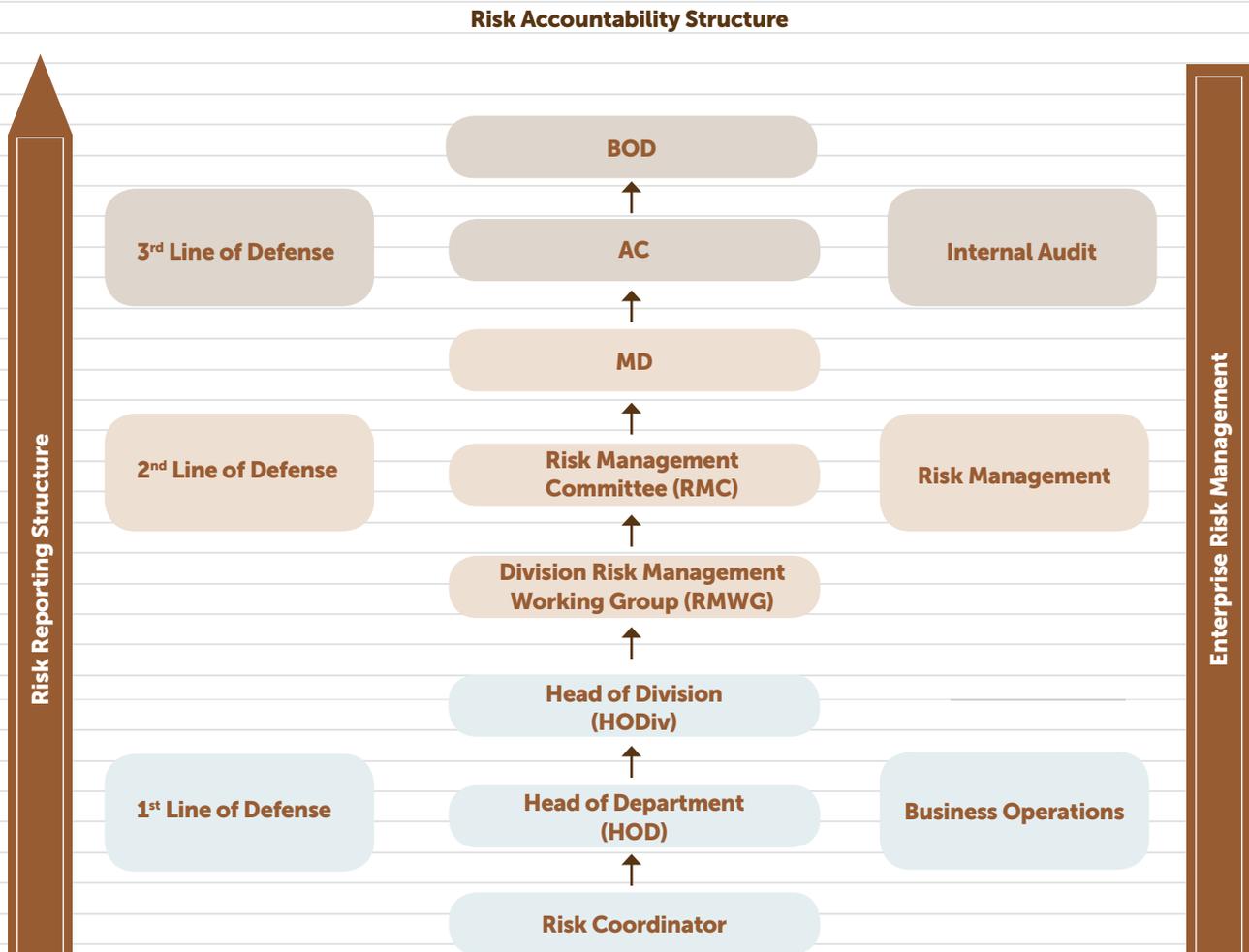


## Management Discussion and Analysis (Cont'd)

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 and where necessary, to improve the management action plans and mitigation measures.



## Management Discussion and Analysis (Cont'd)



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 in this Annual Report on pages 174 to 176.

## Management Discussion and Analysis (Cont'd)

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

Strategies	Area of risks	Impact towards Strategies	Mitigation of risks
<b>Land banking</b> 	<p>The possibility that the Group is unable to source land or joint venture project that could generate reasonable project profit margin.</p> <p>The scarcity of land increases the cost of land banking.</p>	<p>Failure to obtain land or project that derives reasonable profit margin would have detrimental effects on future profitability.</p> <p>Insufficient land would affect the Group's growth targets.</p>	<ul style="list-style-type: none"> <li>Majority of the Group's land banks and projects are sourced via joint venture with landowners as this will reduce the upfront and holding cost.</li> <li>Major land acquisition process was done through careful due diligence, risk assessment and feasibility studies on the proposed land purchases.</li> <li>The Group's undeveloped land of about 3,716 acres shall suffice the supply of project development source for at least 10 years.</li> </ul>
<b>Designing</b> 	<p>Possibility that property design does not meet customers' demand.</p> <p>Too complicated design that need more time and cost for construction.</p>	<p>Change in design subsequent to launching will cause time loss and incur extra cost.</p>	<ul style="list-style-type: none"> <li>Keep abreast with fast changing trend and preferences of different group of customers by constant communication with customers.</li> <li>Established policy and procedures in selection of architects to ensure only qualify professional firms with proven track records are awarded with contracts.</li> </ul>

## Management Discussion and Analysis (Cont'd)

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

## Management Discussion and Analysis (Cont'd)

Strategies	Area of risks	Impact towards Strategies	Mitigation of risks
<p><b>Selling</b></p> 	<p>The risks that affect the sales of the Group include:</p> <ul style="list-style-type: none"> <li>• Interest rate increase</li> <li>• Stringent bank lending rules</li> <li>• Sales incentives</li> <li>• Change in housing policies by government</li> <li>• Low market sentiment in property market</li> <li>• Over promised by outsourced sales agent</li> </ul>	<p>High interest rate and stringent bank lending rules would directly affect the property sales.</p> <p>Excessive incentives used to increase sales may affect the profit margin and cash flow.</p> <p>Change in interest rate and government policies may affect the entire 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>	<ul style="list-style-type: none"> <li>• Established financial assistant plan for selected projects and qualified applicants as an alternative to those who are unable to obtain bank loan.</li> <li>• Strengthen the determination process for pricing strategy and product range.</li> <li>• Strategise sale incentives to encourage sales, such as flexi down payment terms, interest free instalments for initial down payment.</li> <li>• Enhance customer care procedures to ensure customers are satisfied with sales services. The Customer Service Department has implemented various communication channels for effective communication with different group of customers.</li> <li>• Strengthen the monitoring process of external sales agent and consultant including project briefing and training.</li> </ul>

## Management Discussion and Analysis (Cont'd)

Strategi	Area of risks	Impact towards Strategies	Mitigation of risks
<b>Delivering</b> 	<p>Timely delivering of completed units to purchasers may not be achieved due to delay in construction process.</p>	<p>Delay in delivering quality home that result in purchaser claiming Liquidated and Ascertained Damages (LAD) which affect reputation and cash flow of the Group.</p> <p>Complaints from unsatisfied customers may affect the reputation of the Group.</p>	<ul style="list-style-type: none"> <li>Strengthen the construction process and procedures so that timely delivery of quality homes is achieved at all sites.</li> <li>Special task force has been formed to check the quality of the completed units before hand over of vacant possession.</li> </ul>



# Portfolio 2018

## LBS ALAM PERDANA



### LBS Alam Perdana

**Date Launched:**  
4th quarter 2017

**Location:**  
Ijok, Selangor

**Units:**  
2,015

**LBS Alam Perdana is a township development on the land totalling approximately 469.86 acres in area.**

Strategically located in Bandar Puncak Alam, Ijok, Selangor, this project is in the up and coming North West of Klang Valley, approximately 45km from Kuala Lumpur city centre, 35km from Petaling Jaya city centre and 15km from Sungai Buloh town centre.

It is well connected to established suburban centres 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 including 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 proposed expressways including the Damansara-Shah Alam Elevated Expressway (DASH)

(under construction and scheduled for completion by end of 2019) and West Coast Expressway (WCE). Furthermore, the Sultan Abdul Aziz Shah Airport in Subang is 25km away and the UiTM campus a mere 6km drive from LBS Alam Perdana.

It is a gated and guarded development that consists of landed residential, high rise apartment, commercial units and Perumahan Penjawat Awam Malaysia (PPAM) development which suitable for the current market sentiment.

The development will cater several education hubs, community halls, private and public gardens, serenity lake and some exercise equipment for everyone. The development is highly focusing on the community engagement and security protection, there will be many private gardens and command facilities that allow residents to communicate with each other. Significant lake comes with jogging path allow everyone to exercise and enjoy outdoor activities



*"Where homes bloom with the colours of life."*

with family members and friends. Nonetheless, *LBS Alam Perdana* will have beautiful and safe back-lane-garden, allowing children to enjoy their family time. Besides, residents will be secured by gated system and security system.

The following phases of *LBS Alam Perdana* have been launched:



Project Name	Simfoni Perdana Phase 1	Irama Perdana Phase 2	Rentak Perdana Phase 3A
Launch Date	4 <sup>th</sup> quarter 2017	4 <sup>th</sup> quarter 2017	3 <sup>rd</sup> quarter 2018
Total Unit Launched	Townhouse	Double Storey Terrace House	Double Storey Terrace House
Property Type	980 units	673 units	362 units
Land Area	22' x 75'	20' x 60'	20' x 60'
Gross Built-up	Ground Floor : 1,191 sq. ft. First Floor : 1,308 sq. ft.	1,208 sq. ft.	1,420 sq. ft.
Selling Price	From RM388,000	From RM499,900	From RM509,900

### PPAM LBS ALAM PERDANA

*PPAM LBS Alam Perdana* which was first launched in first quarter of 2018 comprises 120 units townhouses will be priced reasonably from RM260,000, each unit has a built-up area of 1,080 sq. ft. and 1,165 sq. ft., accommodating a cosy layout of 3 bedrooms and 2 bathrooms. *PPAM LBS Alam Perdana* is located in a gated and guarded township that purposely designed and includes value-added amenities such as a community center, children's playground, nursery, *surau*, multi-purpose court, public library, lake garden and backyard landscape garden with an estimated total GDV of about RM31.9 million.

2019 would see the launch of double storey terrace houses and single storey semi-detached houses.



## Portfolio 2018 (Cont'd)



### Residensi Bintang Bukit Jalil

**Expected Date of Completion:**  
2022

**Location:**  
Bukit Jalil,  
Kuala Lumpur

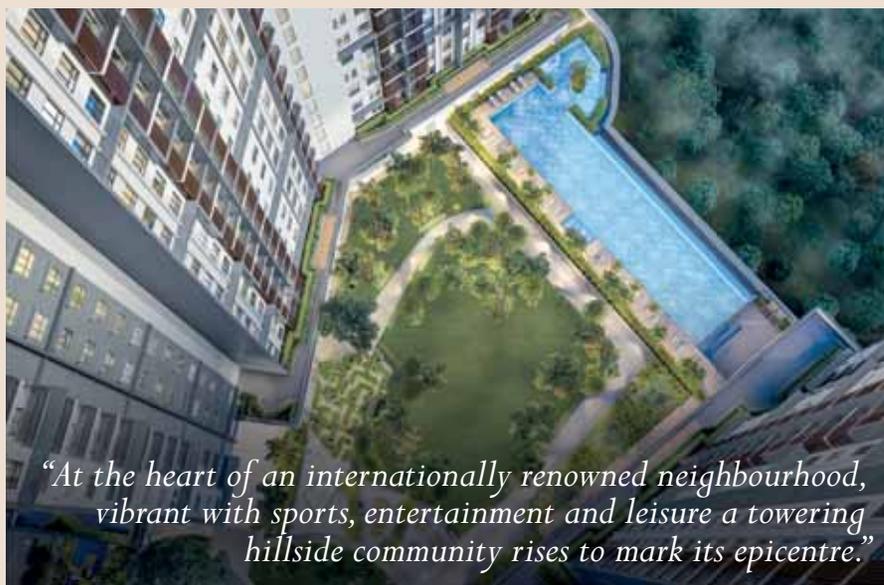
**Units:**  
1,342

This project is a development on a 5.47-acre 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*.

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. Closed to all conveniences, where the pulse of vibrant metropolitan city places, from luxury indulgence to daily necessity, such as 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, all are merely few minutes' drive away. International Medical University (IMU) and Asia Pacific University of Technology and Information (APU) are just 7km away while the Tzu Chi International School is in its midst of development on the land next to the project. Bukit Jalil City Mall is merely 2km from Residensi Bintang Bukit Jalil while Paradigm Garden City Mall is just a 6.5km 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 RM954.7 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 consists of 730 units with GDV of approximately RM500 million has been launched in the final quarter of 2017 whereas the South Tower is slated to be launched in the third quarter of 2019 with 612 units and GDV of about RM454 million.

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 *Residensi Bintang Bukit Jalil* 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.



*“At the heart of an internationally renowned neighbourhood, vibrant with sports, entertainment and leisure a towering hillside community rises to mark its epicentre.”*

## Portfolio 2018 (Cont'd)



### PPAM Mercu Jalil, Kuala Lumpur

**Development Land Size:**  
5.43 acres

**Location:**  
Bukit Jalil,  
Kuala Lumpur

**Units:**  
1,360

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.



## Portfolio 2018 (Cont'd)



### KITA @ Cybersouth by LBS

**Date Launched:**  
2018

**Location:**  
Dengkil, Selangor

**Development Land Area:**  
633 acres

*Kita @ Cybersouth by LBS* is situated in the up and coming 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, apartments, etc. The current ongoing development consists of 3 main projects namely Kita Bayu, Kita Harmoni and Kita Impian.

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 (ELITE), South Klang Valley Expressway (SKVE), Maju Expressway (MEX), New Klang Valley Expressway (NKVE) and Damansara-Puchong Highway (LDP).

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



## Portfolio 2018 (Cont'd)



### KITA BAYU

Phase 1 for *Kita Bayu* was launched in the fourth quarter of 2018 with 379 units of double storey terrace house with 20 ft. by 60 ft. with gross built-up area from 1,447 sq. ft. priced from RM550,000 onwards and Phase 2 with 698 units of double storey town house with 22 ft. by 75 ft. with gross built-up area from 1,346 sq. ft. and 1,483 sq. ft. priced at affordable range from RM399,900 onwards with a total GDV of about RM496.8 million.



### KITA HARMONI

*Kita Harmoni* is a residential development project comprising a total of 674 units of double storey terrace house with 20 ft. by 65 ft. with built-up area 1,491 sq. ft. priced from RM560,000 onwards with a total GDV of about RM390 million.



### KITA IMPIAN

*Kita Impian* comprises serviced apartment units and shops priced from RM250,000 onwards for apartments and RM400,000 onwards for shops respectively with a total GDV of approximately RM316 million. This project is slated to be launched in the second quarter of 2019.



## Portfolio 2018 (Cont'd)

### BANDAR PUTERA INDAH



#### Bandar Puteri Indah

**Date Launched:**  
2002

**Location:**  
Batu Pahat, Johor

**Development Land Area:**  
1,288 acres

LBS southern project – *Bandar Putera Indah* is a 1,288-acre fully integrated township situated in Batu Pahat, Johor, which comprises more than 11,000 units of mixed development of residential and commercial units with amenities such as commercial lots offering various choices of services such as supermarket, restaurants and food courts. In the pipeline are proposed schools to provide education for the children as well as proposed shopping complex to entertain the whole family. The township also includes proposed sports and recreational center providing a place of relaxation for the residents. A total of 2,394 units of properties in *Bandar Putera Indah* have been handed over to purchasers on 31 March 2019.

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



### MAGMA

GARDEN | 美满佳园

#### MAGMA GARDEN

In upholding its commitment to support both the Federal and Johor State Government's appeal for more affordable homes township, LBS has incorporated and built affordable homes project better known as *Magma Garden* comprising 933 units of single storey terrace houses with gross built-up area of 1,022 sq. ft. on a 20 ft. by 65 ft. land area. *Magma Garden* offers a 3-bedrooms, 2-bathrooms homes, which provides an ideal living space at an affordable price of RM150,000. Phase 1 of *Magma Garden* has been launched in 2013, consisting of 612 units of single storey terrace house with a total GDV of RM94.9 million. The phase 2A of *Magma Garden* with 136 units, which has a total GDV of RM21.2 million, was launched in 2017. This phase 2A had been completed and handed over vacant possession to the purchasers in January 2019. Phase 2B consisting of 185 units with estimated GDV of RM28.6 million is targeted to launch in 2019.

## Portfolio 2018 (Cont'd)



### EMERALD GARDEN | 翠园

#### EMERALD 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 gross built-up of 1,498 sq. ft. with a total GDV of RM117 million.



### Laman Bayu

#### LAMAN BAYU

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

## Portfolio 2018 (Cont'd)

### Taman Kinding flora



#### Taman Kinding Flora

**Date Launched:**  
April 2019

**Location:**  
Chemor, Perak

**Units:**  
789

*Taman Kinding Flora* is a mixed development on a piece of 107-acre land in Tanah Hitam, Mukim Hulu Kinta Daerah Kinta, Perak Darul Ridzuan. It is strategically located just 6.6km from Chemor town, with easy access to the North-South Expressway via Jalan Chemor. Ipoh city center is about 18km to the southwest of the project, whereas Ipoh Railway Station and Ipoh Airport are about 22km and 25km drive away. It is closed to various education centers such as SJK(C) Changkat Kinding, SJKT Ladang Changkat Kinding, SRJKT Landang Changkat Kinding, Kolej Sains Kesihatan Bersekutu Ulu Kinta (KSKSAS). Other amenities nearby and within the vicinity include Chemor Health Clinic, Aeon Mall Ipoh Klebang and Sunway Lost World of Tambun.

*Taman Kinding Flora* consists of a total of 789 units with different types of landed properties which include single-storey cluster terrace, single-storey terrace and shops. Apart from enhancing living of the residents, homes in *Taman Kinding Flora* would have excellent access through the development from an upgraded 66-foot wide road, aimed to enhance traffic flow for the project. These single-storey residential homes are designed to suit the current market sentiment and will be highly affordable for middle income group. The estimated GDV for this project is RM193 million.

First phase of the project was launched in April 2019 with 64 units single-storey terrace houses on land of 20 ft. x 70 ft. It is affordably priced from RM238,000 onward.



## Portfolio 2018 (Cont'd)

# BSP



### Bandar Saujana Putra

**Date Launched:**  
2003

**Location:**  
Klang Valley

**Units:**  
10,903

*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.

*BSP* offers an environment designed for families to be nurtured; community to be celebrated and lifelong memories to be made. It is an up and coming integrated township with 10,903 units of residential and commercials that had been completed and delivered to purchasers. Currently 997 units of properties are being developed at various stages of construction progress. The extent of variety in the residential units will ensure that people from a wide range of income group and lifestyle will be

equally accommodated. *BSP* boasts a seamless integration within the community by offering recreational parks, sporting facilities, clinic, bank, *surau*, shops, schools (under construction), multi-purpose hall (under construction) and bus service.

### 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), North-South Expressway (NSE), Konsortium Expressway Shah Alam Selangor (KESAS), South Klang Valley Expressway (SKVE) and Maju Expressway (MEX). It is within minutes'



*“Value, connectivity and community are the pillars on which the township is built upon.”*

## Portfolio 2018 (Cont'd)

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.

### COMPREHENSIVE DEVELOPMENT

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

Communities' well-being is of a great importance, and thus *BSP* is well-equipped with amenities and utilities that is required to lead an urban life.

From restaurants, coffee joints, parks, football field, bank, clinic, gardens, to police station and *surau*, *BSP* will fulfill the communities' daily needs. The remaining development land in this township would form the heart of *BSP* where it would be developed into a mixed commercial and residential segment known as "*One BSP*". The upcoming *One BSP* is envisioned to enhance the life in *BSP* enjoyable, pleasant with ease of mind, where residents will find everything they need conveniently close at hand. The remaining development in *BSP* township is expected to be completed in four to six years' time and has an estimated GDV of more than RM3.3 billion.

### OCCUPANCY

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

### POTENTIAL VALUE

The value of properties in *BSP* continues to appreciate by leaps and bounds. For many properties within the residential segments such as *Saujana Business Park*, the value of the commercial units 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.



### 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 over 100 amazing recreational facilities and amenities organised into multiple active and quiet zone to ensure each dedicated are embodies the atmosphere of the allotted activities. The clubhouse, spreads 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, 2.7km jogging and cycling track and etc.

This project is catered for first time homebuyers, young families and investors. Having affordable pricing, quality homes, better security system, ample conveniences and superb connectivity, *BSP 21* is expected to be a bold indication to the future growth of the *BSP* Township with a total GDV

## Portfolio 2018 (Cont'd)

of RM1.43 billion. The first seven blocks of 1,605 residential units and 28 units of shops with a total GDV of RM858.1 million have been completed and handed over the vacant possession to the purchasers in 2017 and 2018. The remaining comprising 997 residential units with total GDV of RM572 million will be handed over in 2019.

Future launch in *BSP* is planned to include:



### BSP 6

*BSP 6* comprises 2 blocks of 27-storey service apartments on a piece of 6-acre land next to *BSP Village* with a total estimated GDV of RM396 million.



## Portfolio 2018 (Cont'd)

### ZENOPY RESIDENCES



#### Zenopy Residences

**Location:**

Seri Kembangan, Selangor,

**Units:**

398

*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.

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.

*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., 23 units of affordable shops with built-up area from 969 sq. ft. to 1,372 sq. ft. and 398 units of serviced apartment with built-up area from 823 sq. ft. to 1,128 sq. ft. priced affordably from RM1 million for shops and RM459,000 for serviced apartments. This project is developed by Delta Gallery Sdn. Bhd., a subsidiary of MGB Berhad which in turn a subsidiary of the Company. The estimated GDV for this project is RM318 million.

*“With a lifestyle of urban tranquility, it’s equipped to provide a peaceful sheltered space with the unique design of canopy-like gazebo to connote calmness and serenity.”*



## Portfolio 2018 (Cont'd)



### D' Island Residence

**Date Launched:**  
2011

**Location:**  
Puchong, Selangor

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

This unique island living development is well connected to several highways such as Lebuhraya Damansara-Puchong (LDP), ELITE Highway (ELITE), Maju Expressway (MEX) and South Klang Valley Expressway (SKVE). It is also easily accessible from Puchong town center, Cyberjaya, Putrajaya, KLIA and is approximately 30km south-west to Kuala Lumpur City Center. Nearby amenities include 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 security system to ensure residents can engage in various activities with a total peace of mind. With the aim of offering an active, family-oriented environment, its landscaping has been upgraded to offer an ideal place to spend quality time with family and loved ones and to rediscover the pleasurable experience.

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



*“A place that affords you with total peace of mind within an exclusive lush lakeside.”*

## Portfolio 2018 (Cont'd)



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

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



### 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 at First Floor for incredible convenience and self-containment with a total GDV of about RM555 million.

## Portfolio 2018 (Cont'd)

### GOLDEN HILLS

Cameron Highlands. The way life should be.



#### Cameron Golden Hills

**Location:**

Cameron Highlands, Pahang

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

In creating the concept for *Cameron Golden Hills*, we set out to preserve the lush and peaceful ambience of this culture rich highland, recapturing the prestige and cachet of this strategically located highland. Residents will be 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. To tap on this growing economic trend, this mixed development project has included in its upcoming plan, property types that are for hospitality industry, arcade market and shop apartments. *Cameron Golden Hills* which has a total GDV of approximately RM581 million is offering holiday apartments, terraced and semi-detached homes, bungalow lots and commercial developments, would be strategised based on elegant and contemporary designs.



*“A place to re-discover yourself again and a home to let your children relive your childhood.”*

## Portfolio 2018 (Cont'd)

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

*Barrington Square*, a 3-block shop apartment, was launched in 2013 with a GDV of approximately RM199.8 million. *Barrington Square* comprises 381 apartment units and 36 shop units, is set to offer an ideal getaway experience for homebuyers in the cool hills of Malaysia's popular holiday destination. It was completed in 2016.

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

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



*The Vines* comprises 153 units of double storey terrace homes on 20 ft. by 60 ft. was launched in 2010 with a total GDV of approximately RM75.5 million. It was completed in 2013.

*Vines 2* comprises 77 units of double storey terrace homes with gross built-up area from 1,599 sq. ft. on 20 ft. by 65 ft. land area priced from RM750,800 onwards. *Vines 2* was launched in 2017 and completed in 2018 with a total GDV of approximately RM59.3 million.

*Cameron Golden Hills* is in its midst of planning stage for the upcoming new launches include 10 units of double storey semi-detached homes and 41 units of double storey terrace homes called *SomerHomes*.



## Portfolio 2018 (Cont'd)



### Cameron Centrum

**Date Launched:**  
2017

**Location:**  
Cameron Highlands,  
Pahang

**Units:**  
58

Cameron Centrum is a mixed development comprises 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, Bharat Cameron Valley Tea Plantation, Cameron Rose Valley, Lavender Garden and Mossy Forest.

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, with total estimated GDV of RM183 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 each.

## Portfolio 2018 (Cont'd)



### Midhills

**Location:**

**Genting Highlands, Pahang**

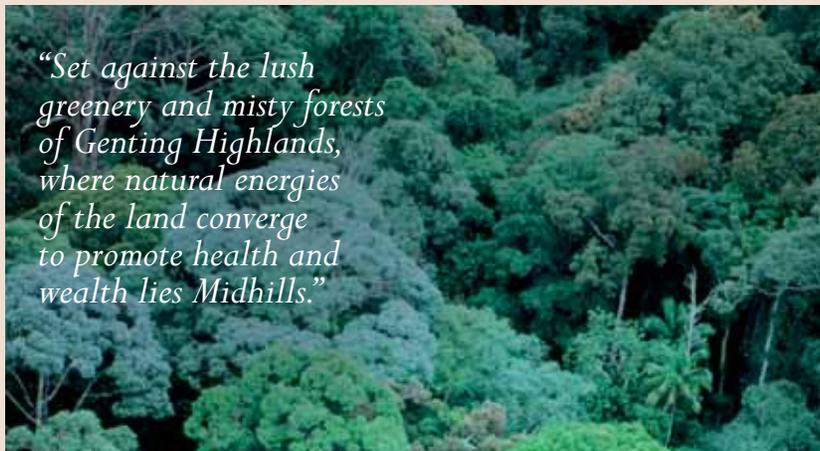
*Midhills* is strategically located mid-way up the Genting Highlands which lies in a sweet spot where the natural energies of the land converge to promote health and wealth. *Midhills* is a unique resort-styled development graced with Feng Shui-friendly, naturally occurring elements, and well-planned 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.

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

Highlands International Boarding School and Institute Aminuddin Baki (Ministry of Education).

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

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



*“Set against the lush greenery and misty forests of Genting Highlands, where natural energies of the land converge to promote health and wealth lies Midhills.”*

*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. Tower 1 has been completed in November 2017 and the remaining Tower 2 and Tower 3 have been completed in June and September 2018 respectively. The hotel block currently is in its midst of construction and is expected to operate in 2020.

## Portfolio 2018 (Cont'd)



### SkyLake Residence

**Date Launched:**

2018

**Location:**

Puchong, Selangor

**Units:**

746

*SkyLake Residence*, a lakeside residence strategically located in the heart of Puchong spanning 5.079 acres, comes with a fantastic view of the Puchong skyline and a breathtaking view of the lake. *SkyLake Residence* is landscaped to bring nature right to your doorstep, brought to life the concept of "Nature & Nurture, Created in Perfect Harmony".

Conveniently accessible via Lebuhraya Damansara-Puchong (LDP), Maju Expressway (MEX) and ELITE Highway (ELITE), *SkyLake Residence* is situated 15 minutes from Bandar Puteri Puchong, 25 minutes to Sunway, Petaling Jaya, Bukit Jalil and 30 minutes to KLIA.

*SkyLake Residence* is a getaway to a leisurely and family-oriented world of commercial, educational, healthcare and shopping amenities. It will be the new living milestone, bridging the serenity of nature with the nurturing comfort of modern facilities with focus on health, play, convenience and total relaxation. Facilities include indoor games room, outdoor gym, adventure playground, water playground, aqua gym, hammock garden, silver station, maze garden, kid's pool, basketball pool, BBQ forest, jogging track, signature tree concourse and etc.

*SkyLake Residence* features 2 blocks of serviced apartment comprising 746 units of serviced apartment with GDV of about RM372.6 million which the Block A comprising 373 units with built-up from 545 sq. ft. was launched in August 2017. The remaining Block B comprising 373 units was launched in first quarter of 2018.



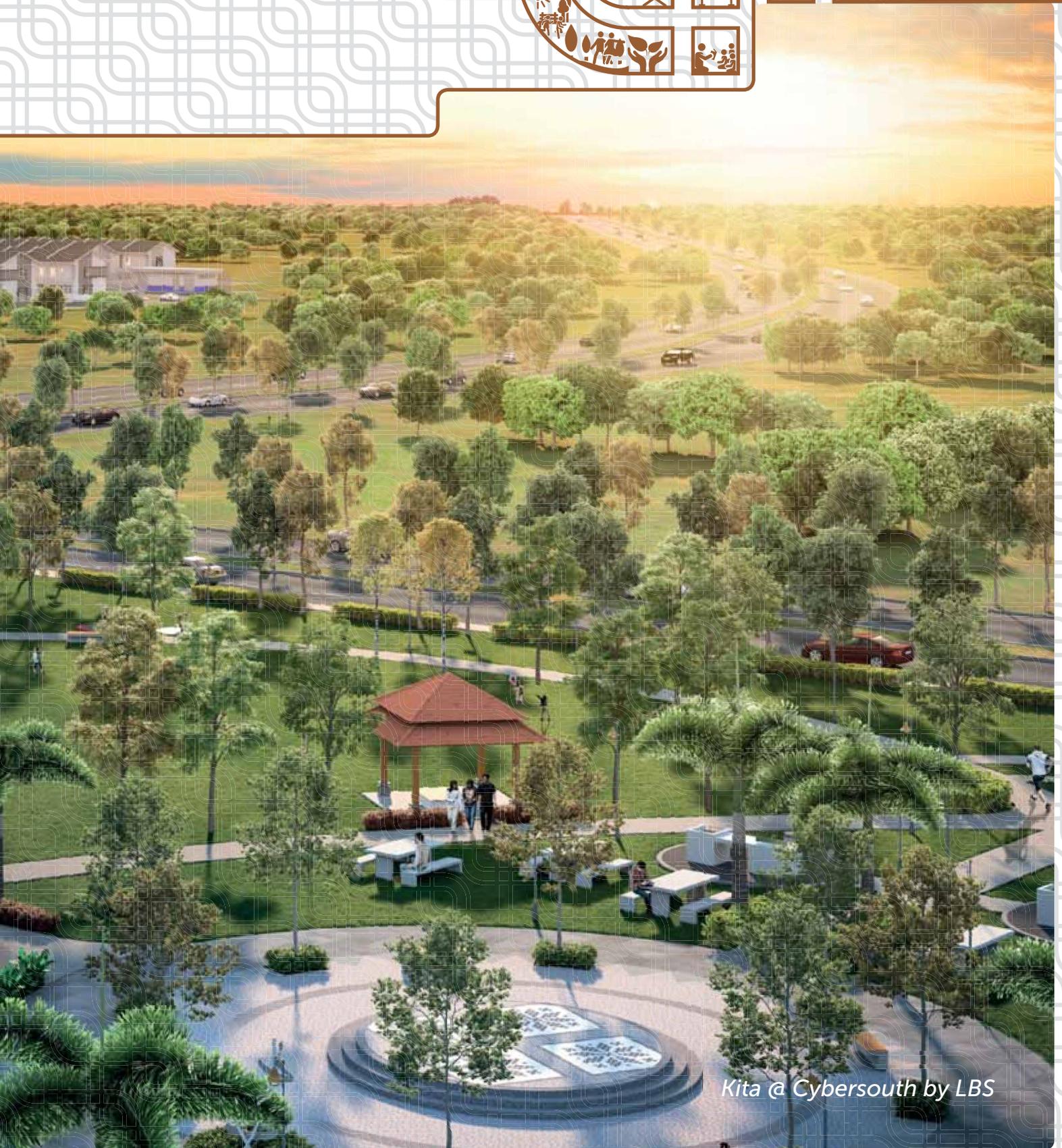
# EXCELLENCE THROUGH SUSTAINABILITY



*LBS believes sustainability has its roots in the values and attitudes toward how people are viewed and the environment in which the company is shaping for the next generation. Hence as highly responsible corporate citizens, LBS is keyed into sustainability and continues to embrace measures at various levels that will generate positive impact on society and environment.*

*Sectors within the purview includes materials we use to build, corporate governance, economic value generated and distributed, environmental compliance, energy efficiency, occupational health and safety, training and education, customer health and safety, local community, and CSR initiatives.*

*With reporting based on Global Reporting Initiative (GRI) standards, the Group has performed above expectations for the past year. The ultimate aim is for sustainability to become the business norm, beyond compliance and reporting. To this end, the Group is committed to include sustainability in policies and practices, making it a vital part of LBS DNA.*



*Kita @ Cybersouth by LBS*

# Sustainability Report

GRI 102-46, 102-50, 102-51, 102-52, 102-53

*“Our success is built on a foundation of perseverance, commitment, foresight and a clear vision.”*

## ABOUT THIS REPORT

Since LBS Bina Group Berhad was founded by Dato’ Lim Bock Seng in 1961, we have been driven by our clear vision that rests on a foundation of perseverance, commitment and foresight. As a property developer, we have been dedicated to providing a diverse array of property projects that highlight our understanding of the market and the population we serve. Our success has largely been attributed to being a part of the solution in increasing the supply of affordable housing in the Malaysian property market. At LBS, we firmly believe that every Malaysian should have access to a well-designed, comfortable and safe space that they can call home.

Beyond striving to deliver positive socioeconomic change, we are determined to ensure that our business effect on the environment is managed responsibly and thoughtfully. One of the key ways we gauge our economic, environmental and social (EES) impact is through sustainability reporting.

Our sustainability reporting journey began in 2016, with our previous reports providing an opportunity for our company to better attune itself to the reporting process. In 2017, we established our Sustainability Committee to govern our sustainability initiatives as well as develop our long-term sustainability goals.

As a property developer, we understand the importance of undertaking sustainability initiatives in our business practices. Without compromising the quality and integrity of our work, we intend to continue exploring new and effective ways to adopt sustainability into our daily operations.

This year, LBS Bina Group Berhad is proud to present our third Sustainability Report, which showcases our commitment to economic, environmental, and social matters that are material to our organisation.

## OUR REPORTING APPROACH

This report has been prepared with reference to the latest Global Reporting Initiative (GRI) Standards.

It follows the GRI Standards Reporting Principles for defining reporting content, which include:

- Stakeholder Inclusiveness: capturing our stakeholder’s expectations and concerns;
- Sustainability Context: presenting our performance in the wider context of sustainability;
- Materiality: identifying and prioritising the key sustainability issues that our Group encounters;
- Completeness: reporting all sustainability topics that are relevant to our Group and influence our stakeholders

The Material references included in this report are as stated below:

- GRI 102 Governance 2016
- GRI 201 Economic Performance 2016
- GRI 302 Energy 2016
- GRI 307 Environmental Compliance 2016
- GRI 403 Occupational Health and Safety 2016
- GRI 404 Training and Education 2016
- GRI 413 Local Communities 2016
- GRI 416 Customer Health and Safety 2016

Tan Sri Lim Hock San.  
LBS Group Managing Director



For more information on the Materiality Disclosures, please refer to the Materiality Matrix on page 116.

## SCOPE AND BOUNDARIES

This report identifies the sustainability practices and progress of 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.



## FEEDBACK

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

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47300 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

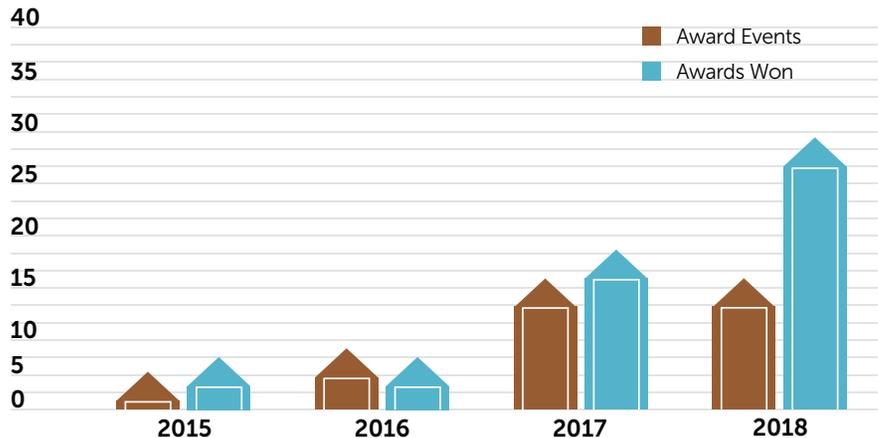
## Sustainability Report (Cont'd)

The reporting period is from 1 January 2018 to 31 December 2018, unless otherwise stated, and we are determined to publish our sustainability performance and progress annually.

### AWARDS & RECOGNITION

LBS has a strong track record of awards for the work that we have done in the property, construction, and Corporate Social Responsibility (CSR) sectors. Over the years, we have received many awards, mostly related to the properties we have developed, with some awards related to our sustainable efforts. The record of awards received by LBS can be noted in Figure 1.

FIGURE 1: LBS GROWTH IN AWARDS & RECOGNITION



In 2018, we were awarded a total of 30 awards from 14 award events. Among the most notable awards received in relation to environmental, social and governance (ESG) areas were:

FIGURE 2: LBS NOTABLE AWARDS RECEIVED IN 2018



**STAR PROPERTY AWARDS 2018**  
*The Neighbourhood Award: Honours The Long Life Award (Best Health and Wellness Facilities Development: Merit for BSP 21*



**PROPERTY GURU ASIA PROPERTY AWARDS (MALAYSIA) 2018**  
*Special Recognition: CSR Special Recognition: Sustainable Development*



**PROPERTY INSIGHT PRESTIGIOUS DEVELOPER AWARDS 2018**  
*Best Affordable Housing Developer*



**MALAYSIA PROPERTY AWARD 2018 (FIABCI MALAYSIA)**  
*'Property Man' Award for Group MD: Tan Sri Lim Hock San*



**CSR MALAYSIA AWARDS 2018**  
*Listed Property Developer Category: Company of the Year For Championing Welfare and Charity Initiatives*

## Sustainability Report (Cont'd)

GRI 102-14

### SUSTAINABILITY COMMITTEE CHAIRPERSON'S MESSAGE

*On behalf of the Sustainability Committee of LBS, I am proud to present our third Sustainability Report. The Sustainability Committee's experience over the past year on our sustainability journey has not been without its challenges, however, it has been an exciting and fulfilling one. We are proud of the progress we have made this year, and I would like to present some key highlights in the following sections.*



#### GOVERNANCE

Speaking from a Governance standpoint, the Sustainability Committee has been actively steering and implementing sustainability initiatives throughout our Group of companies. We have also been tracking and monitoring the material matters that have been identified by our stakeholders in the previous year, in an effort to ensure high quality, readily available and comparable data for us to analyse. Our appetite with regard to sustainable initiatives have increased and we are ready to move forward and set more ambitious targets that align with the vision of the LBS Board of Directors.

for the comparable measurements of our impact to be monitored in the long-run. The fund distribution mechanism also guarantees that each pillar receives an optimal amount of funding, based on factors that are not only internally important to LBS, but taking into account socially important agenda such as community health and well-being throughout our wider population.

#### ENVIRONMENT

As construction activities are energy intensive, we are striving to adopt strong sustainable stewardship initiatives that will pave the way towards mitigating harm to the environment and climate change risks as a result of our business practices. In order to increase the efficiency of our construction process and reduce energy emissions, LBS is employing the use of Industrialised Building System (IBS) throughout a large portion of our projects. The use of IBS decreases construction cost and time, as well as material wastage on-site, which provide a mutually beneficial system for our business as well as the environment.

#### SOCIETY

The LBS Foundation was established in June 2015, and over the past year we have formalised the structure of our fund distribution mechanism, which integrates the four pillars of the foundation – health, education, environment and community. Utilising the pillars as a roadmap for fund dissemination provides a platform to track, measure and monitor the use of our manpower and financial investment towards charitable activities and events. This is encouraged in order



**LBS signed an MOU with the Kuala Selangor District Council (MDKS), and pledged to contribute RM3 million to support initiatives intended to improve the quality of life and well-being of residents living in Kampung Kuantan.**

**DATO' LIM MOOI PANG**  
LBS Sustainability  
Committee Chairperson  
28 February 2019



## INCLUSIVITY

As developers with strong local roots, we understand the struggles faced by the average Malaysian and we are proud to be an effective and prolific provider of affordable housing over the past two decades. With the rising cost of living, ensuring that we create high-quality yet affordable housing is a key initiative to ensure an inclusive society. LBS understands the security a home can provide for a family, and we take pride in delivering a holistic 'shared-values' approach towards our business.

## SUMMARY

At LBS, we look forward to continuing our sustainability journey and we remain realistic about the long-term

commitment it will require. Recently, LBS signed an MOU with the Kuala Selangor District Council (MDKS), and pledged to contribute RM 3 million to support initiatives intended to improve the quality of life and well-being of residents living in Kampung Kuantan.

We continue to receive recognition for our projects completed in 2018, including clinching the "All-Star Awards – Top Ranked Developers for the Year"; Readers' Choice Award, which was presented by the StarProperty.my Awards 2019 on 6 March 2019. In addition, LBS was awarded the Best Developer 2018/2019, Best CSR Award 2019, Best Affordable Housing Development (Kita@CyberSouth), Best Township Development (LBS Alam Perdana), Best Family Living Development (BSP 21) and the

noteworthy Lifetime Achievement Award presented to our Group Managing Director, Tan Sri Lim Hock San at the Des Prix Infinitus Asean Property Awards Malaysia held on 15 March 2019.

From a Governance perspective, we understand our responsibility as the Sustainability Committee, and as we learn about the impact our organisation can create through the sustainability reporting process, we remain dedicated to working hard to devise and implement new sustainability initiatives that can transform communities. Moving forward, we aim to set higher standards for continued disclosures, while preparing our organisation for additional disclosures that become material over time.

## Sustainability Report (Cont'd)

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

### STAKEHOLDER ENGAGEMENT

*LBS places stakeholder value creation amongst the key areas of focus for our business. This year, we continue to engage with the listed seven major categories of stakeholders in Table 1. We proactively communicate with our diverse stakeholders through various platforms to understand their sustainability concerns that could adversely impact or benefit our business. We take serious measures to ensure our business remains relevant and responsive to stakeholders concerns. This data is also given due consideration during the stakeholder engagement workshop that grades the materiality of topics for LBS.*



STAKEHOLDER GROUP	MODE OF ENGAGEMENT	FREQUENCY OF ENGAGEMENT	CONCERNS RAISED
Shareholders / Investors	<ul style="list-style-type: none"> <li> Annual General Meeting</li> <li> Annual Report</li> <li> Quarterly Financial Report</li> <li> Analyst Briefing</li> <li> Extraordinary General Meeting</li> <li> Regular Shareholder Communication</li> <li> Announcement on Bursa Malaysia and Corporate Website</li> </ul>	<ul style="list-style-type: none"> <li> Annually</li> <li> Annually</li> <li> Quarterly</li> <li> As and when needed</li> <li> As and when needed</li> <li> Monthly, one-to-one and group</li> <li> As and when needed</li> </ul>	<ul style="list-style-type: none"> <li> Economic Performance</li> <li> Corporate Governance</li> </ul>
Employees	<ul style="list-style-type: none"> <li> Annual Performance Appraisal</li> <li> Briefings and Trainings</li> <li> Event, Celebrations and Sporting Activities</li> <li> Management, Operational and Committee Meetings</li> <li> Town-hall Meetings</li> </ul>	<ul style="list-style-type: none"> <li> Annually</li> <li> Periodic</li> <li> Weekly and Periodic</li> <li> Weekly and Periodic</li> <li> Half-yearly</li> </ul>	<ul style="list-style-type: none"> <li> Career Progression</li> <li> Fair Benefits</li> <li> Occupational Health &amp; Safety</li> </ul>

## Sustainability Report (Cont'd)

Customers	Feedback Channels such as Emails, Phone Calls and Hotlines	As and when needed	Product Delivery Customer Privacy Customer Health & Safety
	Website and Social Media	As and when needed	
	Product Launches and Roadshows	As and when needed	
	Marketing and Promotional Programmes and Events	As and when needed	
Government / Regulators	Income Tax Filing	Annually	Regulatory Compliance
	Annual Return	Annually	
	Official Meetings and Visits	As and when needed	
	Industry Events and Seminars	As and when needed	
Suppliers / Contractors	Product Launches and Roadshows	As and when needed	Business Integrity Ethical Procurement
	Meetings and Site Visits	As and when needed	
	Supplier Assessment System	As and when needed	
	Briefings and Trainings		
Local Communities	Community Outreach and Development Programmes	Periodic	Community Outreach
	Strategic Partnerships	Upon Mutual Agreement	
	Charitable Contributions	As and when needed	
	Website and Social Media	As and when needed	
Media	Press Releases	As and when needed	Regulatory Compliance Customer Health & Safety
	Site Visits	As and when needed	
	Interviews	As and when needed	
	Events	As and when needed	
	Website and Social Media	As and when needed	

Table 1: LBS Stakeholder List and Engagement Modes

# Sustainability Report (Cont'd)

GRI 102-47

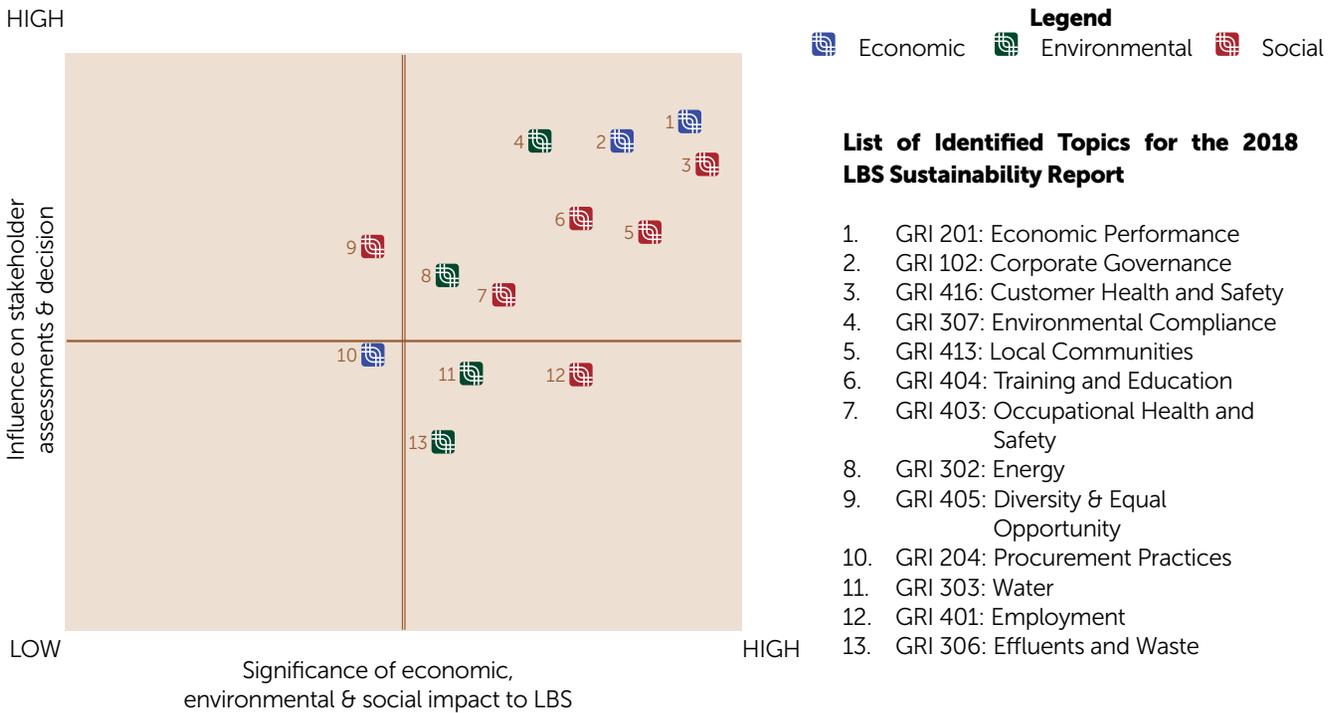
## MATERIALITY MATRIX

To ensure we are able to effectively identify sustainability topics material to LBS, a materiality assessment was conducted through a stakeholder engagement workshop. During this workshop, a review of 2017's materiality matrix and reported disclosures were conducted prior to the voting of 2018's materiality topics.

The matrix in Figure 3 represents the outcome of our materiality assessment. Topics have been ranked on a scale of low-to-high for the economic, environmental, and social (EES) impact on business, and the weight of importance placed by our stakeholders.



FIGURE 3: POSITIONING OF MATERIALITY TOPICS FOR LBS



Of the selected topics, five of the eight identified were reported in the last year's sustainability report - with Customer Health and Safety shifting its disclosure focus due to the transition from GRI G4-Guidelines to GRI Standards. This year, we will not be reporting Water as our construction division, MGB Berhad and its sustainability report discusses this topic at length. Two additional topics, Corporate Governance and Local Communities were selected to better reflect LBS commitment and focus on integrity and socioeconomic issues.

The following pages will provide the detailed management approach employed by LBS on managing our carefully chosen sustainability topics along with the relevant performance data.

## Sustainability Report (Cont'd)

GRI 102-18 TO GRI 102-37

### CORPORATE & SUSTAINABILITY GOVERNANCE

*“Today, more people are aware of their carbon footprint and we see many people making an effort to reduce its impact on the environment. As a responsible corporate citizen, sustainability is an important element we consider in our projects and processes. This means we work hard to incorporate practicality in our designs, to maximise natural lighting and ventilation in homes; increasingly making an effort to observe energy efficient practices. We also source for sustainable building materials.”*

LBS Group Managing Director, Tan Sri Lim Hock San.



### THE IMPORTANCE OF ROBUST SUSTAINABLE GOVERNANCE

Establishing good governance in a company is key to ensuring the success of its business, and provides a framework for structured decision-making processes to occur. Through this, the Board of Directors and employees can better understand the most practical and proactive steps to take towards achieving good economic, environmental and societal (EES) outcomes for our business.

It is through sustainable governance that alignment with the national EES agenda can also be addressed. The Malaysian Government is a signatory of the United Nation's (UN) 2030 Agenda for Sustainable Development as well as the UN Framework Convention on Climate Change (UNFCCC) Paris Agreement.

At the national level, policies and programmes have been developed to assist with the implementation of sustainable business practices in the built environment sector. Some examples include tax exemption incentives to build certified green developments, renewable energy feed-in tariffs for property owners, and the encouragement of construction efficiency through the Construction Industry Transformation Programme (CITP) for industry players. Our nation's global commitments require the cooperation of the government, businesses and the general public in order to ensure that targets pertaining to EES matters are achieved.

At LBS, we understand the importance that committed leadership provides in setting the framework for incorporating sustainability into our business practices, which has led us to select this Governance disclosure.

Sustainability Report  
(Cont'd)



**LBS has a clear corporate governance structure and robust policies to ensure that the company has**

- ☆ good
- ☆ fair
- ☆ balanced governance

**MANAGING RESPONSIBLE GOVERNANCE**

From an organisational perspective, LBS has a clear corporate governance structure and robust policies to ensure that the company has good, fair and balanced governance. Through the Board Charter, the roles of the Board of Directors, Board Committees and management are clearly demarcated, while the Code of Conduct and Business Ethics provide guiding principles for all directors and employees to ensure good business conduct is maintained. The Board's effectiveness is evaluated on an annual basis by the Nomination and Remuneration Committee in order to ensure good governance is practiced.

At LBS, our Corporate Governance Charter has been established to ensure compliance with Malaysian Code of Corporate Governance, Bursa's Listing Requirements as well as the Securities Commission Act and all other applicable laws. From a sustainability point of view, LBS publishes its sustainability report annually in accordance with the Amendments to Bursa Malaysia Main Market Listing Requirements in 2015.

To ensure that our directors, as well as our employees, have the required knowledge to act effectively, they are encouraged to attend governance and sustainability-related training and seminars to keep abreast of the latest regulatory changes, as well as stay updated on industry trends and advancements. In addition, LBS directors and employees organise and participate in events with the local Non-Governmental Organisations (NGOs) to increase familiarity with environmental and social concerns in our local communities.

To champion LBS' sustainability initiatives, our Sustainability Committee was established in 2017. We believe the sustainability journey is a long and continuous one, and we intend to steer our company's activities towards having a more positive impact on the economy, environment, and society where we conduct our business.



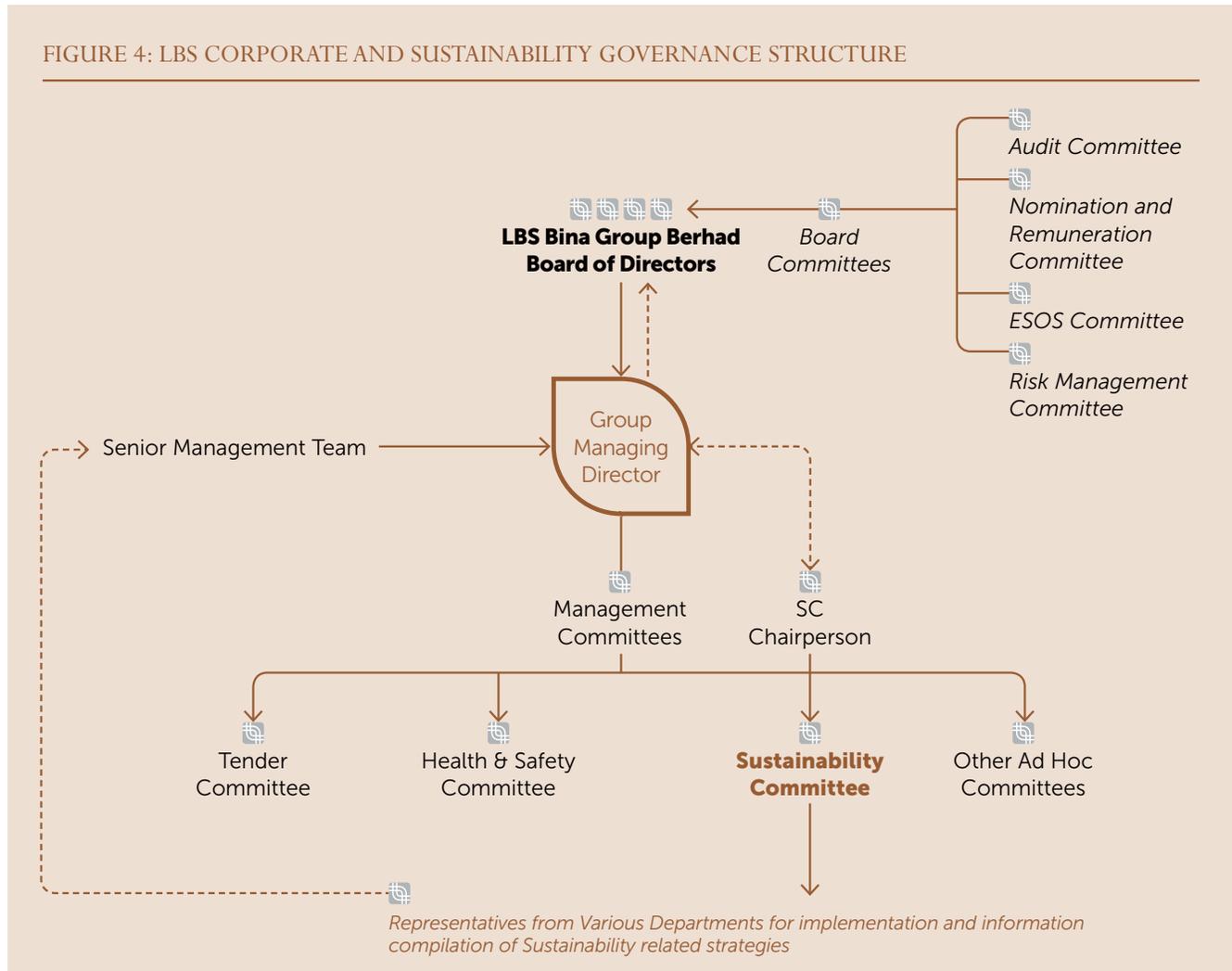
**LBS directors and employees organise and participate in events with the local Non-Governmental Organisations (NGOs) to increase familiarity with environmental and social concerns in our local communities**



## Sustainability Report (Cont'd)

### OUR SUSTAINABILITY GOVERNANCE AT LBS

FIGURE 4: LBS CORPORATE AND SUSTAINABILITY GOVERNANCE STRUCTURE



The Sustainability Committee (SC) champions and governs all environmental and social initiatives across our organisation, and are responsible for revising and formulating our sustainability strategy as well as to communicate with the Heads of Department on implementing these initiatives.

The SC comprises representatives from different departments and is appointed by the Group Managing Director (MD) with the advice of the SC Chairperson, who is also appointed by the Group MD. Figure 4 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. Through the SC Chairperson, who is an Executive Director and Board Member, the SC has representation at board meetings, ensuring that sustainability-related matters are addressed at the highest level of decision-making.

The review of 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. Moving forward, there are targets 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 142 of the Annual Report.*

# Sustainability Report (Cont'd)

GRI 103-1, 103-2, 103-3, 201-1



## DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

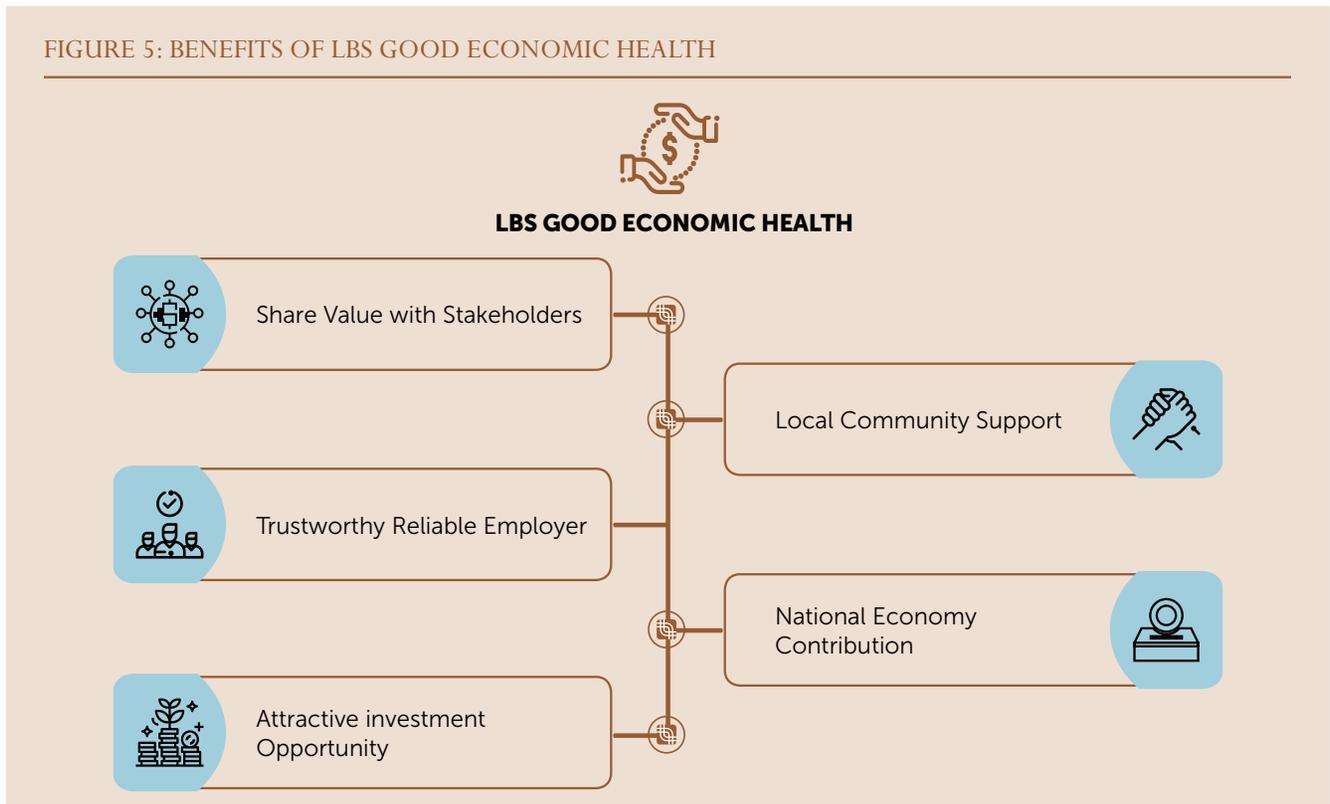
### Why It Matters?

*Financial stability and long-term profitability ensure that LBS maintains its position as a reliable and value-adding partner for all our stakeholders. As a property developer, maintaining our market leadership in the industry is crucial to our reputation, which is an important factor for attracting and maintaining the trust we have built with our stakeholders since inception.*



At LBS, the value we create through economic performance flows toward our direct stakeholders, such as employees, vendors, investors, and regulators, as well as the indirect stakeholders, such as the local community, the government, and the overall national economy. The impacts of LBS good economic health can be seen in Figure 5.

FIGURE 5: BENEFITS OF LBS GOOD ECONOMIC HEALTH



## Sustainability Report (Cont'd)



We strive to increase our sales performance on an annual basis, and for the year 2018, a target of

**RM  
1,800,000,000**  
was set

### HOW WE APPROACH IT

The financial performance of LBS is managed by our Group Managing Director, Finance Director and the Board of Directors, and our revenue comes through our sales department, who have specific sales targets.

We strive to increase our sales performance on an annual basis, and for the year 2018, a target of RM 1,800,000,000 was set. An additional component of managing our economic performance lies in the efficiency and quality of product delivery. We aim to deliver our well-built homes on time to achieve our sales target from year-to-year. We do not compromise on the quality of our products and work hard toward ensuring that no defect liability or delay charges occur for any of our projects.

LBS recognises that evaluating our economic impact, risk, and opportunities from our investments are vital to achieving favourable economic outcomes. We continuously strive to explore new strategies to maximise our investment in land banks and human resources as well as our Industrialised Building System (IBS) factories in Ijok and Nilai. Our economic performance is monitored through quarterly evaluations by our management. Our financial performance is reviewed by external auditors, and internal auditors are engaged to optimise the operational performance of our organisation, which contributes to our increased economic performance.

### OUR PERFORMANCE DATA

Figure 6 shows the total Economic Value Distributed by LBS within our organisation in 2018, which was close to RM 690,000,000. Of this, 59%, or around RM 400,000,000 was retained by the Group, while a total of 35% or almost RM 240,000,000 has been reinvested for Business Operations, including operating and finance costs, employee salaries and benefits as well as corporate taxes. Dividends came up to 6% or slightly above RM 40,000,000, while Community Investment was approximately around 0.1% or RM 1,000,000. We have provided the total Economic Value Generated by our Group within the Financial Statement section of the Annual Report, which can be found on page 178.

FIGURE 6: ECONOMIC PERFORMANCE IN 2018



## Sustainability Report (Cont'd)

GRI 103-1, 103-2, 103-3, 307-1



### ENVIRONMENTAL COMPLIANCE

#### *Why It Matters?*

*Promoting sustainable development is an integral part of our business. We stand by our responsibility in providing measures to ensure health and safety protection for our homebuyers as well as local communities from potential environmental hazards. This means we constantly evaluate our practices against all applicable statutory requirements pertaining to environmental requirements throughout the full cycle of our property development and construction projects. Moreover, we are continuing to explore new ways of achieving a balance between our business activities with the environmental impact in our day-to-day operations.*



#### HOW WE APPROACH IT?

We consistently integrate environmental considerations into the planning and preparation of our property development projects. An Environmental Impact Assessment (EIA) will be conducted prior to the commencement of any site work and an Environmental Management Plan (EMP) will be prepared as and when required by local authorities. This is supplemented by effective stakeholder engagement via focus group discussions and interviews with government agencies and local

communities to understand the statutory requirements as well as opinions from local communities who are identified to potentially benefit and be impacted by our property development projects.

To ensure our construction division MGB Berhad (MGB) takes extra care towards environmental concerns, MGB has succeeded in aligning its robust environmental management system to the international standard

ISO14001:2015. MGB also expanded its reach to require contractors at all MGB's project sites to adhere to their environmental requirements under the supervision of MGB's Health, Safety and Environmental (HSE) officers and HSE Committee. To understand more on MGB's approach towards environmental compliance, kindly refer to MGB's latest Annual Report.

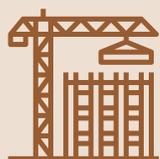




## OUR PERFORMANCE

In 2018, the Group recorded a remarkable achievement attaining zero cases of significant fines and non-monetary sanctions for environmental non-compliance from government authorities. We maintained last year's achievement of zero cases at our property development division and improved our performance to zero cases as compared to one case in 2017 at our construction division. As we strive to sustain this achievement through the coming years, we plan to allocate more resources in order to reinforce our practices in environmental compliance while constantly benchmarking our operations against statutory requirements and best practices.

FIGURE 7:  
GROUP NUMBER OF ENVIRONMENTAL NON-COMPLIANCE CASE BY DIVISION IN 2017 & 2018



Property  
Development

**2018:0**  
**2017:0**



Construction

**2018:0**  
**2017:1**

## Sustainability Report (Cont'd)

GRI 103-1, 103-2, 103-3, 302-1



### ENERGY

#### *Why It Matters?*

*At LBS, we rely on natural resources such as energy to deliver our products and services at the highest standards of quality. While recognising the responsibility our operations have on climate change, we are committed to proactively reducing our energy consumption through effective management and the implementation of best practices. This will enable us to achieve energy and cost savings, resulting in greater operating efficiency for the organisation.*



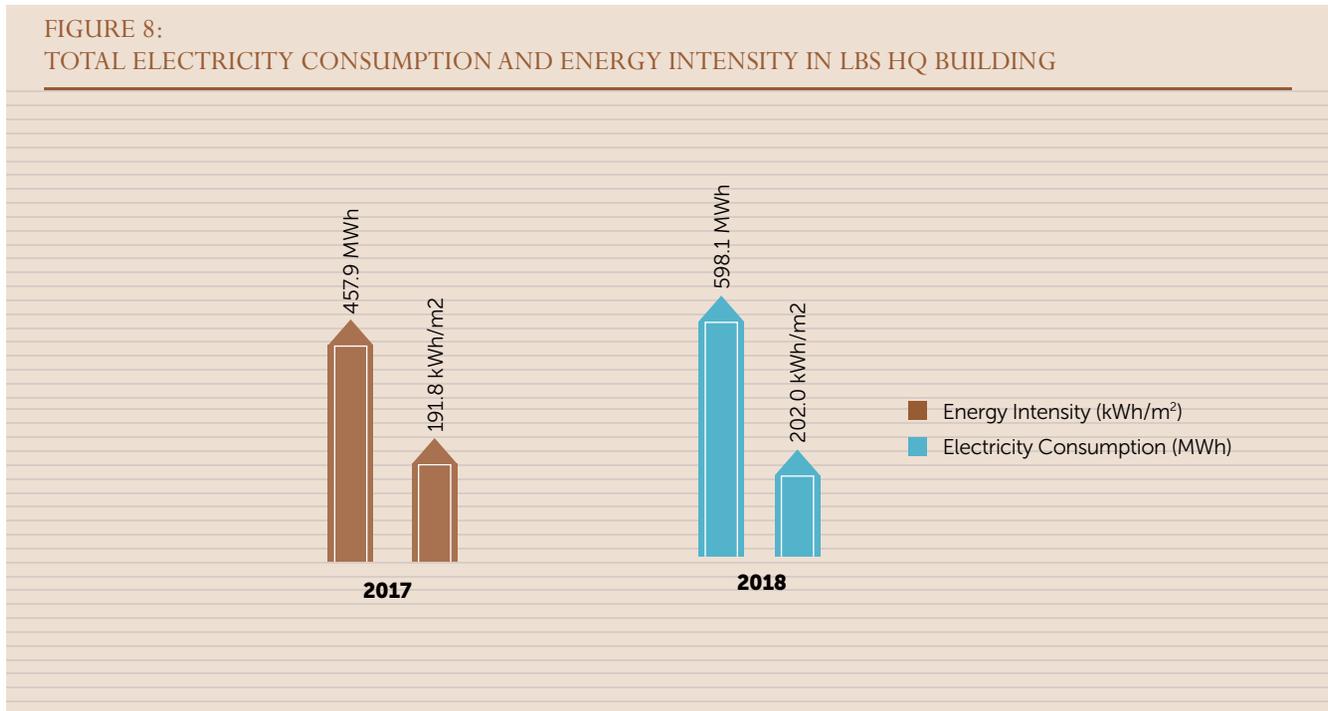
#### HOW WE APPROACH IT?

As part of our commitment to energy conservation, our property development division focuses on optimising electricity consumption within the LBS HQ building. Our Property Management, Maintenance & Project Audit (PMMPA) department closely monitors our monthly electricity consumption and conducts regular workshops to facilitate our employees embracing best practices in energy conservation. This year, we completed the installation of a new air conditioning system in LBS HQ building. It is estimated that the new air conditioning system will result in approximately 30% of energy savings.



## Sustainability Report (Cont'd)

FIGURE 8:  
TOTAL ELECTRICITY CONSUMPTION AND ENERGY INTENSITY IN LBS HQ BUILDING



Our commitment to energy conservation extends to our construction division. All MGB offices and sites are required to adhere to the international standard ISO14001:2015, in addition to energy conservation procedures outlined in MGB's Environmental Instructions Manual. To better understand the management of our construction division's energy consumption, kindly refer to MGB Berhad's latest Annual Report.

### OUR PERFORMANCE

Energy consumption at LBS HQ building was reported in 2018. The HQ building had its total electricity consumption increase by 30.6% to 598.1 MWh in comparison to 2017's consumption of 457.9 MWh. The higher electricity consumption was due to an increase of floor area of 24% from the addition of a new function room, which began operating in May 2018, as well as an increase in the

HQ-based employees of 10% in 2018. As such when comparing the energy intensity increase based on the floor area of LBS HQ, the increase is only around 5% or 10 kWh per m<sup>2</sup> from 2017 to 2018. Moving forward, we are planning to expand our electricity consumption monitoring to other LBS offices and project sites in Malaysia.

## Sustainability Report (Cont'd)

GRI 103-1, 103-2, 103-3, 403-2



### OCCUPATIONAL HEALTH AND SAFETY

#### *Why It Matters?*

*Keeping people safe is a core principle at LBS as we strive to create an injury-free working environment for all employees and anyone who may come into contact with our business activities. In addition to workplace safety, we place great emphasis on the health and well-being of our employees. We are committed to integrating practical measures into our processes, operations, and systems in order to mitigate any potential risk of occupational health and safety (OHS) hazards, and communicate best practices across the Group. We also work to ensure that statutory and regulatory obligations concerning OHS are diligently complied with.*



## Sustainability Report (Cont'd)

### HOW WE APPROACH IT

In line with our aim to achieve a consistently high standard of OHS across the value chain of our operations, a Group-wide Employee Handbook has been established to ensure increased vigilance and awareness on health and safety among our employees. The Handbook contains a range of policies such as Occupational Health and Safety, Safety and Fire Precautions, Smoking within Office and Premises, and Alcohol and Drug-Free Work Place.

Beyond caring for our direct employees, we recognise that indirect employees, such as those who work on project sites, are vital to our day-to-day operations. While they may not operate directly within our immediate realm of responsibility, we remain an advocate for guiding and influencing our main contractor and sub-contractors in caring for their workers' health, safety and well-being. Our construction division manages this by having a dedicated Site Health, Safety and Environment (HSE) Committee on each project site to oversee the overall implementation of health and safety policies and to review the site's performance on a monthly basis. For more details on MGB's approach to health and safety management, please refer to their Annual Report 2018.

Our goals include achieving zero fatalities, low lost-time injuries and to deliver comprehensive training for all employees on OHS. In 2018, we affirm our commitment to this area through key initiatives that have been centred on enhancing employee awareness on their health, safety, and well-being. These initiatives are as follows:

- Introduction of LBS weekly sporting activities (e.g. Zumba, Muay Thai, badminton and basketball)

- Provision of basic First Aid, AED, and CPR training
- Purchase of emergency equipment (e.g. stretchers and wheelchairs)
- Installation of security cameras, panic buttons and fire extinguishers on every floor at the HQ office
- Maintenance of emergency staircases and office renovations (e.g. lighting, ventilation, furniture and office)

We measure the success of our initiatives through the frequency and severity of any injuries endured by our workforce. Our health and safety management system is regularly audited by the internal audit teams and independent consultants. The Management will monitor the health and safety performance closely, and measure the results of interventions through ad hoc review meetings when the need arises.

### OUR PERFORMANCE

As a result of various safety initiatives and engagement programmes with our employees, we have recorded zero fatalities and occupational hazards in 2018. Including MGB Berhad and its sub-contractors, there were five injuries, with a loss of 74 workdays, sustained by male employees of the Group for the year in review, in comparison to two injuries recorded from the previous year. Figure 9 highlights the 2018 OHS performance of LBS.

Investigations and corrective actions were immediately undertaken following the incidents. As a Group, LBS remains fully committed to working with our subsidiaries to continually improve OHS conditions across all of our business operations.

FIGURE 9 :  
OHS PERFORMANCE OF LBS

Number of Injuries	Total Number of Lost Workdays
5	74
Injury Rate	Lost Day Rate
0.1	1.47



## Sustainability Report (Cont'd)

GRI 103-1, 103-2, 103-3, 404-2



### TRAINING AND EDUCATION

#### *Why It Matters?*

*We believe that an engaged workforce and strong leadership are key drivers for our organisational growth, innovation, and sustainability. Investing in employee learning and development helps build a resilient and future-orientated workforce. This does not only provide a competitive edge for LBS' future growth and success but for the people we nurture as well. Our employees acquire skills and expertise that will differentiate them from the market through in-depth learning and development opportunities coupled with long-term career prospects provided by LBS.*



## Sustainability Report (Cont'd)

### HOW WE APPROACH IT

We seek to enhance and promote our employees' learning and development capacity through the Group's systematic approach to training and talent development. As part of our Human Resources (HR) planning process, we continually assess, plan and coordinate training based on our corporate strategies on a yearly basis. In order to carry out the proposed training in the Training Calendar, approval from the Management and the Heads of Departments (HODs) have to be obtained and HODs hold the responsibility for nominating their subordinates to attend training.

As today's employees are more career conscious than ever, we significantly invest in our human capital development and provide our employees with opportunities to achieve their intended learning outcomes. Through the Training Requisition Form, our

employees are able to request for their desired training, hence allowing them to expand their skills and knowledge and increase their job satisfaction.

In the same vein, we are exploring different ways to blend various methods together to create an effective and holistic approach to learning. In 2018, we target to increase soft skills training for employees to maintain their competitive edge in the market and improve competence for future roles and responsibilities. We also require employees who attended external training to conduct a sharing session to pass on their knowledge to colleagues. The Management constantly communicates with training providers to maximise the effectiveness of these courses in order to further develop a robust talent pool. Training Evaluation Form, designed and implemented in May 2018, is used by all subsidiaries under the Group as a tool to gauge employee feedback on training. Annual

training analysis is conducted to ensure there are adequate training reviews to further upscale competencies and professional knowledge.

### OUR PERFORMANCE

We offer our employees a rich and diverse range of training and development programmes framed within our four key learning categories- technical, soft skills, safety and awareness. In 2018, the Group, including our subsidiaries, invested more than RM120,000.00 for our employees' training and development, resulting in the clocking in of over 4,300 hours of training. This is achieved through 81 external and internal training programmes provided for different levels of employees. Examples of training programmes that our employees have participated in are as follows:

FIGURE 10:  
SAMPLE OF TRAINING PROGRAMMES FOR LBS EMPLOYEES IN 2018



## Sustainability Report (Cont'd)

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



### CUSTOMER HEALTH AND SAFETY

#### *Why It Matters?*

*As property developers, it is crucial that we ensure the safety and well-being of our house buyers and the community in the vicinity of our buildings. Therefore, delivering good quality new houses, townships and premises with a high standard of health and safety is underscored as part and parcel of our customer care philosophy.*



#### HOW WE APPROACH IT

We practice due diligence in the design and construction of our houses, townships and premises to ensure they do not pose any safety hazards to our customers. LBS works closely with our architects, professional consultants, and builders during the entire design and construction process to identify risks and assess the severity of health and safety impacts.

Pursuant to our commitment to maintaining a safe and secure environment across all properties, our customer care system is put in place to address any enquiries or complaints concerning health and safety. Maintenance Officers from the Group's Property Management, Maintenance and Project Audit (PMMPA) department are engaged to manage maintenance work and ensure health and safety

compliance is above board and that quality service is delivered to our customers.

The relationship with our customers continues after the sale of properties through customer feedback. Since its initiation in 2011, customer feedback has been used to improve the design and construction process, for example, we have initiated a process to upgrade the railing materials we use for our homes, from clear glass to tempered laminated glass, to prevent hidden defects. In 2018, we set a target of resolving all glass railing-related issues before releasing the houses to our customers, and to receive the Certificate of Completion and Compliance (CCC) for all our projects on time.

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**LBS received 54 individual incidents of feedback involving the glass railing materials used in our 352 housing units.**

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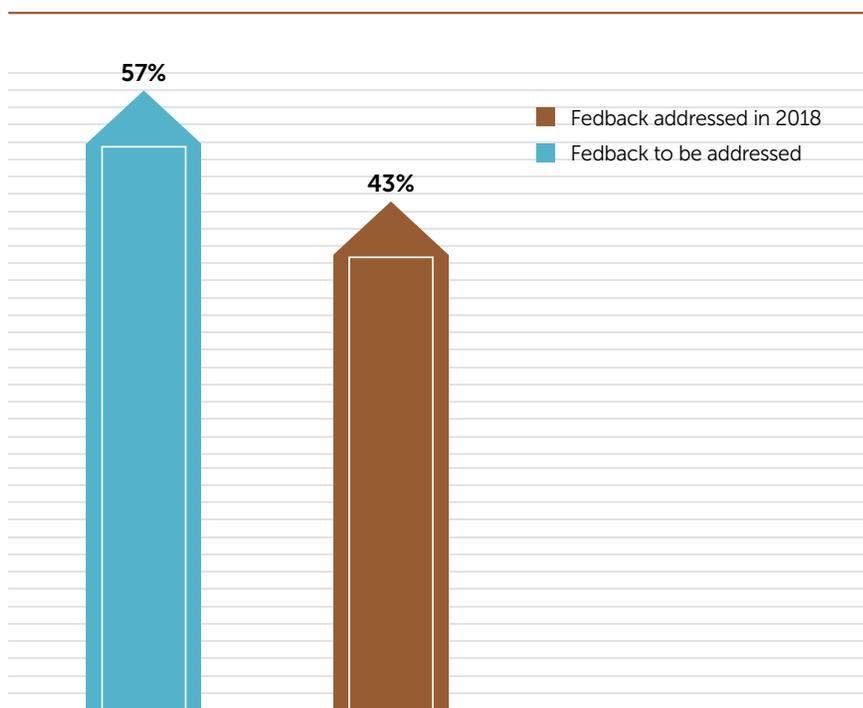
## Sustainability Report (Cont'd)



# ZERO

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

FIGURE 11:  
CUSTOMER HEALTH AND SAFETY FEEDBACK ADDRESSED



## OUR PERFORMANCE

In 2018, there were zero incidents of non-compliance with regulations and voluntary codes pertaining to the health and safety of our houses, townships, and premises. We received 54 individual incidents of feedback involving the glass railing materials used in our 352 housing units. In response to feedback gathered from our customers, we have replaced the glass railing materials in 23 housing units as at the end of the reporting year and we will continue with the remaining 31 units to ensure we remain pro-active in enhancing our level customer satisfaction and experience.

## Sustainability Report (Cont'd)

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



### LOCAL COMMUNITIES

#### *Why It Matters?*

*As active members of our communities, LBS recognises the importance of forming strong relationships in the localities in which we operate. Building strong community ties is as fundamentally important as the sound foundation for building a home. Families will live and grow within their communities for decades to come and we seek to grow with them not only as homebuilders but as pillars of the community too.*



By giving back to the community, LBS can create thriving neighbourhoods with greater quality of life for local communities. This is in line with our aspiration towards becoming an internationally recognised developer that not only builds award-winning living spaces but also as a provider of services and facilities that can create strong and harmonious societies. This ideology has been the backbone of our business and has been invaluable in instilling customer confidence and brand loyalty to our organisation.



#### HOW WE APPROACH IT

In June 2015, we established the LBS Foundation as a consolidated corporate social responsibilities (CSR) platform for the Group. The Foundation strives to promote and build vibrant communities, and has been successful in highlighting LBS' ability to enrich lives within the community.

For the past three years, the four pillars of LBS Foundation – Health, Education, Environment and Community, have provided the focus areas for the company's outreach programme, as seen in Figure 12. The pillars align the way we manage the Foundation with the philosophy of our founder Dato' Seri Lim Bock Seng. In order to manage the outcomes of our Foundation, we have developed an evaluation system in 2018 that rigorously benchmarks our activities against the four pillars of the foundation.

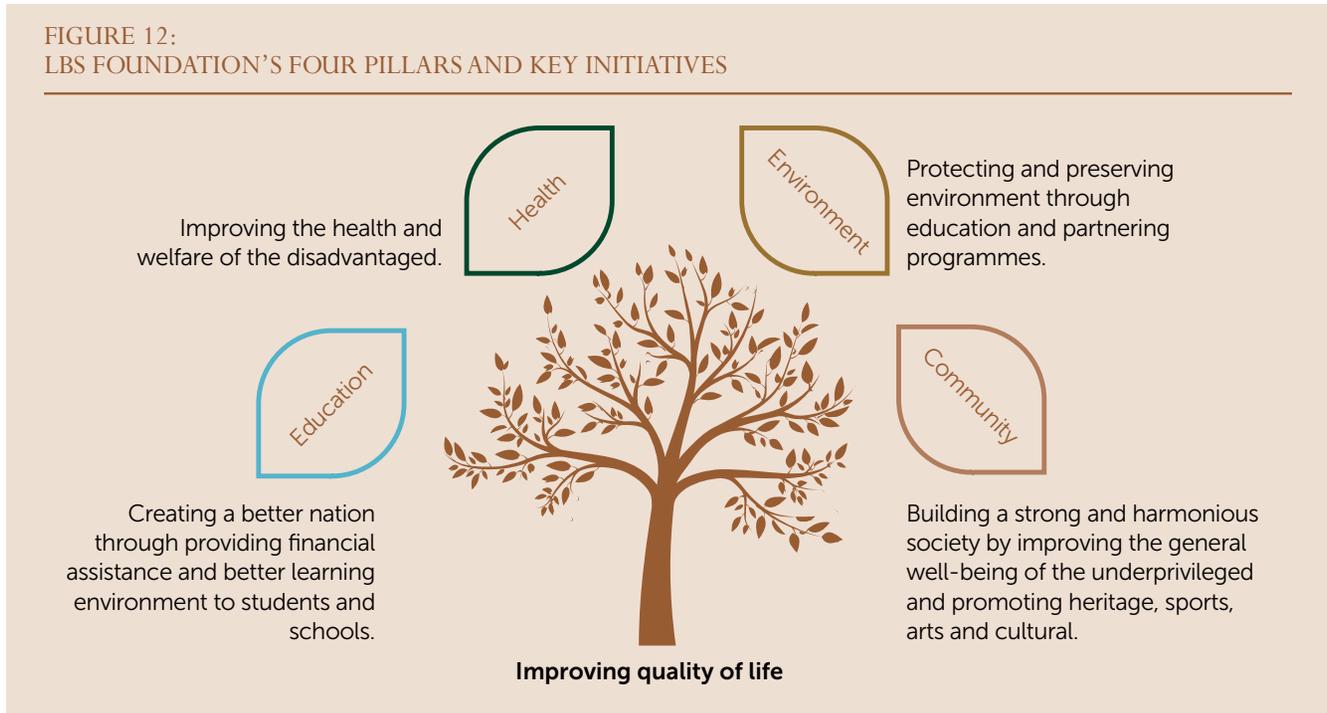
*“Reach for the sky  
through aspiration and  
unity, enrich the land  
through commitment and  
community.”*

LBS Founder,  
Dato' Seri Lim Bock Seng



## Sustainability Report (Cont'd)

FIGURE 12:  
LBS FOUNDATION'S FOUR PILLARS AND KEY INITIATIVES



### OUR PERFORMANCE

In order to ensure that the issues pertinent to our beliefs obtain adequate attention, each proposed programme is compared to a set of criteria under a pillar. Each pillar has a key initiatives and justification with the objective of obtaining a positive outcome related to it. We undertake this evaluation for new programmes under the foundation, and report the results to the LBS Foundation Committee and the Board of Trustees. The target for

funding of programmes achieving the four pillars' key initiatives was set at 50% for all CSR initiatives for 2018.

With this rigorous evaluation system in place, we are able to measure the reach of our investments and gain a deeper understanding of the impact on our communities as well as the challenges faced by them. We can then undertake measures to address these issues through programmes such as encouraging community safety, promoting health and well-being,

providing educational assistance and piloting environmental campaigns.

In 2018, LBS was involved in over 50 CSR initiatives and has surpassed our target to achieve pillar-relevant CSR initiatives for 76% of our programmes. Moving forward, we will continue to review our targets and widen our donor base, in order to expand our impact on supporting the successes and growth of the communities we work and live in.



More than

**RM900,000**

Donation distributed in 2018



**76%**

Conducted CSR Initiatives met with the Four Pillars' criteria

## Sustainability Report (Cont'd)



### LBS FOUNDATION PROGRAMME EVALUATION CASE STUDY – TREE PLANTING AT HUTAN PAYA GAMBUT KUALA SELANGOR

In 2018, the LBS Foundation officially became the primary sponsor for The Tree Planting Programme within the Raja Musa Forest Reserve at Hutan Paya Gambut, Kuala Selangor. A total of 100 students and 50 mixed of volunteers from NGOs, private organisations and government officials attended the event that is a part of Malaysia's #CommonwealthCanopy project. The 23,000 hectare site is part of the second largest contiguous peat swamp forest in Malaysia.

The tree-planting programme's objectives include improving the quality of soil, air and the surroundings of the forest. By increasing the number of trees in the



country, we are able to meet our environmental targets and set a positive example for the participating students.

The programme was evaluated by the Foundation Committee to assess the impact it would have on the local community, and it met the requirements under our Environmental Pillar - aimed at protecting and preserving the natural ecosystem and combatting climate change.



### KLINIK PERSEDIAAN UPSR (KEY INITIATIVE IN 2018)

In collaboration with Majlis Daerah Kuala Selangor, LBS Foundation joined hands with Pejabat Pendidikan Daerah Kuala Selangor to successfully organise a 2-day UPSR preparatory workshop. The workshop was aimed at preparing 45 students of SK Sultan Abdul Aziz Shah and SK Pasangan Kampung Kuantan for their upcoming UPSR examination and give them a confidence boost by equipping them with the requisite skills. Three students from the programme scored straight A's for all six subjects, and the school was ranked #1 in UPSR results among the 37 schools in the district.

## Sustainability Report (Cont'd)



### BEACH CLEAN-UP 2018

In conjunction with International Coastal Clean-up (ICC) Day, LBS Foundation participated in the 'Beach Clean-up 2018' event, organised by Metrics Global and Reef Check Malaysia. The event was aimed at educating the younger generation on the dangers of sea pollution and the importance of marine conservation. The event involved over 80 volunteers from LBS Foundation at Pantai Morib, Selangor. A beach clean-up was also held at two other locations, Pantai Remis and Pantai Minyak Beku, Johor.



### HOSPICE KLANG CHARITY DINNER

LBS Foundation participated in a Charity Dinner which raised RM2 million in funds for Hospice Klang. The hospice, which is a non-governmental organisation, offers palliative care and service to cancer patients for free. The funds were raised in support of the Resident Doctor Project, which entails the building of a new facility in order to widen the coverage of free palliative care services to terminally ill patients.

# FEATURE: AFFORDABLE HOUSING

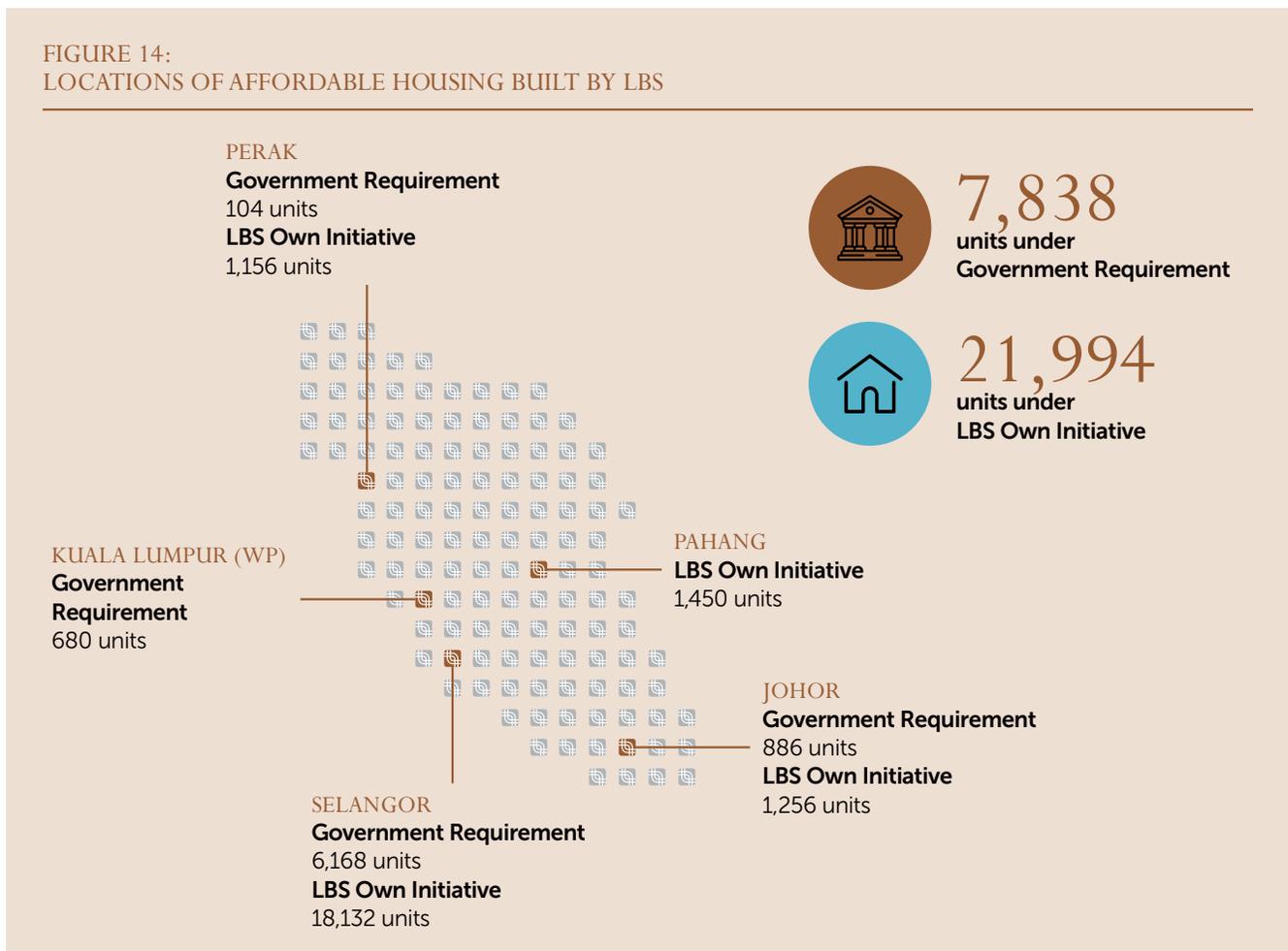
*Focused on ensuring that the Malaysian property market remains socially inclusive and consistent with the nation’s housing growth strategy, LBS continues to be a leading player in the domestic mass-market affordable housing segment.*

Crafting affordable, community-centric and connected living spaces has always been a key component of success for our company. By prioritising an inclusive approach to housing in our core business, LBS has achieved remarkable growth with a solid reputation in the affordable housing market as well as the overall property market.

In 1998, we embarked on our exciting journey into affordable housing with our very first development in Taman Perindustrian Bukit Serdang, Seri Kembangan, in the state of Selangor. The development comprised of 156 units of six-storey low-cost shop-apartments. Since then, we have continued building affordable homes in other notable locations throughout Selangor, Perak, Pahang, and Johor.

Over the past two decades, LBS has built close to 30,000 units of affordable homes, of which approximately 7,800 were government requirements, while almost 22,000 homes were built through our own initiative, demonstrating our ability and desire to deliver quality developments that support first-time homebuyers.

FIGURE 14:  
LOCATIONS OF AFFORDABLE HOUSING BUILT BY LBS



## Feature Affordable Housing (Cont'd)

### *Defining Affordable Housing*

*The price of an affordable house in urban areas varies by locations. Properties within the Klang Valley, for example, which are priced RM 500,000 and under are regarded as affordable by the Real Estate & Housing Development Authority (REHDA).*



1,000

**new units to be unveiled in 2019  
within the Greater Klang Valley region**

Our company's efforts to provide affordable homes in the market has been recognised with various awards throughout the years including the recently acquired Best Affordable Housing Developer at the Property Insight Prestigious Developer Awards in 2018 and Best Affordable Housing Development (Kita@Cybersouth by LBS) awarded by Des Prix Inifinitus Asean Property Awards Malaysia on 15 March 2019. Most of our affordable homes within the Klang Valley region are priced between RM 300,000 to RM 500,000, and we aim to continue providing homes within the affordable range over the next three years, including 1,000 new units to be unveiled in 2019 within the Greater Klang Valley region.

In line with the Government's call to reduce housing prices and ultimately empower first-time homebuyers in Malaysia, LBS plans to leverage our Industrialised Building System (IBS) capabilities to build homes at a lower cost with the same high quality. LBS is proud to announce that our subsidiary, MGB Berhad in a joint venture with SANY Construction Industry Development (M) Sdn Bhd launched its first precast concrete mobile plant located at Alam Perdana, Ijok, Selangor in May 2018 with an average of 2,000 units of property annually. In addition, on 16 March 2019, MGB Berhad and SANY

Construction Development (M) Sdn Bhd opened their permanent IBS production facility in Nilai, Negeri Sembilan with a production capacity of 2,000 precast units per annum. With a combined production capacity of 4,000 precast units per annum, it will support our affordable housing projects in the future.

*For more information on LBS Bina Group Berhad's Affordable Home, please visit <http://lbs.com.my>*

# GRI STANDARDS CONTENT INDEX

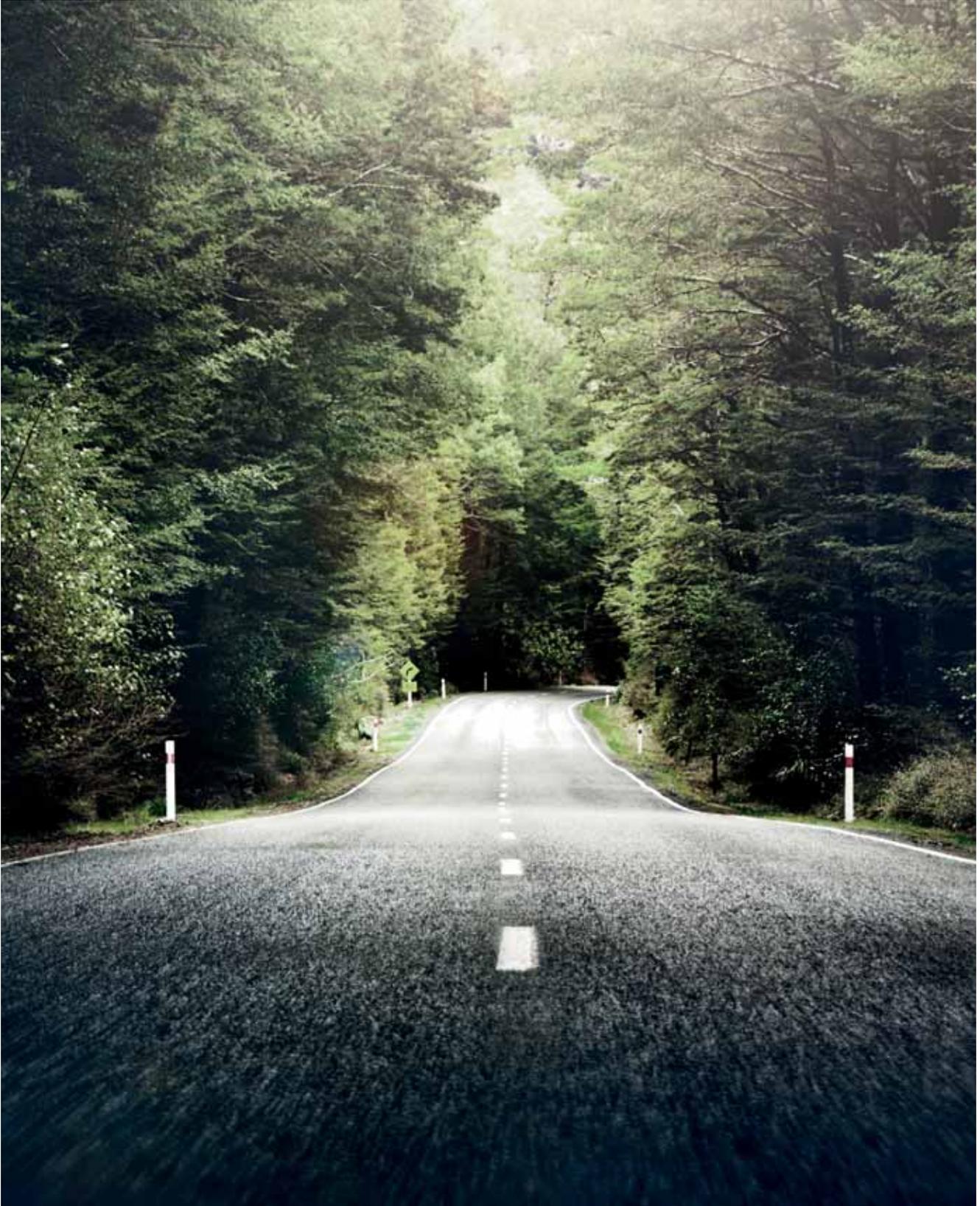
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GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Page 130 & 131



# 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.*

The Board is pleased to report that this statement sets out the extent of the Group’s compliance with the principles and practices of Malaysian Code on Corporate Governance (“MCCG”) for the financial year ended 31 December 2018 (“FY 2018”).

## Principle A : Board Leadership and Effectiveness

### I. BOARD RESPONSIBILITIES

#### Responsibilities of the Board

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

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

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

## Corporate Governance Overview Statement (Cont'd)

### **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 Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") on 30 January 2002.

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

The delegation of authority includes responsibility for: -

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

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

### **Qualified Company Secretary**

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

## Corporate Governance Overview Statement (Cont'd)

The Board members and Board Committees have unlimited access to the services of the Company Secretary and is updated with new regulatory, regulations or requirements of current developments in the regulatory framework and governance practice concerning their duties and responsibilities. The Company Secretary is responsible for the monitoring corporate governance compliances and assist the Board in applying governance practices. She also facilitates the 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 Secretary. The Company Secretary ensures meetings are properly convened and appropriate records of the deliberations and proceedings are accurately recorded and duly signed by the Chairman. She facilitates the communications of decisions made and policies set by the Board to the Senior Management for action. She works closely with the Management to ensure that there are timely information flows within and to the Board and Board Committees, and between the Non-Executive Directors and Management. The Company Secretary, who is the General Manager of the Secretarial and Corporate Affairs Department, is also a member of the Key Senior Management.

The appointment and removal of the Company Secretary will be subjected to the approval of the Board pursuant to the Constitution of the Company. She also a member of the Investor Relations team, she is one of the contact points for stakeholder's communication and engagement.

In year 2018, the Company Secretary has attended the following trainings, seminars and conference to keep abreast of relevant changes in laws and regulations and pursue interest: -

<b>Date</b>	<b>Training</b>
10-11/07/2018	MAICSA Annual Conference 2018 : Forging Forward - New Dimension!
19/07/2018	Advocacy Programme on CG Assessment 2017 for Top 100 PLCs
20-21/07/2018	Basic Occupational First Aid, AED & CPR
13/09/2018	Technical Briefing for Company Secretaries of Listed Issuers : Key Amendments to Listing Requirements arising from the Companies Act, 2016
22-23/10/2018	MBRS - Introduction & Preparer
19/12/2018	Understanding Financial Statements, MFRS 9 & 15

## Corporate Governance Overview Statement (Cont'd)

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

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

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

The Company Secretary, who attend each Board Meeting 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 2018, the Board was updated by the Company Secretary with new regulatory, regulations or requirements concerning their duties and responsibilities, mainly on the amendments in the MMLR of Bursa Securities 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 procedure and practices for effectiveness of the 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 of the Board and Board Committees
- Roles of Chairman and Group Managing Director
- Board Size and Composition
- Code of Ethics for the Board
- Board Efficiency
- Stakeholder Communication
- Process of the Board
- Board Effectiveness Assessment
- Training and Development
- Directors' Selection Criteria
- Terms and Tenure of Appointment

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

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

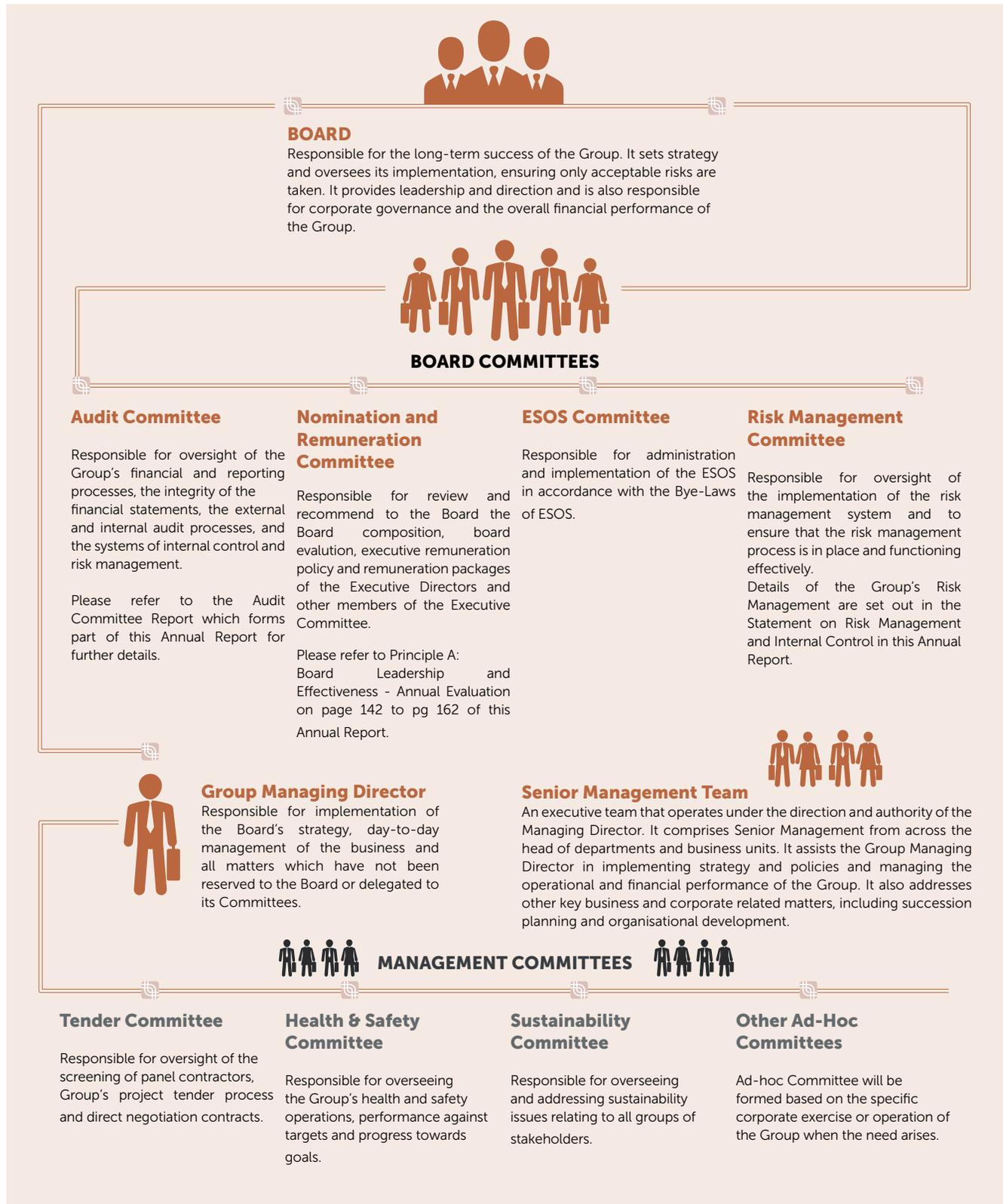
The Board Charter is available at the Company's website at [www.lbs.com.my](http://www.lbs.com.my).

### **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.

## Corporate Governance Overview Statement (Cont'd)

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



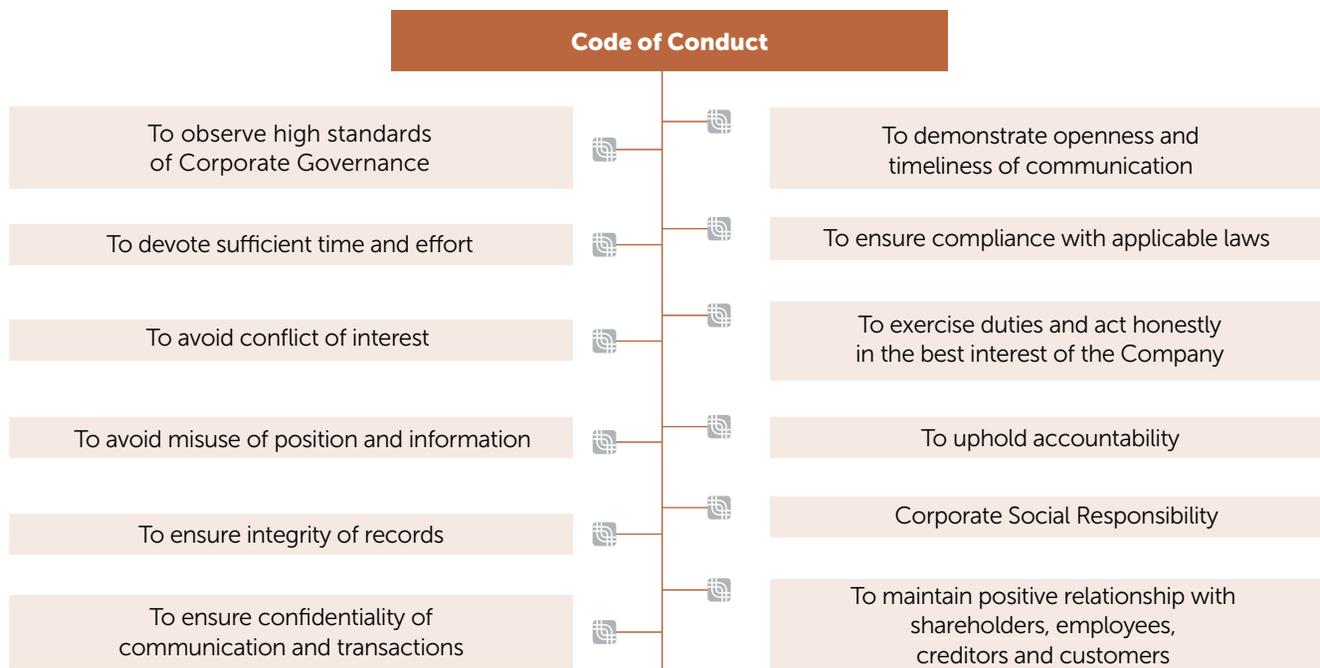
## Corporate Governance Overview Statement (Cont'd)

### 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 behavior for Directors and employees, based on the principles of integrity, responsibility, sincerity and corporate social responsibility.



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

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

#### **Insider Trading**

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

Relevant notifications in relation to the dealings of the Company's securities during 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.

## Corporate Governance Overview Statement (Cont'd)

### **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.

During FY 2018, the Audit Committee had approved to enhance the SOPP on Handling of Related Parties. All the Directors (existing or new appointed director) of LBS Bina Group Berhad and its' subsidiaries shall complete the Annual Declaration Form annually and submit the same to Company Secretary for their record.

### **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 (Third Edition) introduced by Bursa Securities whilst adhering to the corporate disclosure requirements as set out in the MMLR of Bursa Securities, to enable informed and orderly market decisions by the investors.

### **Employee Code of Conduct**

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

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

## Corporate Governance Overview Statement (Cont'd)

### **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.

### **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 will be reviewed and updated periodically as and when necessary to ensure its appropriateness and relevance to the Company from time to time and its compliance with the relevant laws, rules and regulations. The full version of the Whistleblowing Policy is published on the Company's website at [www.lbs.com.my](http://www.lbs.com.my).

## Corporate Governance Overview Statement (Cont'd)



### 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.

A brief profile of each director is presented in the "Directors' Profile" section of this Annual Report.

## Corporate Governance Overview Statement (Cont'd)

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 DIVERSITY

#### Composition

Executive Directors		6
Independent Non-Executive Director		3
Non-Executive Non-Independent Director		1

#### Experience & Skills\*

Government Experience		20%
Civil Engineering and Construction		50%
Banking and Finance		20%
Information Technology		10%
Sales Marketing		50%
Human Capital		10%
Audit, Accounting and Financial Reporting		30%
Corporate Governance, Risk Management and Internal Control		50%
Strategy and Entrepreneurship		30%

#### Gender

Male		9
Female		1

#### Race/Ethnicity

Malay		1
Chinese		9

#### Nationality

Malaysian		10
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\* This Board Skills Matrix is based on the Board Composition as at 31 December 2018. Individual Directors may fall into one or more categories.

## Corporate Governance Overview Statement (Cont'd)

### **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 roles as directors before potential candidate is recommended to the Board for consideration and approval. Besides, the diversity of the Board's composition which include, inter-alia, gender, ethnicity, age, cultural background will also be taken into consideration in the board appointment process. The Company Secretary will ensure that all appointments are properly made, all the necessary information is obtained as well as all legal and regulatory obligations are met.

### **Re-election of Directors**

The NRC is responsible for making recommendations to the Board in relation to those Directors who are due for retirement by rotation and eligible to stand for re-election. The recommendation made in compliance with the MMLR of Bursa Securities and also in accordance with the Company's 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 19th 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.

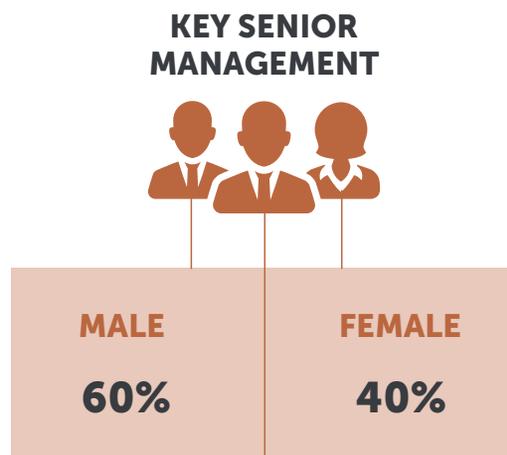
## Corporate Governance Overview Statement (Cont'd)

### 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 MCCG. Upon completion of a 9 years' term, such independent director may continue to serve on the Board subject to his re-designation as a Non-Independent Director.

The summary of the Independent Directors' length of service as at 31 March 2019 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 for the FY 2018.

## Corporate Governance Overview Statement (Cont'd)

### Annual Assessment of Independence

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

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

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

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

### Annual Evaluation

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

During the FY 2018, a total of 2 NRC Meetings were held. The attendance of each Director is tabulated as below:

<b>Directors</b>	<b>Number of meetings</b>	<b>Attendance</b>
Datuk Dr. Haji Baharum bin Haji Mohamed, Chairman	2	2
Datuk Lim Si Cheng	2	2
Lim Tong Lee	2	2

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 understand of roles.

## Corporate Governance Overview Statement (Cont'd)

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

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

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 Eighteenth 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.

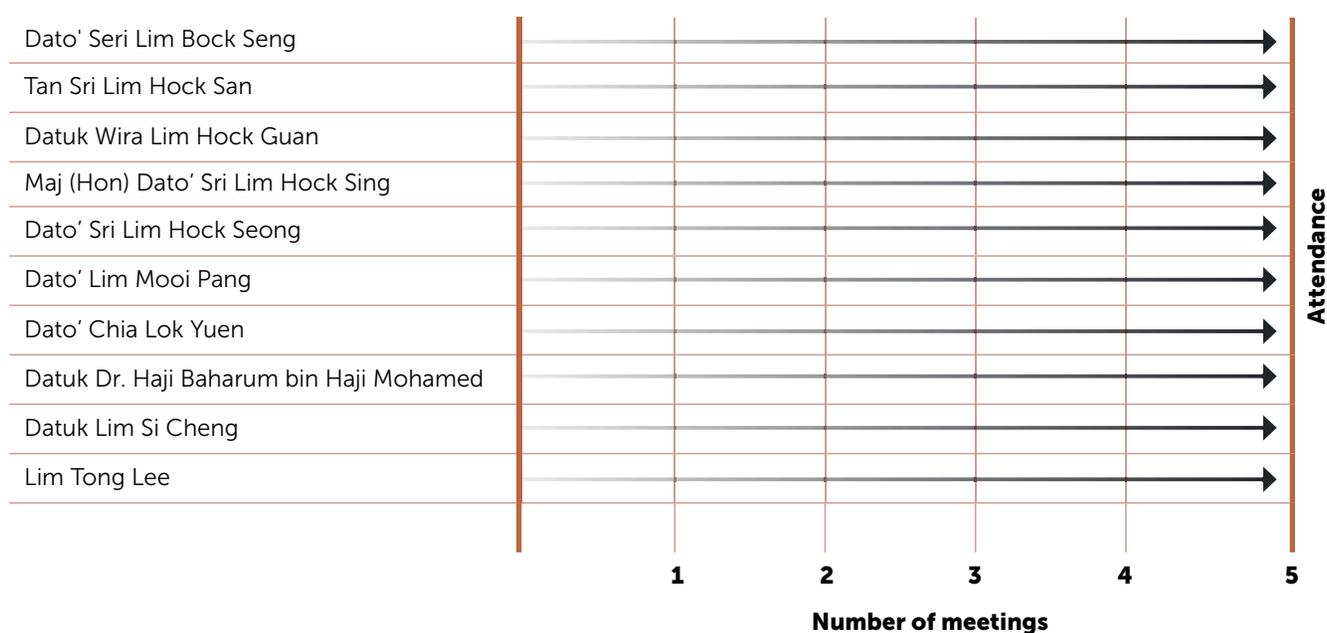
Although there is no specified time commitment required of the Directors' in terms of number of days per year, the Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. Besides attending Board, Board 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, in-house professional development and training and all other major corporate events, functions, briefing and dinners organised by the Company.

## Corporate Governance Overview Statement (Cont'd)

### 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 Securities. During the FY 2018, a total of 5 Board Meetings were held. The attendance of each Director is tabulated as below:



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

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

## Corporate Governance Overview Statement (Cont'd)

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

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

Directors	Date	Topics
Dato' Seri Lim Bock Seng	19/12/2018	In-house Training - Understanding Financial Statements MFRS 9 & 15
Tan Sri Lim Hock San	18/01/2018	One Belt One Road Initiative "Exploring Business Opportunities in Guangdong"
	01/02/2018	The 6th Council Fujian Overseas Exchange Association
	06/09/2018	Malaysia-Guangdong Chamber of Investment Promotion (MGCIPI) Bilateral Economic Forum
	27/10/2018	The 9th World Fujian Association Conference
	19/12/2018	In-house Training - Understanding Financial Statements MFRS 9 & 15
Datuk Wira Lim Hock Guan	19/12/2018	In-house Training - Understanding Financial Statements MFRS 9 & 15
Maj (Hon) Dato' Sri Lim Hock Sing	19/12/2018	In-house Training - Understanding Financial Statements MFRS 9 & 15
Dato' Sri Lim Hock Seong	19/12/2018	In-house Training - Understanding Financial Statements MFRS 9 & 15
Dato' Chia Lok Yuen	10 & 11/07/2018	MAICSA Conference 2018 : Forging Forward - New Dimensions!
	05/12/2018	Breakfast Series: Non-Financials - Does It Matter
	19/12/2018	In-house Training - Understanding Financial Statements MFRS 9 & 15

## Corporate Governance Overview Statement (Cont'd)

Directors	Date	Topics
Dato' Lim Mooi Pang	13/11/2018	Budget Commentary 2019
	19/12/2018	In-house Training - Understanding Financial Statements MFRS 9 & 15
Datuk Dr. Haji Baharum bin Haji Mohamed	19/12/2018	In-house Training - Understanding Financial Statements MFRS 9 & 15
Datuk Lim Si Cheng	05/07/2018	Sustainability Engagement Series for Directors / Chief Executive Officers
	03/08/2018	ACI Breakfast Roundtable 2018
	19/12/2018	In-house Training - Understanding Financial Statements MFRS 9 & 15
Lim Tong Lee	24/10/2018	Forensics Breakfast Session: Independent Directors and the Integrity Agenda
	05/12/2018	Breakfast Series: Non-Financials - Does It Matter

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

### III. REMUNERATION

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

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

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

## Corporate Governance Overview Statement (Cont'd)

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

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

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

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

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

The remuneration of the Directors for the FY 2018 is set out below: -

- (a) The aggregate directors' remuneration received/receivable **from the Company** during the FY 2018 are as follows:-

<b>Company only</b>	<b>Director's Fees (RM'000)</b>	<b>Salaries, Bonuses, Allowances and Other Emoluments* (RM'000)</b>	<b>Benefits-In-Kind (RM'000)</b>
<b>Non-Executive Directors</b>			
Dato' Seri Lim Bock Seng	-	781	62
Datuk Dr. Haji Baharum Bin Haji Mohamed	53	71	-
Datuk Lim Si Cheng	53	11	-
Lim Tong Lee	53	12	-

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

## Corporate Governance Overview Statement (Cont'd)

(b) The aggregate directors' remuneration received/receivable **on a Group basis** during the FY 2018 are as follows:-

<b>Group</b>	<b>Director's Fees (RM'000)</b>	<b>Salaries, Bonuses, Allowances and Other Emoluments* (RM'000)</b>	<b>Benefits-In-Kind (RM'000)</b>
<b>Executive Directors</b>			
Tan Sri Lim Hock San	333	3,845	226
Datuk Wira Lim Hock Guan	245	3,208	233
Maj (Hon) Dato' Sri Lim Hock Sing	84	2,199	139
Dato' Sri Lim Hock Seong	-	2,085	113
Dato' Chia Lok Yuen	-	1,433	151
Dato' Lim Mooi Pang	-	1,893	180
<b>Non-Executive Directors</b>			
Dato' Seri Lim Bock Seng	-	781	62
Datuk Dr. Haji Baharum Bin Haji Mohamed	53	11	-
Datuk Lim Si Cheng	53	11	-
Lim Tong Lee	53	12	-

In determining the remuneration packages of the Key Senior Management, factors that were taken into consideration included their individual responsibilities, skills, expertise and contributions to the Group's performance and whether the remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain talents. At the beginning of each year, the corporate level of Key Performance Indicators were set by the Top Management and cascaded to the Key Senior Management. The annual performance will then be assessed at the end of the year.

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

## Corporate Governance Overview Statement (Cont'd)

Alternatively, the remuneration of the top 5 Key Senior Management for the FY 2018 are disclosed as follows:-

Name	Salaries, Bonuses, Allowances and Other Emoluments*	Benefits-In-Kind	Total
Top 5 Key Senior Management	96%	4%	100%
	96%	4%	100%
	94%	6%	100%
	96%	4%	100%
	96%	4%	100%
<b>Total</b>			<b>2,170,132.16</b>

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

### 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 2018. The quarterly financial results and audited financial statements were reviewed and recommended by the Audit Committee and approved by the Board before being released to Bursa Securities.

Details of Audit Committee's composition and activities during the FY 2018, 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 2018, 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 2018 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.

## Corporate Governance Overview Statement (Cont'd)

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

In reviewing the nomination of UHY for re-appointment for the financial year 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 more than 90 subsidiaries and associated companies under different jurisdiction and business segments. The quality, size and complexity of the audit of the Group, and the number and experience of the supervisory and professional staff assigned were taken into consideration. Review was also on the level of co-operative manner with Management while maintaining integrity and objectivity and to deliver their services professionally and within stipulated time-lines.

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 19th 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 2018. The Board is also responsible for ensuring that the financial results are released to Bursa Securities within the stipulated time frame.

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

The Audit Committee had its annual private session with the external auditors during the FY 2018 to review the scope and adequacy of the audit planning memorandum, the audit findings and the annual financial statement in the absence of the Executive Directors and the Management representatives. The private session would allow the Audit Committee members and the external auditors to exchange independent views on matters which require Audit Committee's attention.

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

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

## Corporate Governance Overview Statement (Cont'd)

### **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 2018, the Company has outsourced its entire ERM framework by engaging an external service provider, Deloitte Enterprise Risk Services 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 2018, the internal audit function conducted its works based on an annual Internal Audit Plan which was tabled before, and approved by, the Audit Committee.

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

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

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

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

## Corporate Governance Overview Statement (Cont'd)

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

#### I. COMMUNICATION WITH STAKEHOLDERS

##### **Corporate Disclosure Policies and Procedures**

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

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

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

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

##### **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. Participating in investor roadshows and conferences both locally and overseas are also actively carried out. In year 2018, the IR team has attended to 62 meetings with fund managers, analysts and institutional shareholders.

Currently, the Company is covered by 6 research houses.

## Corporate Governance Overview Statement (Cont'd)

### **b) Annual Report**

Annual Report contains comprehensive and easy to understand details of the business, financial performance, direction and other activities of the Company. These contents are continually enhanced in order that shareholders and investing public are provided with clear and accurate information and are suitably briefed on matters that are to be discussed to enable their effective participation during AGM. An online version of the Annual Report is also available at the Company's corporate website.

### **c) Website**

The Company's corporate website [www.lbs.com.my](http://www.lbs.com.my) also provides an avenue for accessing to the latest corporate information and development of the Company easily and immediately. It houses information of the Group which includes corporate profile, development products, financial results, press releases, corporate news and Company's newsletter – Journey With LBS. Alternatively, Bursa Securities' website [www.bursamalaysia.com](http://www.bursamalaysia.com) would be another source of information to the shareholders, investors and public community on the various announcements made by the Company from time to time in addition to the Annual Report, Circular to Shareholders and Annual Audited Accounts submitted to Bursa Securities.

### **d) Newsletter**

The Group's newsletter which was introduced in 2011 has evolved into a magazine format with the new name of "Journey With LBS" which is issued half yearly. It was the Company's in-house corporate bilingual magazines serves as an internal communication device, it also engages shareholders, investors, media, fund managers, analysts and suppliers as an additional mode of communication and provides insightful information of the Company on latest corporate events and development (locally and internationally), projects events, products launched and to be launched, operations, directions, media coverage, 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.

## Corporate Governance Overview Statement (Cont'd)

### **h) Town Hall Meeting**

An Annual Internal Communication Briefing was first introduced in 2011 and has evolved into Town Hall Meeting which to be conducting on a quarterly basis. This Town Hall Meeting serves as an interactive platform for the management to communicate with the employees as well as to share and deliver clear and informative on Company's direction and performance.

During FY 2018, the Company has conducted One (1) Internal Communication Briefing and One (1) Town Hall Meeting on 9 February 2018 and 8 October 2018 respectively. Managing Director of the Company and the Management have provided information in relation to the Company's prospect to the employees.

### **II. CONDUCT OF GENERAL MEETINGS**

The Company's AGM remains the principal forum for dialogue and interaction with the shareholders. The Board regards the AGM as an important channel of communication, as it serves as a forum for direct two-way interaction between the shareholders, Board and Management on the Company's strategy, operations, performance and major developments.

The MMLR of Bursa Securities required the Company to issue Notice of AGM at least 21 days before the AGM. Notice of the 19th AGM was distributed 40 days ahead of the meeting date. This gives shareholders sufficient time to prepare themselves to attend the AGM or to appoint a proxy to attend and vote on their behalf.

The Board will ensure sufficient and relevant information are given for each agenda in the notice of meetings. Each item of special business included in the Notice of AGM is accompanied by an explanatory statement for the proposed resolution to facilitate the full understanding and evaluation of issues involved.

Extraordinary General Meeting is held as and when shareholders' approvals are required on specific matters. Relevant Advisors to the Board, lawyers and/or Reporting Accountants engaged in advising the Board on these specific matters would present to respond to the questions 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 Securities, the following information is provided: -

#### **Options**

During the FY 2018, options were exercised pursuant to the Employees' Share Option Scheme ("ESOS") which was approved by the shareholders at the Extraordinary General Meeting held on 28 June 2012. Main features of the ESOS are stated in the Report of Directors on pages 319 and 326 of this Annual Report.

The Options applicable to Directors and Senior Management under the ESOS during the FY 2018 are as follows:-

## Corporate Governance Overview Statement (Cont'd)

<b>Directors and Senior Management</b>	<b>During the financial year ended 31 December 2018</b>	<b>Since commencement on 18 September 2012 up to 31 December 2018</b>
Aggregate maximum allocation	80%	80%
Actual percentage granted	43.41%	60.75%

During the FY 2018, Options granted to and exercised by Non-Executive Directors are as follows: -

<b>No.</b>	<b>Name of Director</b>	<b>Number of Options as at 1.1.2018</b>	<b>Number of Options Granted in 2018</b>	<b>Number of Options Exercised</b>	<b>Number of Options Forfeited</b>	<b>Number of Options as at 31.12.2018</b>
1.	Datuk Dr. Haji Baharum bin Haji Mohamed	238,000	285,600	-	-	523,600
2.	Datuk Lim Si Cheng	238,000	285,600	-	-	523,600
3.	Lim Tong Lee	357,000	428,400	-	-	785,400

\*Granted pursuant to adjustment made consequential for the corporate exercise for Subdivision of Shares and Bonus Issue completed in February 2018.

### Audit and Non-Audit Fees

- The amount of audit fees 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 2018 amounted to RM651,300 and RM88,000 respectively.
- The amount of non-audit fees 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 2018 amounted to RM335,750 and RM129,000 respectively.

### Utilisation of Proceeds from Disposal of 100% Equity Interests in Lamdeal Consolidated Development Limited and Lamdeal Golf & Country Club Limited

On 12 August 2013 ("Completion Date"), the Company has announced the completion of disposal of 100% equity interests in Lamdeal Consolidated Development Ltd and Lamdeal Golf & Country Club Ltd to Jiuzhou Tourism Property Company Limited, a wholly-owned subsidiary company of Zhuhai Holdings Investment Group Limited ("Zhuhai Holdings") for an aggregate sale consideration of HKD1.65 billion.

Total sale consideration shall be satisfied by cash of HKD500 million, Zhuhai Holdings shares and deferred cash payment of HKD850 million from Promissory Note.

Cash proceeds of HKD500 million and Zhuhai Holdings shares have been received on the completion date. Cash proceeds of HKD500 million had been fully utilised in February 2015.

## Corporate Governance Overview Statement (Cont'd)

The details of deferred cash payment of HKD850 million from Promissory Note were as follows:-

	Amount HKD'000	Receipt Date	Full Utilisation Date
(a) Tranche 1	250,000	30-Dec-14	Feb-16
(b) Tranche 2	200,000	1-Sep-15	May-16
(c) Tranche 3	200,000	16-Mar-16	Dec-17
(d) Final tranche	200,000	3 Jun-16	Mar-18
	<u>850,000</u>		

**As at 31 March 2019, the proceeds has been fully utilised as follows :-**

### Final tranche of Promissory Note (HKD200 million)

	Note	Proposed Utilisation	Proposed Utilisation	Actual Utilisation	Proceeds Balance	Deviation		Timeframe for utilisation	Explanations (deviation is 5% or more)
		HKD '000	RM'000	RM'000	RM'000	RM'000	%		
Reduction of Bank Borrowings	1	123,750	66,008	(66,008)	-	-	0%	1 year	N/A
Special Dividend	1	65,000	34,671	(34,671)	-	-	0%	2 years	N/A
Operating Expenses	1	11,250	6,001	(6,001)	-	-	0%	1 year	N/A
		<u>200,000</u>	<u>106,680</u>	<u>(106,680)</u>	<u>-</u>	<u>-</u>			

#### Note:-

1) HKD200 million

Adopted the exchange rate of HKD1.00 : RM0.5334, being the closing rate as at 3 June 2016 published by Bank Negara.

#### 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 2018 ("FY 2018") 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 2018, 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	
<b>Lim Tong Lee</b> <i>Chairman, Independent Non-Executive Director</i>	04.06.2013	5	100%
<b>Datuk Dr. Haji Baharum Bin Haji Mohamed</b> <i>Member/Senior Independent Non-Executive Director</i>	20.08.2013	5	100%
<b>Datuk Lim Si Cheng</b> <i>Member/Independent Non-Executive Director</i>	20.08.2013	5	100%

Nomination and Remuneration Committee has reviewed and evaluated the performance of the Committee as a whole and its members individually through an Annual Board & Board Committees Performance Evaluation. All the deliberations, recommendations and discussions were recorded in the Minutes and Performance Evaluation Sheet. The same were tabled to the Board members for deliberations at the subsequent Board meeting. The Board is satisfied that the Committee has effectively discharged their functions, duties and responsibilities in accordance with its Terms of Reference.

The Committee has invited an Executive Director, whom is responsible for the Group's corporate function in Accounts and Finance and General Manager of Accounts and Finance of the Company to Audit Committee meetings to provide clarification on accounting issue and audit issues at all the meetings during the FY 2018. The Audit Committee meetings were also attended by the external and internal Auditors, when necessary.

The full version of the Terms of Reference of the Audit Committee is published on the Company's website at [www.lbs.com.my](http://www.lbs.com.my).

## Audit Committee Report (Cont'd)

### 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 2017 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 Bursa Securities.
- Reviewed the impact of any changes to the accounting standards and adoption of new accounting standards on the Group's Financial Statements.

#### 2. External Audit:

- Reviewed the external Auditors' scope of work and annual audit plan of the Company and the Group for the FY 2018 inclusive of audit approach, areas of audit emphasis, timeline for reporting and deliverables and audit fees prior to the commencement of the annual audit.
- Reviewed the verification on allocation of option to employees under LBS 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 2017.
- Reviewed the extent of assistance rendered by management and issues and reservations arising from audits with the External Auditors with the presence of management and the executive Board members.
- Assessed and evaluated the performance, independence and suitability of the External Auditors for re-appointment as Auditors of the Company and made recommendation to the Board with respect to their re-appointment and fees. The assessment was undertaken with written assurance from the External Auditors of their independence including policies and measures used to control their work quality.
- Reviewed the audit and non-audit fees of the External Auditors for the financial year ended 31 December 2017.

## Audit Committee Report (Cont'd)

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

#### 3. Internal Audit:

- Reviewed and approved the risk-based Internal Audit Plan and its scope of work proposed by Deloitte Enterprise Risk Services Sdn. Bhd. ("Deloitte") for the FY 2018 to ensure adequate scope and coverage on the activities of the Group.
- Reviewed the audit activities carried out by Deloitte on areas encompassing General IT Control, Project Management, Recurrent Related Party Transactions, Human Resource and Payroll Management, Project Closure and Handover, Property Management, Rental and Maintenance as well as LBS's Group of Companies on Financial Reporting and Accounting and their relevant risks and audit findings and ensure corrective actions were taken in addressing the risk issues reported.

#### 4. Risk Management:

- Reviewed and revised the risk management framework by combining the internal audit with the risk management in order to enhance the effectiveness of these two functions prior to the Board's adoption.

#### 5. Related Party Transactions:

- Reviewed the procedures of the proposed renewal of general mandate for recurrent related party transactions ("RPTs") of a revenue or trading nature to ensure adequacy, appropriateness and compliance procedures are established to monitor the RPTs.

#### 6. Other Matter :

- 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 2018, has complied with the criteria set out in the ESOS Bye-Laws.

## Audit Committee Report (Cont'd)

### 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.

During the financial year under review, the Internal Auditors have carried out audit review on the following areas in accordance with the Internal Audit Plan approved by the Audit Committee:-

- (i) General IT Control;
- (ii) Project Management;
- (iii) Recurrent Related Party Transactions;
- (iv) Human Resource and Payroll Management;
- (v) Project Closure and Handover;
- (vi) Project Management, Rental and Maintenance; and
- (vii) LBS's Group of Companies on Financial Reporting and Accounting.

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 said internal audit reports were tabled at the Board Meeting for approval. The total cost incurred for maintaining the internal audit function for the FY 2018 was RM100,000.00 (FY 2017: RM253,441.48).

The summary of the activities of the Internal Audit Work undertaken during the year under review are as follows:-

- i. Performed risk-based audit on the Group's business units or processes, which covered reviews of the internal control, accounting and management information systems and risk management;
- ii. Issued internal audit reports to the Audit Committee with weaknesses and issues identified;
- iii. Made recommendations for improvement on processes where weaknesses and/or non-compliances were identified;
- 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's Directors and Heads of major operation units. The roles of RMC include the following:

- Identifying and evaluating the risks faced by the respective departments, against the business objectives set out by the Company;
- Formulating relevant policies and procedures to manage these risks;
- Designing, implementing and monitoring the effectiveness of the risk management framework and internal control system;
- Reporting to the Board and Audit Committee of any changes to the risks and corrective actions taken.

## Statement on Risk Management and Internal Control (Cont'd)

### 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, revamped in 2017, 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 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 external service provider, Deloitte Risk Advisory Sdn Bhd (formerly known as Deloitte Enterprise Risk Services Sdn Bhd, "Deloitte"), to provide independent assurance and consulting activities, which serves to assist the Company in achieving its objectives.
- The areas reviewed by Deloitte during the financial year<sup>1</sup> are as follows:
  - (i) Human Resources Management
  - (ii) Recurring Related Party Transactions
  - (iii) Project Closure & Handover (Project Bandar Saujana Putra 21 Block A & B and D'Island Residence Nautilus 2)
  - (iv) Property Management, Rental & Maintenance
  - (v) Financial Reporting & Accounting
  - (vi) Project Management (Project Bandar Saujana Putra 21 Block H, I & J and 341u SS Terrace)
- 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.

<sup>1</sup> Deloitte was engaged in April 2018.

## 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 Directors, who are both responsible for the financial affairs of the Company, that the risk management framework and internal control system established are operating adequately and effectively, in all material respects, based on the risk management model adopted by the Company. There were no material control failures or adverse compliance events that have directly resulted in any material loss to the Company for the financial year under review.

# Recurrent Related Party Transactions

The details of Recurrent Related Party Transactions of the Company entered into during the financial year ended 31 December 2018 pursuant to Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad were as follows:-

No.	Related Party	Nature of Recurrent Transactions	Value of Transactions (RM'000)	Nature of relationship between LBS Group and the Related Party
1.	Dato' Cynthia Lim Mooi Pang	Purchase of properties	695.9	Dato' Lim Mooi Pang is the Executive Director of the Company.
2.	Dato' Chia Lok Yuen Andy Chia Kah Chun	Purchase of properties	427.8	Dato' Chia Lok Yuen is the Executive Director of the Company. Andy Chia Kah Chun is the son of Dato' Chia Lok Yuen.
3.	Dato' Chia Lok Yuen Kelvin Chia Mun Hoe	Purchase of properties	632.8	Dato' Chia Lok Yuen is the Executive Director of the Company. Kelvin Chia Mun Hoe is the son of Dato' Chia Lok Yuen.
4.	LBS Bina Holdings Sdn. Bhd. ("LBS Bina")	Purchase of properties	2,103.9	LBS Bina is a wholly-owned subsidiary of the Company.

# Financial Statements

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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 2018.

## 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	94,003,096	26,544,168
Attributable to:		
Owners of the parent	85,559,950	26,544,168
Non-controlling interests	8,443,146	-
	94,003,096	26,544,168

## 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
<b>Ordinary Shares</b>	
<b>In respect of the financial year ended 31 December 2017:</b>	
A tax exempt special dividend of 4 sen per ordinary share on 704,509,532 ordinary shares, paid on 20 March 2018	28,180,380
A single-tier interim dividend of 1 sen per ordinary share on 1,556,066,313 ordinary shares, paid on 11 July 2018	15,560,663
A single-tier final dividend of 1.2 sen per ordinary share on 1,557,910,693 ordinary shares, paid on 5 September 2018	18,694,927
	62,435,970
<b>Redeemable Convertible Preference Shares ("RCPS")</b>	
<b>In respect of the financial year ended 31 December 2018:</b>	
A preferential dividend of 6.6 sen per RCPS on 102,389,635 RCPS, paid on 26 October 2018	6,757,716
	69,193,686

On 19 April 2019, the Directors proposed a single-tier first and final dividend of 1.8 sen per ordinary share in respect of the financial year ended 31 December 2018. The proposed dividend is subject to the approval of the shareholders at the forthcoming 19th Annual General Meeting of the Company.

The financial statements for the current financial year do not reflect the dividend proposed on 19 April 2019. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2019.

## Directors' Report (Cont'd)

### ISSUE OF SHARES AND DEBENTURES

During the financial year, 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.

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 6 June 2018, renewed their approval for the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

As at 31 December 2018, the total number of treasury shares held by the Company was 120,000 out of the total 1,559,026,393 issued ordinary shares. Further relevant details are disclosed in Note 23 to the financial statements.

## Directors' Report (Cont'd)

### WARRANTS

#### **Warrants 2008/2018 ("Warrants A")**

The Warrants A were constituted under the Deed Poll dated 30 April 2008.

The exercise period of the Warrants A expired on 11 June 2018.

The salient terms of the Warrants A are disclosed in Note 24(e)(i) to the financial statements.

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

#### **Warrants 2015/2020 ("Warrants B")**

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

As at 31 December 2018, the total number of Warrants B that remain unexercised were 99,949,262.

The salient terms of the Warrants B are disclosed in Note 24(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 40 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.

As at 31 December 2018, the total number of RCPS that remain unconverted were 102,389,635.

The salient terms of the RCPS are disclosed in Note 21 to the financial statements.

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

## Directors' Report (Cont'd)

### DIRECTORS

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

Dato' Seri Lim Bock Seng, SSSA, DPMS, AMN  
 Tan Sri Lim Hock San, PSM, SSAP, DSSA, JP \*  
 Datuk Wira Lim Hock Guan, DCSM, DMSM, PJK, JP \*  
 Maj (Hon) Dato' Sri Lim Hock Sing, SSAP, DIMP, JP \*  
 Dato' Sri Lim Hock Seong, SSAP, DMSM \*  
 Dato' Chia Lok Yuen, DIMP \*  
 Dato' Lim Mooi Pang, DIMP \*  
 Datuk Dr. Haji Baharum Bin Haji Mohamed, DMSM, AMN, PIS\*  
 Datuk Lim Si Cheng, PJN, PIS  
 Lim Tong Lee

\* *Director of the Company and its subsidiary companies*

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) since the beginning of the current financial year to the date of this report are:

Azhar Bin Mohd Shariff  
 Chai Chee Seng  
 Chang Bar Kuei  
 Chen Kaisheng  
 Chin Sui Yin  
 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 Azizulakhir Bin Abdul Wahab  
 Datuk Hendri Bin Dahlan  
 Datuk Lim Lit Chek, DPMS  
 Datuk Mohd Anis Hisham Bin Abdul Aziz  
 Datuk Yakubah Khan  
 Fauziah Binti Tak  
 Fu JianGuo  
 Hazeman @ Hazman Bin Abdul Aziz  
 Loh Kam Seng  
 Lim Kim Hoe  
 Mohamad Najib Bin Saad  
 Muhammad Zameer Bin Mazlan  
 Tan Boon Sang  
 Tan Seng Teong  
 Tong Teek Yam  
 Victor Gu Chian Peow  
 Wong Kok Ching  
 Wong Yuen Meng  
 Xia Zong Ming  
 Yeo Chee Chong  
 Zhan Jinyuan  
 Nadhirah Binti Abdul Karim  
 Chen Xiao Qi

(appointed on 01.02.2019)

(appointed on 11.01.2019)

## Directors' Report (Cont'd)

### DIRECTORS (CONT'D)

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) since the beginning of the current financial year to the date of this report are: (cont'd)

Datuk Tan Choon Hwa, JMK, JP	(resigned on 01.02.2019)
Cheng Hui	(resigned on 11.01.2019)
Sham Saifful @ Hasnul Hadi Bin Mahari	(resigned on 20.12.2018)
Maj. Jen. Dato' Mohamed Isa Bin Che Kak (B)	(resigned on 30.06.2018)
Meo Mohd Ali @ Meor Mohd Alwi Bin Meo Yusop @ Meor Yusop	(resigned on 10.05.2018)
Mohammad Reza Bin Ab Rahim	(resigned on 16.04.2018)
Chua Choon Yang	(resigned on 08.03.2018)
Tay Keong Kok	(resigned on 08.03.2018)
Zaharuddin Bin Saidon	(resigned on 08.03.2018)
Ab Hamid Bin Mohd Nazahar	(resigned on 30.01.2018)
Tan Meng Hui	(resigned on 30.01.2018)
Tan Sri Dato' Seri (Dr) Haji Abu Hassan bin Haji Omar	(deceased on 08.09.2018)

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

### DIRECTORS' INTERESTS

The interests and deemed interests in the ordinary shares, warrants, options over the shares and debentures of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			At 31.12.2018
	At 1.1.2018	Acquired	Disposed	
<b>Gaterich Sdn. Bhd.</b>				
Direct Interests				
Tan Sri Lim Hock San	2,500,000	-	-	2,500,000
Datuk Wira Lim Hock Guan	1,000,000	-	-	1,000,000
Maj (Hon) Dato' Sri Lim Hock Sing	750,000	-	-	750,000
Dato' Sri Lim Hock Seong	750,000	-	-	750,000
<b>LBS Bina Group Berhad</b>				
Direct Interests				
Dato' Seri Lim Bock Seng	1,040,000	1,503,200	-	2,543,200
Tan Sri Lim Hock San	5,582,900	22,515,659	-	28,098,559
Datuk Wira Lim Hock Guan	10,872,360	15,438,751	-	26,311,111
Maj (Hon) Dato' Sri Lim Hock Sing	25,000	180,000	-	205,000
Dato' Sri Lim Hock Seong	261,875	371,861	-	633,736
Dato' Chia Lok Yuen	1,729,500	2,887,500	3,000,000	1,617,000
Dato' Lim Mooi Pang	1,379,900	3,082,003	-	4,461,903
Datuk Dr. Haji Baharum Bin Haji Mohamed	119,000	142,800	-	261,800
Datuk Lim Si Cheng	119,000	142,800	-	261,800

## Directors' Report (Cont'd)

### DIRECTORS' INTERESTS (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)

	Number of ordinary shares			At 31.12.2018
	At 1.1.2018	Acquired	Disposed	
<b>LBS Bina Group Berhad</b>				
Indirect Interests				
Dato' Seri Lim Bock Seng <sup>1</sup>	2,004,000	3,257,080	-	5,261,080
Tan Sri Lim Hock San <sup>2</sup>	289,955,106	349,207,226	-	639,162,332
Datuk Wira Lim Hock Guan <sup>2</sup>	288,818,106	348,280,076	-	637,098,182
Maj (Hon) Dato' Sri Lim Hock Sing <sup>1</sup>	242,000	305,360	-	547,360
Dato' Sri Lim Hock Seong <sup>1</sup>	160,000	193,375	-	353,375

	Number of options over ordinary shares ("ESOS")			At 31.12.2018
	At 1.1.2018	Acquired	Disposed	
<b>LBS Bina Group Berhad</b>				
Direct Interests				
Dato' Lim Mooi Pang	153,000	-	153,000	-
Lim Tong Lee	357,000	428,400	-	785,400
Datuk Dr. Haji Baharum Bin Haji Mohamed	238,000	285,600	-	523,600
Datuk Lim Si Cheng	238,000	285,600	-	523,600

	At 1.1.2018	Number of Warrants A			At 31.12.2018
		Acquired	Exercised	Lapsed	
<b>LBS Bina Group Berhad</b>					
Direct Interests					
Dato' Seri Lim Bock Seng	140,000	-	12,000	128,000	-
Indirect Interests					
Dato' Seri Lim Bock Seng <sup>1</sup>	404,000	-	84,000	320,000	-
Maj (Hon) Dato' Sri Lim Hock Sing <sup>1</sup>	20,800	16,800	6,800	30,800	-

## Directors' Report (Cont'd)

### DIRECTORS' INTERESTS (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	Number of Warrants B		At
	1.1.2018	Acquired	Exercised	31.12.2018
<b>LBS Bina Group Berhad</b>				
Direct Interests				
Dato' Seri Lim Bock Seng	385,000	462,000	-	847,000
Tan Sri Lim Hock San	4,985,625	-	4,985,625	-
Datuk Wira Lim Hock Guan	1,967,090	2,360,508	-	4,327,598
Maj (Hon) Dato' Sri Lim Hock Sing	206,250	247,500	-	453,750
Dato' Chia Lok Yuen	719,000	1,603,000	221,000	2,101,000
Dato' Lim Mooi Pang	239,975	-	239,975	-
Indirect Interests				
Dato' Seri Lim Bock Seng <sup>1</sup>	656,500	787,800	-	1,444,300
Tan Sri Lim Hock San <sup>2</sup>	16,236,964	19,484,356	-	35,721,320
Datuk Wira Lim Hock Guan <sup>2</sup>	16,359,789	19,375,246	213,750	35,521,285
Maj (Hon) Dato' Sri Lim Hock Sing <sup>1</sup>	48,500	58,200	-	106,700

	At	Number of RCPS		At
	1.1.2018	Acquired	Converted	31.12.2018
<b>LBS Bina Group Berhad</b>				
Direct Interests				
Dato' Seri Lim Bock Seng	208,000	-	208,000	-
Tan Sri Lim Hock San	1,761,640	-	1,761,640	-
Datuk Wira Lim Hock Guan	2,174,472	-	2,174,472	-
Dato' Sri Lim Hock Seong	52,375	-	52,375	-
Dato' Chia Lok Yuen	140,000	-	140,000	-
Dato' Lim Mooi Pang	235,980	-	235,980	-
Datuk Dr. Haji Baharum Bin Haji Mohamed	23,800	-	-	23,800
Datuk Lim Si Cheng	23,800	-	-	23,800
Indirect Interests				
Dato' Seri Lim Bock Seng <sup>1</sup>	406,800	-	406,800	-
Tan Sri Lim Hock San <sup>2</sup>	59,320,620	-	29,197,600	30,123,020
Datuk Wira Lim Hock Guan <sup>2</sup>	59,162,620	-	29,197,600	29,965,020
Maj (Hon) Dato' Sri Lim Hock Sing <sup>1</sup>	38,800	-	-	38,800
Dato' Sri Lim Hock Seong <sup>1</sup>	22,000	-	1,250	20,750

## Directors' Report (Cont'd)

### DIRECTORS' INTERESTS (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)

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 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 44(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 44(b) of 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.

### INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and officers of the Group were RM20 million and RM30,000 respectively. No indemnity was given to or insurance effected for auditors 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.

## Directors' Report (Cont'd)

### OTHER STATUTORY INFORMATION (CONT'D)

- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
  - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
  - (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
  - (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

## Directors' Report (Cont'd)

### SIGNIFICANT EVENTS

Details of significant events is disclosed in Note 48 to the financial statements.

### SUBSEQUENT EVENT

Details of subsequent event is disclosed in Note 49 to the financial statements.

### HOLDING COMPANY

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

### SUBSIDIARY COMPANIES

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

### AUDITORS' REMUNERATION

Details of auditors' remuneration are disclosed in Note 37 to the financial statements.

### AUDITORS

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 19 April 2019.

**TAN SRI LIM HOCK SAN**

**KUALA LUMPUR**

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

# Statement by Directors

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 197 to 389 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 19 April 2019.

**TAN SRI LIM HOCK SAN**

**KUALA LUMPUR**

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

# 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 197 to 389 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 19 April 2019 )

**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

### 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 2018 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 197 to 389.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and 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 IESBA Code.

# Independent Auditors' Report

## To the Members of LBS Bina Group Berhad (Cont'd)

### 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 conducted testing in relation to the revenue recognised under MFRS 15 *Revenue from Contracts with Customers*. This testing involved both tests of detail and analytical procedures.

We have performed the following audit procedures:

- we assessed the judgements in relation to the future profitability of the project with reference to the project budget; and
- we recalculated the percentage of completion as at the reporting date. We assessed the management's assumption in estimating the costs to completion and verified the budgeted cost to suppliers' contracts and sub-contractors' contracts. We verified the costs to work certifications and the total sales value agreed to contracts.

At the analytical level, we developed an expectation of the income that should be recognised in the financial year from this revenue stream, with reference to the level of completion.

We assessed the competence and objectivity of the qualified surveyors employed by the Group and the use of these experts to estimate the level of completion.

We inspected the sales and purchase contracts for all significant new land acquisitions to understand the terms and identify any deferred or contingent payments therein.

We have considered the adequacy of the Group's disclosures regarding this revenue stream and whether they are in accordance with MFRS 15 *Revenue from Contracts with Customers*.

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

## 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.

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

### 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)

### **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.

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

### Other Matters

- (1) As stated in Notes 2(a) and 55 to the financial statements, LBS Bina Group Berhad adopted Malaysian Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2017 and 1 January 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 31 December 2017 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2018 have in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial position as of 31 December 2018 and financial performance and cash flows for the financial year then ended.
- (2) This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

UHY  
Firm Number: AF 1411  
Chartered Accountants

LIM BEE PENG  
Approved Number: 03307/06/2019 J  
Chartered Accountant

KUALA LUMPUR  
19 April 2019

# Statements of Financial Position

As At 31 December 2018

	Note	31.12.2018 RM	Group 31.12.2017 RM Restated	1.1.2017 RM Restated
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4	347,040,161	256,610,782	261,064,455
Capital work-in-progress	5	52,059,381	17,002,938	5,368,273
Inventories	6	1,520,285,553	1,334,055,145	730,525,633
Investment properties	7	169,150,256	60,881,282	61,469,204
Investment in associates	9	2,772,019	2,373,573	2,635,882
Other investments	10	74,142,778	83,004,390	99,949,920
Intangible assets	11	2,332,993	-	589,675
Goodwill on consolidation	12	113,507,956	114,611,991	126,390,193
Trade receivables	13	1,039,164	-	-
<b>Total non-current assets</b>		<b>2,282,330,261</b>	<b>1,868,540,101</b>	<b>1,287,993,235</b>
<b>Current assets</b>				
Inventories	6	835,956,105	735,885,755	553,659,563
Contract assets	14	204,090,054	361,603,526	346,411,738
Trade receivables	13	710,190,481	596,584,592	312,516,551
Other receivables	15	94,282,067	111,839,249	110,490,839
Amount due from an associate	17	40,000	-	-
Other investments	10	3,125,358	2,021,136	-
Tax recoverable		3,311,367	2,942,557	6,844,123
Fixed deposits with licensed banks	18	38,919,298	29,700,236	49,079,352
Cash held under Housing Development Accounts	19	123,035,817	147,644,802	74,387,290
Cash and bank balances	20	78,201,635	103,841,120	107,332,047
<b>Total current assets</b>		<b>2,091,152,182</b>	<b>2,092,062,973</b>	<b>1,560,721,503</b>
<b>Total assets</b>		<b>4,373,482,443</b>	<b>3,960,603,074</b>	<b>2,848,714,738</b>

## Statements of Financial Position As At 31 December 2018 (Cont'd)

	Note	31.12.2018 RM	Group 31.12.2017 RM Restated	1.1.2017 RM Restated
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	21	922,232,339	901,193,289	641,424,473
Share premium	22	-	-	74,235,266
Treasury shares	23	(88,081)	(88,081)	(88,081)
Other reserves	24	(140,161,978)	(141,436,858)	(53,214,326)
Retained earnings		567,471,557	522,845,348	502,329,590
Equity attributable to owners of the parent		1,349,453,837	1,282,513,698	1,164,686,922
Non-controlling interests		67,600,591	89,945,228	41,019,035
<b>Total equity</b>		<b>1,417,054,428</b>	<b>1,372,458,926</b>	<b>1,205,705,957</b>
<b>Non-current liabilities</b>				
Trade payables	25	436,312,475	457,863,791	247,977,571
Other payables	26	51,259,602	65,861,059	54,991,839
Finance lease payables	27	34,809,689	8,743,082	4,126,928
Bank borrowings	28	547,632,816	511,291,062	314,144,391
Sukuk Murabahah ("Sukuk")	29	89,276,000	-	-
Deferred tax liabilities	32	6,206,120	7,380,763	18,685,928
<b>Total non-current liabilities</b>		<b>1,165,496,702</b>	<b>1,051,139,757</b>	<b>639,926,657</b>
<b>Current liabilities</b>				
Contract liabilities	14	53,026,390	33,651,092	25,192,626
Trade payables	25	545,966,499	547,751,091	314,025,653
Other payables	26	496,250,832	565,498,685	342,822,284
Bank overdrafts	30	105,469,116	70,738,670	100,901,943
Finance lease payables	27	11,365,126	3,833,619	2,107,504
Bank borrowings	28	457,986,623	268,792,584	195,544,663
Sukuk Murabahah ("Sukuk")	29	9,659,242	-	-
Redeemable Convertible Preference Shares ("RCPS")	31	50,000,000	-	-
Amount due to holding company	33	7,020,154	10,267,008	-
Tax payable		54,187,331	36,471,642	22,487,451
<b>Total current liabilities</b>		<b>1,790,931,313</b>	<b>1,537,004,391</b>	<b>1,003,082,124</b>
<b>Total liabilities</b>		<b>2,956,428,015</b>	<b>2,588,144,148</b>	<b>1,643,008,781</b>
<b>Total equity and liabilities</b>		<b>4,373,482,443</b>	<b>3,960,603,074</b>	<b>2,848,714,738</b>

Statements of Financial Position  
As At 31 December 2018 (Cont'd)

	Note	31.12.2018 RM	Company 31.12.2017 RM	1.1.2017 RM
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4	3,825	4,275	-
Investment in subsidiary companies	8	635,836,841	614,336,259	614,931,383
<b>Total non-current assets</b>		635,840,666	614,340,534	614,931,383
<b>Current assets</b>				
Other receivables	15	1,169,395	3,383,022	340,736
Other investments	10	2,092,671	2,021,136	-
Amount due from subsidiary companies	16	531,653,272	489,791,340	186,165,269
Fixed deposits with licensed banks	18	24,690,982	12,328,047	31,442,414
Cash and bank balances	20	3,405,754	14,825,891	23,577,418
<b>Total current assets</b>		563,012,074	522,349,436	241,525,837
<b>Total assets</b>		1,198,852,740	1,136,689,970	856,457,220

## Statements of Financial Position As At 31 December 2018 (Cont'd)

	Note	31.12.2018 RM	Company 31.12.2017 RM	1.1.2017 RM
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	21	922,232,339	901,193,289	641,424,473
Share premium	22	-	-	74,235,266
Treasury shares	23	(88,081)	(88,081)	(88,081)
Other reserves	24	5,007,687	7,130,705	10,153,615
Retained earnings/(Accumulated losses)		46,962,112	61,351,685	(67,062,890)
<b>Total equity</b>		<b>974,114,057</b>	<b>969,587,598</b>	<b>658,662,383</b>
<b>Non-current liabilities</b>				
Amount due to a subsidiary company	16	-	-	62,411,867
Bank borrowings	28	27,300,000	33,850,000	18,390,117
<b>Total non-current liabilities</b>		<b>27,300,000</b>	<b>33,850,000</b>	<b>80,801,984</b>
<b>Current liabilities</b>				
Other payables	26	1,685,956	28,967,550	14,436,686
Bank overdrafts	30	25,060,602	6,335,002	42,650,845
Bank borrowings	28	161,949,216	96,182,917	57,579,230
Amount due to subsidiary companies	16	1,003,662	149,036	2,236,183
Tax payable		7,739,247	1,617,867	89,909
<b>Total current liabilities</b>		<b>197,438,683</b>	<b>133,252,372</b>	<b>116,992,853</b>
<b>Total liabilities</b>		<b>224,738,683</b>	<b>167,102,372</b>	<b>197,794,837</b>
<b>Total equity and liabilities</b>		<b>1,198,852,740</b>	<b>1,136,689,970</b>	<b>856,457,220</b>

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

# Statements of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 31 December 2018

	Note	Group 2018 RM	2017 RM Restated
Revenue	34	1,122,088,131	1,347,411,820
Cost of sales	35	(762,296,139)	(981,761,300)
<b>Gross profit</b>		359,791,992	365,650,520
Other income		18,257,277	18,552,522
Administrative and operating expenses		(178,238,906)	(164,139,588)
Net gain/(loss) on impairment of financial instruments		2,245,764	(1,982,925)
<b>Profit from operations</b>		202,056,127	218,080,529
Finance costs	36	(42,937,640)	(28,494,950)
Share of profit/(loss) of associates, net of tax		16,163	(58,884)
<b>Profit before tax</b>	37	159,134,650	189,526,695
Taxation	38	(65,131,554)	(76,637,720)
<b>Net profit for the financial year</b>		94,003,096	112,888,975
<b>Other comprehensive income, net of tax:</b>			
Change of stakes in a subsidiary company		(19,697,914)	6,560,000
Exchange translation differences for foreign operations		628,476	(6,169,435)
Net fair value changes of financial assets measured at fair value through other comprehensive income ("FVTOCI")		(10,009,066)	(5,396,126)
Reclassification adjustment for impairment loss on disposal of financial assets measured at FVTOCI		-	31,915
		(29,078,504)	(4,973,646)
<b>Total comprehensive income for the financial year</b>		64,924,592	107,915,329

## Statements of Profit or Loss and Other Comprehensive Income For the Financial Year Ended 31 December 2018 (Cont'd)

	Note	Group 2018 RM	2017 RM Restated
<b>Net profit for the financial year attributable to:</b>			
Owners of the parent		85,559,950	102,687,164
Non-controlling interests		8,443,146	10,201,811
		94,003,096	112,888,975
<b>Total comprehensive income for the financial year attributable to:</b>			
Owners of the parent		88,962,752	89,260,144
Non-controlling interests		(24,038,160)	18,655,185
		64,924,592	107,915,329
<b>Earnings per share attributable to owners of the parent (sen)</b>			
Basic earnings per share	39(a)	5.53	6.99
Diluted earnings per share	39(b)	5.39	6.73
<b>Company</b>			
	Note	2018 RM	2017 RM
Revenue	34	17,789,843	205,626,160
Other income		38,405,343	34,211,320
Administrative and operating expenses		(8,943,407)	(13,817,343)
<b>Profit from operations</b>		47,251,779	226,020,137
Finance costs	36	(13,715,875)	(11,653,504)
<b>Profit before tax</b>	37	33,535,904	214,366,633
Taxation	38	(6,991,736)	(3,780,652)
<b>Net profit for the financial year, representing total comprehensive income for the financial year</b>		26,544,168	210,585,981

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

# Statements of Changes in Equity

For the Financial Year Ended 31 December 2018

Group	Attributable to owners of the parent						Total RM	Non- controlling interests RM	Total equity RM
	Share capital RM	RCPS RM	Share premium RM	Other reserves RM	Treasury shares RM	Retained earnings RM			
At 1 January 2017									
- as previously reported	641,424,473	-	74,235,266	(53,214,326)	(88,081)	503,461,661	1,165,818,993	41,204,571	1,207,023,564
- effect of adopting MFRS 9 and MFRS 15	-	-	-	-	-	(1,132,071)	(1,132,071)	(185,536)	(1,317,607)
At 1 January 2017, as restated	641,424,473	-	74,235,266	(53,214,326)	(88,081)	502,329,590	1,164,686,922	41,019,035	1,205,705,957
Net profit for the financial year	-	-	-	-	-	102,687,164	102,687,164	10,201,811	112,888,975
Change of stakes in a subsidiary company	-	-	-	1,746,837	-	-	1,746,837	4,813,163	6,560,000
Foreign exchange translation reserve	-	-	-	(9,809,646)	-	-	(9,809,646)	3,640,211	(6,169,435)
Net fair value changes of financial assets measured at FVTOCI	-	-	-	(5,396,126)	-	-	(5,396,126)	-	(5,396,126)
Reclassification adjustment for impairment loss on disposal of financial assets measured at FVTOCI	-	-	-	31,915	-	-	31,915	-	31,915
Total comprehensive income for the financial year	-	-	-	(13,427,020)	-	102,687,164	89,260,144	18,655,185	107,915,329

## Statements of Changes in Equity For the Financial Year Ended 31 December 2018 (Cont'd)

Group	Note	Attributable to owners of the parent					Retained earnings	Total	Non-controlling interests	Total equity
		Share capital	RCPS	Share premium	Other reserves	Treasury shares				
		RM	RM	RM	RM	RM	RM	RM	RM	
<b>Transactions with owners:</b>										
Changes in ownership interest in subsidiary companies	8(d)	-	-	-	(71,772,602)	-	-	(71,772,602)	28,280,689	(43,491,913)
Net changes of non-controlling interests	8(b)	-	-	-	-	-	-	-	2,300,319	2,300,319
Dividends to owners of the Company	42	-	-	-	-	-	(82,397,100)	(82,397,100)	-	(82,397,100)
Dividends to non-controlling interests		-	-	-	-	-	-	-	(310,000)	(310,000)
Issuance of ordinary shares:										
- Exercise of ESOS	21, 22, 24(b)	14,331,093	-	121,211	(3,901,211)	-	-	10,551,093	-	10,551,093
- Conversion of RCPS	21	1,084,677	(1,084,677)	-	-	-	-	-	-	-
- Exercise of warrants	21, 22, 24(e)	42,807,515	-	1,280,890	(1,590,300)	-	-	42,498,105	-	42,498,105
Issuance of RCPS	21	-	126,992,841	-	-	-	-	126,992,841	-	126,992,841
Realisation of ESOS reserve	24(b)	-	-	-	(225,694)	-	225,694	-	-	-
Share-based payment	24(b)	-	-	-	2,694,295	-	-	2,694,295	-	2,694,295
		58,223,285	125,908,164	1,402,101	(74,795,512)	-	(82,171,406)	28,566,632	30,271,008	58,837,640
Transition to no-par value regime on 31 January 2017	21, 22	75,637,367	-	(75,637,367)	-	-	-	-	-	-
At 31 December 2017		775,285,125	125,908,164	-	(141,436,858)	(88,081)	522,845,348	1,282,513,698	89,945,228	1,372,458,926

## Statements of Changes in Equity For the Financial Year Ended 31 December 2018 (Cont'd)

Group	Attributable to owners of the parent					Total RM	Non- controlling interests RM	Total equity RM
	Share capital RM	Non - distributable		Treasury shares RM	Distributable Retained earnings RM			
	RM	RM	RM	RM	RM	RM	RM	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
Change of stakes in a subsidiary company	-	-	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

## Statements of Changes in Equity For the Financial Year Ended 31 December 2018 (Cont'd)

Group	Note	Attributable to owners of the parent					Total RM	Non- controlling interests RM	Total equity RM
		Share capital RM	Non - distributable RCPS RM	Other reserves RM	Treasury shares RM	Distributable Retained earnings RM			
<b>Transactions with owners:</b>									
Changes in ownership interest in subsidiary companies	8(d)	-	-	(4,904)	-	-	(4,904)	1,503,671	1,498,767
Net changes of non-controlling interests	8(b)	-	-	-	-	-	-	189,852	189,852
Dividends to owners of the Company	42	-	-	-	-	(41,013,306)	(41,013,306)	-	(41,013,306)
Issuance of ordinary shares:									
- Exercise of ESOS	21, 24(b)	7,027,093	-	(1,895,068)	-	-	5,132,025	-	5,132,025
- Conversion of RCPS	21	13,279,565	(13,279,565)	-	-	-	-	-	-
- Exercise of warrants	21, 24(e)	14,011,957	-	(148,385)	-	-	13,863,572	-	13,863,572
Realisation of ESOS reserve	24(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 2018 (Cont'd)

Company	Note	Non - distributable					Distributable		Total RM	
		Share capital RM	RCPS RM	Share premium RM	ESOS reserves RM	Warrants reserves RM	Treasury shares RM	Fair value reserves RM		Retained earnings RM
At 1 January 2017		641,424,473	-	74,235,266	8,414,930	36,566,506	(88,081)	(34,827,821)	(67,062,890)	658,662,383
Net profit for the financial year, representing total comprehensive income for the financial year		-	-	-	-	-	-	-	210,585,981	210,585,981
<b>Transactions with owners:</b>										
Dividends to owners of the Company	42	-	-	-	-	-	-	-	(82,397,100)	(82,397,100)
Issuance of ordinary shares:										
- Exercise of ESOS	21, 22, 24(b)	14,331,093	-	121,211	(3,901,211)	-	-	-	-	10,551,093
- Conversion of RCPS	21	1,084,677	(1,084,677)	-	-	-	-	-	-	-
- Exercise of warrants	21, 22, 24(e)	42,807,515	-	1,280,890	-	(1,590,300)	-	-	-	42,498,105
Issuance of RCPS	21	-	126,992,841	-	-	-	-	-	-	126,992,841
Realisation of warrants reserves	24(e)	-	-	-	-	(9,999,759)	-	9,999,759	-	-
Realisation of ESOS reserve	24(b)	-	-	-	(225,694)	-	-	-	225,694	-
Share-based payment	24(b)	-	-	-	2,694,295	-	-	-	-	2,694,295
		58,223,285	125,908,164	1,402,101	(1,432,610)	(11,590,059)	-	9,999,759	(82,171,406)	100,339,234
Transition to no-par value regime on 31 January 2017	21, 22	75,637,367	-	(75,637,367)	-	-	-	-	-	-
At 31 December 2017		775,285,125	125,908,164	-	6,982,320	24,976,447	(88,081)	(24,828,062)	61,351,685	969,587,598

## Statements of Changes in Equity For the Financial Year Ended 31 December 2018 (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
<b>Transactions with owners:</b>									
Dividends to owners of the Company	42	-	-	-	-	-	-	(41,013,306)	(41,013,306)
Issuance of ordinary shares:									
- Exercise of ESOS	21, 24(b)	7,027,093	-	(1,895,068)	-	-	-	-	5,132,025
- Conversion of RCPS	21	13,279,565	(13,279,565)	-	-	-	-	-	-
- Exercise of warrants	21, 24(e)	14,011,957	-	-	(148,385)	-	-	-	13,863,572
Realisation of warrants reserves	24(e)	-	-	-	(3,475,239)	-	3,475,239	-	-
Realisation of ESOS reserve	24(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

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

# Statements of Cash Flows

For the Financial Year Ended 31 December 2018

	<b>Group 2018 RM</b>	<b>2017 RM Restated</b>
<b>Cash flows from operating activities</b>		
Profit before tax	159,134,650	189,526,695
Adjustments for:		
Allowance for impairment losses on:		
- Goodwill arising on consolidation	4,645,352	12,038,397
- Investment in associates	171,717	34,315
- Investment properties	284,328	24,000
- Other investments	188,000	185,001
- Trade and other receivables	2,802,423	3,444,647
Amortisation of intangible assets	-	589,675
Bad debts written off	822,505	1,314,851
Waiver of interest income	265,827	-
Depreciation of:		
- Investment properties	3,050,014	1,357,442
- Property, plant and equipment	24,666,747	18,408,375
Deposits written off	2,000,000	-
Finance costs	42,937,640	28,494,950
Inventories written down	-	104,674
Inventories written off	-	48,027
Other investment written off	15,500	-
Property, plant and equipment written off	427,895	277,252
Property development cost written off	2,016,280	191,324
Share-based payment	-	2,694,295
Fair value loss on revaluation of financial assets measured at fair value through profit or loss ("FVTPL")	2,385	-
Fair value loss on financial assets measured at FVTPL	352,034	-
Share of (profit)/loss of associates, net of tax	(16,163)	58,884
Unrealised (gain)/loss on foreign exchange	(732,050)	226,423
<b>Balance carried down</b>	<b>243,035,084</b>	<b>259,019,227</b>

## Statements of Cash Flows

### For the Financial Year Ended 31 December 2018 (Cont'd)

	<b>Group 2018 RM</b>	<b>2017 RM Restated</b>
<b>Balance brought down</b>	243,035,084	259,019,227
Dividend income from:		
- Financial assets measured at FVTOCI	(1,413,473)	(3,869,570)
- Financial assets measured at FVTPL	(106,608)	(59,051)
(Gain)/Loss on disposal of:		
- Financial assets measured at FVTOCI	-	(41,082)
- Financial assets measured at FVTPL	-	10,444
- Investment properties	-	71,833
- Investment in a subsidiary company	(1,520,970)	(1,364)
- Property, plant and equipment	(389,030)	392,519
Contingency sum provided in prior years no longer required	(37,608,746)	(10,494,292)
Grant income	-	(3,572,197)
Interest income	(5,063,524)	(4,889,426)
Provision for claims and staff economic compensation	617,108	599,539
Reversal of allowance for impairment losses on:		
- Investment properties	-	(83,333)
- Property, plant and equipment	-	(6,053)
- Trade and other receivables	(5,048,187)	(1,461,722)
Waiver of debts	-	(278,654)
<b>Operating profit before working capital changes</b>	<b>192,501,654</b>	<b>235,336,818</b>

Statements of Cash Flows  
For the Financial Year Ended 31 December 2018 (Cont'd)

	<b>Group 2018 RM</b>	<b>2017 RM Restated</b>
<b>Operating profit before working capital changes (cont'd)</b>	192,501,654	235,336,818
<b>Changes in working capital:</b>		
Inventories	(261,343,229)	(769,603,957)
Contract assets	157,513,472	(15,191,787)
Contract liabilities	19,375,298	8,458,466
Trade receivables	(112,122,158)	(286,710,124)
Other receivables	20,854,448	(754,764)
Trade payables	118,307,292	618,543,096
Other payables	(55,824,440)	225,185,298
Amount due from an associate	(40,000)	-
Foreign exchange reserve	2,366,434	10,913,414
	(110,912,883)	(209,160,358)
<b>Cash generated from operations</b>	81,588,771	26,176,460
Dividends received	1,413,473	3,869,570
Interest received	5,063,524	4,889,426
Interest paid	(82,453,994)	(51,748,695)
Grant income received	-	3,572,197
Tax paid	(51,580,600)	(74,012,347)
Tax refund	104,016	5,560,501
	(127,453,581)	(107,869,348)
<b>Net cash used in operating activities</b>	(45,864,810)	(81,692,888)

## Statements of Cash Flows

### For the Financial Year Ended 31 December 2018 (Cont'd)

	Note	Group 2018 RM	2017 RM Restated
<b>Cash flows from investing activities</b>			
Additional investment in:			
- An associate		(15,000)	-
- Subsidiary companies		(35,943,541)	(30,095,000)
- Financial assets measured at FVTPL		(1,000,000)	(14,500,000)
Capital work-in-progress incurred		(32,921,840)	(6,219,106)
Net cash outflows from acquisition of subsidiary companies	8(b)	(12,176,876)	(2,330,891)
Net cash inflows/(outflows) from disposal of a subsidiary company	8(f)	2	(5,100)
Proceeds from disposal of:			
- Financial assets measured at FVTOCI		-	1,489,354
- Financial assets measured at FVTPL		-	12,527,471
- Investment properties		-	100,000
- Property, plant and equipment		3,772,723	1,336,824
- Quoted shares to non-controlling interests		-	6,560,000
Purchase of:			
- Investment properties	7(d)	(3,727,555)	(173,023)
- Property, plant and equipment	4(e)	(49,113,657)	(14,289,584)
Deposits and consideration paid for the acquisition and joint venture of development lands		(143,740,733)	(183,130,365)
Repayment of prior years' investment in subsidiary companies and associates		(25,605,500)	(28,394,878)
<b>Net cash used in investing activities</b>		<b>(300,471,977)</b>	<b>(257,124,298)</b>

## Statements of Cash Flows For the Financial Year Ended 31 December 2018 (Cont'd)

	<b>Group 2018 RM</b>	<b>2017 RM Restated</b>
<b>Cash flows from financing activities</b>		
(Increase)/Decrease in fixed deposits pledged	(13,799,106)	15,388,418
Decrease in cash and bank balances pledged	3,218,590	2,822,332
Drawdown of bank borrowings	573,294,140	563,749,921
Drawdown of RCPS	50,000,000	-
Drawdown of Sukuk	100,500,000	-
Repayment of bank borrowings	(395,443,335)	(293,250,309)
Repayment of Sukuk	(1,564,758)	-
Dividends paid	(69,193,686)	(67,244,543)
Dividends paid to non-controlling interests	-	(310,000)
Net movement of amount due to holding company	(3,246,854)	10,267,008
Proceeds from :		
- Exercise of ESOS	5,132,025	10,551,093
- Exercise of warrants	13,863,572	42,498,105
- Exercise of warrants in a subsidiary company by non-controlling interests	2,520,390	3,630,090
- Issuance of ordinary shares ("Placement Shares") to non-controlling interests arising from Private Placement	-	30,240,000
- Issuance of RCPS	-	126,992,841
Repayment of finance lease payables	(6,075,191)	(3,138,721)
<b>Net cash generated from financing activities</b>	<b>259,205,787</b>	<b>442,196,235</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(87,131,000)</b>	<b>103,379,049</b>
<b>Effects of exchange translation differences on cash and cash equivalents</b>	<b>790,630</b>	<b>(4,617,557)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>178,557,677</b>	<b>79,796,185</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>92,217,307</b>	<b>178,557,677</b>
<b>Cash and cash equivalents at the end of the financial year comprises:</b>		
Fixed deposits with licensed banks	38,919,298	29,700,236
Cash held under Housing Development Accounts	123,035,817	147,644,802
Cash and bank balances	78,201,635	103,841,120
Bank overdrafts	(105,469,116)	(70,738,670)
	134,687,634	210,447,488
Less: Fixed deposits pledged to licensed banks	(38,632,446)	(24,833,340)
Cash and bank balances pledged	(3,837,881)	(7,056,471)
	<b>92,217,307</b>	<b>178,557,677</b>

## Statements of Cash Flows

### For the Financial Year Ended 31 December 2018 (Cont'd)

	<b>Company 2018 RM</b>	<b>2017 RM</b>
<b>Cash flows from operating activities</b>		
Profit before tax	33,535,904	214,366,633
Adjustments for:		
Dividend income from financial assets measured at FVTPL	(71,222)	(59,051)
Waiver of debts	-	(5,707,690)
Depreciation of property, plant and equipment	450	225
Finance costs	13,715,875	11,653,504
Share-based payment	-	2,694,295
Unrealised gain on foreign exchange	(511,453)	(7,342,241)
Allowance for impairment losses on investment in a subsidiary company	999	-
Reversal of allowance for impairment losses on investment in a subsidiary company	-	(99,999)
Fair value gain on revaluation of financial assets measured at FVTPL	(313)	-
Loss on disposal of financial assets measured at FVTPL	-	10,444
Gain on disposal of subsidiary companies	-	(1,356,307)
Interest income	(37,816,247)	(18,530,239)
Dividend income	(17,689,043)	(205,062,160)
<b>Operating loss before working capital changes</b>	<b>(8,835,050)</b>	<b>(9,432,586)</b>
<b>Changes in working capital:</b>		
Other receivables	2,213,627	(3,042,284)
Other payables	898,786	(633,387)
Amount due to subsidiary companies	444,640	47,758
	<b>3,557,053</b>	<b>(3,627,913)</b>
<b>Cash used in operations</b>	<b>(5,277,997)</b>	<b>(13,060,499)</b>
Dividends received	17,689,043	205,062,160
Interest received	37,816,247	18,530,239
Interest paid	(13,715,875)	(11,653,504)
Tax paid	(870,356)	(2,252,694)
	<b>40,919,059</b>	<b>209,686,201</b>
<b>Net cash generated from operating activities</b>	<b>35,641,062</b>	<b>196,625,702</b>

Statements of Cash Flows  
For the Financial Year Ended 31 December 2018 (Cont'd)

	<b>Company 2018 RM</b>	<b>2017 RM</b>
<b>Cash flows from investing activities</b>		
Additional investment in:		
- Financial assets measured at FVTPL	-	(14,500,000)
- Subsidiary companies	(21,501,581)	(4,596,880)
Net movement of amount due from subsidiary companies	(42,306,572)	(303,675,888)
Purchase of property, plant and equipment	-	(4,500)
Proceeds from disposal of:		
- Financial assets measured at FVTPL	-	12,527,471
- Quoted shares to non-controlling interests	-	6,560,000
- A subsidiary company	-	100,000
<b>Net cash used in investing activities</b>	<b>(63,808,153)</b>	<b>(303,589,797)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(69,193,686)	(67,244,543)
(Increase)/Decrease in fixed deposits pledged	(12,362,935)	19,114,367
Decrease in cash and bank balances pledged	359,470	222,331
Drawdown of bank borrowings	108,000,000	77,359,883
Repayment of bank borrowings	(48,783,701)	(23,296,313)
Net movement of amount due to subsidiary companies	854,626	(51,229,531)
Proceeds from:		
- Exercise of ESOS	5,132,025	10,551,093
- Exercise of warrants	13,863,572	42,498,105
- Issuance of RCPS	-	126,992,841
<b>Net cash (used in)/generated from financing activities</b>	<b>(2,130,629)</b>	<b>134,968,233</b>

Statements of Cash Flows  
For the Financial Year Ended 31 December 2018 (Cont'd)

	<b>Company 2018 RM</b>	<b>2017 RM</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(30,297,720)	28,004,138
<b>Effects of exchange translation differences on cash and cash equivalents</b>	511,453	(217,491)
<b>Cash and cash equivalents at the beginning of the financial year</b>	8,009,489	(19,777,158)
<b>Cash and cash equivalents at the end of the financial year</b>	(21,776,778)	8,009,489
<b>Cash and cash equivalents at the end of the financial year comprises:</b>		
Fixed deposits with licensed banks	24,690,982	12,328,047
Cash and bank balances	3,405,754	14,825,891
Bank overdrafts	(25,060,602)	(6,335,002)
	3,036,134	20,818,936
Less: Fixed deposits pledged with licensed banks	(24,690,982)	(12,328,047)
Cash and bank balances pledged	(121,930)	(481,400)
	(21,776,778)	8,009,489

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

# Notes to the Financial Statements

31 December 2018

## 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at Plaza Seri Setia, Level 1 - 4, No. 1, Jalan SS9/2, 47300 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are investment holding and provision of management services to 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.

For all periods up to and including the year ended 31 December 2017, the Group and the Company prepared its financial statements in accordance with Financial Reporting Standards ("FRS"). These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with MFRS, including MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*, MFRS 9 *Financial Instruments* and MFRS 15 *Revenue from Contracts with Customers*. The impact of transition to MFRS are disclosed in Note 55.

Accordingly, the Group and the Company have prepared financial statements that comply with MFRS applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017, as described in the summary of significant accounting policies. In preparing the financial statements, the Group's and the Company's opening statements of financial position was prepared as at 1 January 2017, the Group's and the Company's date of transition to MFRS. This note explains the principal adjustments made by the Group and the Company in restating its FRS financial statements, including the statements of financial position as at 1 January 2017 and the financial statements for the year ended 31 December 2017.

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.

## Notes to the Financial Statements 31 December 2018 (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
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment of Settlement	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRSs 2015 - 2017 Cycle:		
• Amendments to MFRS 3		1 January 2019
• Amendments to MFRS 11		1 January 2019
• Amendments to MFRS 112		1 January 2019
• Amendments to MFRS 123		1 January 2019
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 101	Definition of Material	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new standards and amendments to standards 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 except as mentioned below:

##### MFRS 16 Leases

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statements of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 2. BASIS OF PREPARATION (CONT'D)

#### (a) Statement of compliance (cont'd)

##### **Standards issued but not yet effective (cont'd)**

###### MFRS 16 Leases (cont'd)

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The impact of the new standards and amendments to standards on the financial statements of the Group and of the Company are currently being assessed by management.

#### (b) Functional and presentation currency

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

#### (c) Significant accounting judgements, estimates and assumptions

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

##### **Judgements**

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.

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

## 2. BASIS OF PREPARATION (CONT'D)

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

#### Key sources of estimation uncertainty

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

(i) Useful lives of property, plant and equipment and investment properties

The Group regularly review the estimated useful lives of property, plant and equipment and investment properties based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and investment properties would increase the recorded depreciation and decrease the value of property, plant and equipment and investment properties. The carrying amount at the reporting date for property, plant and equipment and investment properties are disclosed in Notes 4 and 7 respectively.

(ii) Impairment of investment in subsidiary companies

The Company reviews its investment in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amounts at the reporting date for investment in subsidiary companies are disclosed in Note 8.

(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 9.

(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 12.

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 2. BASIS OF PREPARATION (CONT'D)

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

##### Key sources of estimation uncertainty (cont'd)

(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 32.

(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 6.

(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 services are based on invoiced values. Discounts are not considered as they are not 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 14.

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 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

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 judgement 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.

The carrying amount of assets and liabilities of the Group arising from property development activities are disclosed in Note 14.

(x) Impairment of receivables

The Group review the recoverability of its receivables, include trade and other receivables, amounts due from subsidiary companies, associates and related companies at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions at the end of each reporting period.

The carrying amounts at the reporting date for receivables are disclosed in Notes 13, 15, 16 and 17 respectively.

(xi) Employees' Share Option Scheme

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The details of assumptions made in respect of the share-based payment scheme are disclosed in Note 40.

(xii) Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting internal and external experts to the Group, for matters in the ordinary course of business. The details of financial guarantee are disclosed in Note 52.

## Notes to the Financial Statements 31 December 2018 (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) 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 2018, the Group have tax recoverable and tax payable of RM3,311,367 and RM54,187,331 (31.12.2017: RM2,942,557 and RM36,471,642; 1.1.2017: RM6,844,123 and RM22,487,451) respectively. As at 31 December 2018, the Company has tax payable of RM7,739,247 (31.12.2017: RM1,617,867; 1.1.2017: RM89,909).

###### (xiv) 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 46(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.

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.

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (a) Basis of consolidation (cont'd)

###### (i) Subsidiary companies (cont'd)

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 instruments 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 2018 (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 interests in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interests recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(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 arrangement, which exists only when decisions about the relevant activities require the unanimous consent 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 the parties sharing control.

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.

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (b) Investment in associates (cont'd)

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 or joint venture 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 or joint venture, 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.

##### (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.

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (d) Foreign currency transaction

##### (i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

##### (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 or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (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).

##### (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.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

##### (ii) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property and accounted for in accordance with Note 3(h).

##### (iii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

##### (iv) Depreciation

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

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

Leasehold land and buildings	Over the remaining period of the lease
Freehold buildings	20 to 50 years
Motor vehicles	5 years
Office equipment, furniture and fittings	2 to 10 years
Renovations	5 to 10 years
Plant, machinery and equipment	5 to 10 years
Motor racing circuit	20 years

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

#### (f) Capital work-in-progress

Capital work-in-progress consists of buildings under construction for intended use as production facilities. 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.

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (g) Inventories (cont'd)

###### (i) Land held for property development (cont'd)

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

Cost is determined based on specific identification basis. Property development costs comprise costs of land, professional fees, direct materials, direct labour, other direct costs, attributable overhead, payments to subcontractors and borrowing costs capitalised for qualifying assets that incurred during the development period. 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.

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

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

The cost of completed properties includes costs of land and related development cost or its purchase costs and incidental cost of acquisition.

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

Cost of raw material 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 and work-in-progress 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 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.

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (h) Investment properties (cont'd)

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.

#### (i) Financial assets

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

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

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include trade and other receivables, other investments, amount due from associates, deposits and bank and cash balances.

##### (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.

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (i) Financial assets (cont'd)

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

##### Debt instruments

A debt security is measured at fair value through other comprehensive income ("FVTOCI") if it meets both of the following conditions and is not designated as at fair value through profit or loss ("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.

##### Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group and the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income on an investment-by-investment basis.

Financial assets categorised as FVTOCI are subsequently measured at fair value, with unrealised gains and losses recognised directly in other comprehensive income and accumulated under fair value adjustment reserve in equity. For debt instruments, when the investment is derecognised or determined to be impaired, the cumulative gain or loss previously recorded in equity is reclassified to the profit or loss. For equity instruments, the gains and losses are never 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 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 with gains or losses recognised in the profit or loss.

All financial assets, except for those measured at FVTPL and equity instruments measured at FVTOCI, are subject to impairment.

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

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (j) Financial liabilities

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

At initial recognition, the Group or the Company measures 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 instruments.

The Group's and the Company's financial liabilities include trade and other payables, amount due to holding company, amount due to subsidiary companies and loans and borrowings.

The subsequent measurement of financial liabilities depends on their classification 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.

The Group 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 and loans and borrowings.

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 liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of:

- the best estimate of the expenditure required to settle the present obligation at the reporting date; and
- the amount initially recognised less cumulative amortisation.

Liabilities arising from financial guarantees are presented together with other provisions.

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (l) Offsetting of financial instruments

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

##### (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.

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, investment property measured at cost and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (o) Impairment of assets (cont'd)

##### (i) Non-financial assets (cont'd)

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 unit 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.

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 month 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").

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (o) Impairment of assets (cont'd)

###### (ii) Financial assets (cont'd)

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.

##### (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 2018 (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (r) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date of the lease. The arrangement is, or contains a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

#### As lessee

##### (i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised 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 or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised in the statements of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using cost model.

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

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

#### 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.

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (s) Revenue recognition

##### (i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised goods or services 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.

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 output 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 and services rendered

Revenue from sale of goods is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Revenue from services rendered is recognised in the profit or loss based on the value of services performed and invoiced to customers during the period.

Entrance fees collected for rights of enjoyment of facilities are recognised when tickets are sold.

## Notes to the Financial Statements 31 December 2018 (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

Revenue from 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.

- (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 payable 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 payable when invoiced.

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (s) Revenue recognition (cont'd)

###### (ii) Dividend income

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

###### (iii) 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.

###### (iv) Interest income

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

##### (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 are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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

##### (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.

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (w) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

#### (x) Income taxes

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

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

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (x) Income taxes (cont'd)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

##### (y) Employee benefits

###### (i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

###### (ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies also make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

###### (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.

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **(z) Provision for affordable housing**

The Group recognises a provision for affordable housing as required under FRSIC Consensus 17 Development of Affordable Housing. The provision for affordable housing represents the shortfall between the cost of constructing affordable housing and the economic benefits expected to be received from the purchasers of affordable housing in the development of affordable housing on involuntary basis. This provision is capitalised in the form of common costs for development of premium housing based on the master and building plans approved.

In determining the provision for affordable housing, judgements and assumptions are made by the Group on the structure and construction costs in constructing the affordable housing. In making those judgements, the Group evaluates the provisions based on past experience and by relying on the work of specialists.

The carrying amount of the Group's provision for affordable housing as at 31 December 2018 is disclosed in Note 26(b)(iii).

#### **(aa) Contract assets/contract liabilities**

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of property development and construction contracts, contract asset is the excess of cumulative revenue earned over the billings to-date.

Where there is objective evidence of impairment, the amount of impairment loss 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 assets.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer. In the case of property development and construction contracts, contract liability is the excess of the billings to-date over the cumulative revenue earned.

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 4. PROPERTY, PLANT AND EQUIPMENT

<b>31.12.2018 Group</b>	<b>Leasehold land and buildings RM</b>	<b>Motor vehicles RM</b>	<b>Office equipment, furniture and fittings RM</b>	<b>Renovations RM</b>	<b>Plant, machinery and equipment RM</b>	<b>Motor racing circuit RM</b>	<b>Total RM</b>
<b>Cost</b>							
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
<b>Accumulated depreciation</b>							
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
<b>Accumulated impairment losses</b>							
At 1 January 2018/ 31 December 2018	1,389,832	-	-	-	-	-	1,389,832
<b>Carrying amount</b>							
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

Notes to the Financial Statements  
31 December 2018 (Cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

<b>31.12.2017 Group</b>	<b>Leasehold land and buildings RM</b>	<b>Motor vehicles RM</b>	<b>Office equipment, furniture and fittings RM</b>	<b>Renovations RM</b>	<b>Plant, machinery and equipment RM</b>	<b>Motor racing circuit RM</b>	<b>Total RM</b>
<b>Cost</b>							
At 1 January 2017	358,944,785	10,988,877	22,602,881	10,227,356	19,767,859	88,793,917	511,325,675
Additions	2,386,952	5,686,004	3,568,286	1,557,807	10,571,525	-	23,770,574
Transfer from capital work- in-progress	56,349	-	19,999	38,610	-	-	114,958
Disposals	-	(2,884,908)	(88,355)	-	(655,049)	-	(3,628,312)
Written off	-	(1,450)	(1,630,399)	(4,000)	(607,965)	(3,661,634)	(5,905,448)
Reclassification	(280,470)	-	-	280,470	-	-	-
Exchange differences	(13,402,331)	-	(315,720)	-	-	(3,619,692)	(17,337,743)
At 31 December 2017	347,705,285	13,788,523	24,156,692	12,100,243	29,076,370	81,512,591	508,339,704
<b>Accumulated depreciation</b>							
At 1 January 2017	132,957,186	4,402,393	13,124,349	2,647,595	9,864,414	85,869,398	248,865,335
Charge for the financial year	9,239,652	2,774,169	2,261,233	1,174,816	2,444,128	514,377	18,408,375
Disposals	-	(1,241,759)	(43,339)	-	(613,871)	-	(1,898,969)
Written off	-	(1,449)	(1,486,621)	(3,999)	(474,493)	(3,661,634)	(5,628,196)
Reclassification	(51,056)	-	-	51,056	-	-	-
Exchange differences	(5,665,142)	-	(231,871)	-	-	(3,510,442)	(9,407,455)
At 31 December 2017	136,480,640	5,933,354	13,623,751	3,869,468	11,220,178	79,211,699	250,339,090
<b>Accumulated impairment losses</b>							
At 1 January 2017	1,389,832	6,053	-	-	-	-	1,395,885
Reversal of impairment loss	-	(6,053)	-	-	-	-	(6,053)
At 31 December 2017	1,389,832	-	-	-	-	-	1,389,832
<b>Carrying amount</b>							
At 31 December 2017	209,834,813	7,855,169	10,532,941	8,230,775	17,856,192	2,300,892	256,610,782
At 1 January 2017	224,597,767	6,580,431	9,478,532	7,579,761	9,903,445	2,924,519	261,064,455

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	<b>Company</b>	
	<b>31.12.2018</b>	<b>31.12.2017</b>
	<b>RM</b>	<b>RM</b>
<b>Office equipment</b>		
<b>Cost</b>		
At 1 January	4,500	-
Additions	-	4,500
At 31 December	4,500	4,500
<b>Accumulated depreciation</b>		
At 1 January	225	-
Charge for the financial year	450	225
At 31 December	675	225
<b>Carrying amount</b>		
At 31 December	3,825	4,275
At 1 January	4,275	-

- (a) Included in the property, plant and equipment of the Group are leasehold land and buildings with carrying amount of RM40,118,825 (31.12.2017: RM33,260,473; 1.1.2017: RM30,569,078) which have been pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Notes 28(a) and 30(a).
- (b) Included in the property, plant and equipment of the Group are:
- (i) Motor vehicles under finance lease arrangement with carrying amount of RM8,454,672 (31.12.2017: RM7,669,461; 1.1.2017: RM6,195,325).
  - (ii) Plant, machinery and equipment under finance lease arrangement with carrying amount of RM51,655,818 (31.12.2017: RM7,190,808; 1.1.2017: RM2,588,982).
  - (iii) Long term leasehold building under term loan financing with carrying amount of RM6,615,496 (31.12.2017: RM603,859; 1.1.2017: RM610,963).
- The above assets are pledged as securities for the related financing facilities as disclosed in Notes 27 and 28(a).
- (c) The remaining lease period of the leasehold land and buildings ranges from 25 to 95 (31.12.2017: 26 to 96; 1.1.2017: 27 to 97) years.

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (d) Leasehold land with carrying amount of RM159,502,088 (31.12.2017: RM170,519,795; 1.1.2017: RM184,804,756) situated in mainland China is held under medium term lease.

Management has performed an impairment assessment on the carrying amount of the leasehold land by reference to a report prepared by an independent professional valuer on the business operations of a motor racing circuit run by a subsidiary company on such leasehold land, and concluded that the leasehold land has not impaired. The valuation is based on cash flow projections which involve assumptions on and estimations of future cash flows, growth rates, discount factors etc. The assessment of impairment therefore requires considerable judgement by the management.

- (e) The aggregate additional cost for the property, plant and equipment of the Group and of the Company during the financial year was acquired under finance lease financing, term loan financing and cash payments are as follows:

	<b>Group</b> <b>31.12.2018</b> <b>RM</b>	<b>31.12.2017</b> <b>RM</b>
Aggregate costs	91,453,421	23,770,574
Less: Finance lease financing	(39,673,305)	(9,480,990)
Less: Term loan financing	(2,666,459)	-
Cash payments	49,113,657	14,289,584

### 5. CAPITAL WORK-IN-PROGRESS

	<b>Group</b> <b>31.12.2018</b> <b>RM</b>	<b>31.12.2017</b> <b>RM</b>
At 1 January	17,002,938	5,368,273
Additions	32,921,840	6,219,106
Transfer to property, plant and equipment (Note 4)	(6,904,476)	(114,958)
Transfer to investment properties (Note 7)	-	(708,997)
Transfer from land held for property development and property development costs [Note 6(a)]	8,857,727	6,750,905
Exchange differences	181,352	(511,391)
At 31 December	52,059,381	17,002,938

Included in capital work-in-progress of the Group are an amount of RM29,664,205 (31.12.2017: RM6,750,905; 1.1.2017: RMNil) which have been pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Note 28(b).

Notes to the Financial Statements  
31 December 2018 (Cont'd)

## 6. INVENTORIES

	Note	31.12.2018 RM	Group 31.12.2017 RM Restated	1.1.2017 RM Restated
<b>Non-current</b>				
Land held for property development and property development costs	(a)	1,520,285,553	1,334,055,145	730,525,633
<b>Current</b>				
Land held for property development and property development costs	(a)	543,192,645	468,440,441	365,792,269
Completed properties	(b)	291,321,535	267,297,925	187,699,203
Other inventories	(c)	1,441,925	147,389	168,091
		835,956,105	735,885,755	553,659,563

## (a) Land held for property development and property development costs

	31.12.2018 RM	Group 31.12.2017 RM Restated
<b>Non-current</b>		
<b>Freehold land, at cost</b>		
At 1 January	103,544,550	102,205,913
Additions	-	729,254
Transfer (to)/from current portion	(3,499,364)	800,922
Transfer to property development costs	-	(191,539)
At 31 December	100,045,186	103,544,550
<b>Long term leasehold land at cost</b>		
At 1 January	600,041,294	185,758,022
Additions	52,795,767	344,383,475
Transfer (to)/from current portion	(2,780,727)	4,618,763
Transfer from property development costs	67,660,000	66,989,329
Transfer to capital work-in-progress	-	(1,708,295)
At 31 December	717,716,334	600,041,294

Notes to the Financial Statements  
31 December 2018 (Cont'd)

6. INVENTORIES (CONT'D)

(a) Land held for property development and property development costs (cont'd)

	Group 31.12.2018 RM	31.12.2017 RM Restated
<b>Non-current</b>		
<b>Property development costs</b>		
At 1 January	630,469,301	442,561,698
Additions	118,244,568	218,484,418
Transfer from current portion	33,025,126	41,454,909
Transfer to freehold and leasehold land	(67,660,000)	(66,797,790)
Transfer to capital work-in-progress	(8,154,676)	(5,042,610)
Transfer to property, plant and equipment	(1,384,006)	-
Property development costs written off	(2,016,280)	(191,324)
At 31 December	702,524,033	630,469,301
Total non-current land held for property development and property development costs	1,520,285,553	1,334,055,145
<b>Current</b>		
<b>Freehold land, at cost</b>		
At 1 January	4,180,434	7,956,133
Acquisition of a subsidiary company	17,048,500	-
Transfer from/(to) non-current portion	3,499,364	(800,922)
Transfer to profit or loss	(1,163,581)	(2,518,958)
Transfer to completed properties	-	(455,819)
At 31 December	23,564,717	4,180,434
<b>Long term leasehold land, at cost</b>		
At 1 January, as previously reported	144,749,229	109,509,922
Effect of adopting MFRS 15	(33,437)	(133,342)
At 1 January, as restated	144,715,792	109,376,580
Additions	23,547,566	84,933,337
Transfer from/(to) non-current portion	2,780,727	(4,618,763)
Transfer from property development costs	16,000,000	32,589,605
Transfer to profit or loss	(30,984,794)	(76,972,158)
Transfer to completed properties	(1,775,508)	(592,809)
At 31 December	154,283,783	144,715,792

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 6. INVENTORIES (CONT'D)

##### (a) Land held for property development and property development costs (cont'd)

	<b>Group</b>	
	<b>31.12.2018</b>	<b>31.12.2017</b>
	<b>RM</b>	<b>RM</b>
		<b>Restated</b>
<b>Current</b>		
<b>Property development costs</b>		
At 1 January, as previously reported	820,274,186	912,900,964
Effect of adopting MFRS 15	31,188,027	39,212,294
At 1 January, as restated	851,462,213	952,113,258
Acquisition of a subsidiary company	2,618,507	-
Additions	800,849,462	1,057,625,965
Transfer to non-current portion	(33,025,126)	(41,454,909)
Transfer to long term leasehold land	(16,000,000)	(32,589,605)
Transfer to profit or loss	(483,230,055)	(989,600,897)
Transfer to property, plant and equipment	(17,771,910)	-
Transfer to capital work-in-progress	(703,051)	-
Transfer to completed properties	(66,367,215)	(94,631,599)
At 31 December	1,037,832,825	851,462,213
Less: Costs recognised in profit or loss		
At 1 January, as previously reported	500,238,967	671,236,143
Effect of adopting MFRS 15	31,679,031	32,417,559
At 1 January, as restated	531,917,998	703,653,702
Recognised during the financial year	655,949,112	897,356,309
	1,187,867,110	1,601,010,011
Less: Portion related to completed projects	(515,378,430)	(1,069,092,013)
At 31 December	672,488,680	531,917,998
Total current land held for property development and property development costs	543,192,645	468,440,441

- (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 28(c), 29(a), 30(b) and 31(a).

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 6. INVENTORIES (CONT'D)

#### (a) Land held for property development and property development costs (cont'd)

- (ii) Included in land held for property development and property development costs for the financial year are as follows:

	Note	Group 2018 RM	2017 RM
Finance costs	36	39,516,354	23,253,745
Landowners consideration		2,158,219	211,974,719
Sales commission		43,756,663	37,511,196

#### (b) Completed properties

	31.12.2018 RM	Group 31.12.2017 RM Restated	1.1.2017 RM
<b>At cost:</b>			
Completed properties	291,221,535	267,197,925	185,439,203
<b>At net realisable value:</b>			
Completed properties	100,000	100,000	2,260,000
	291,321,535	267,297,925	187,699,203

Included in inventories above was an carrying amount of RM79,181,378 (31.12.2017: RM165,792,353; 1.1.2017: RM132,961,147) which have been pledged to licensed banks as securities for banking facilities granted to the Company and certain subsidiary companies as disclosed in Note 28(f).

	Group 31.12.2018 RM	31.12.2017 RM
At 1 January, as previously reported	263,498,928	187,699,203
Effect of adopting MFRS 15	3,798,997	-
At 1 January, as restated	267,297,925	187,699,203
Transfer from land held for property development and property development costs	68,142,723	95,680,227
Transfer to investment property	(4,196,948)	-
Written down	-	(104,674)
Recognised during the financial year	(39,922,165)	(15,976,831)
At 31 December	291,321,535	267,297,925

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 6. INVENTORIES (CONT'D)

##### (c) Other inventories

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
<b>At cost:</b>			
Raw materials	1,111,210	-	-
Finished goods	77,474	75,341	168,091
Spare parts and consumables	253,241	72,048	-
	1,441,925	147,389	168,091
		Group 2018 RM	2017 RM
<b>Recognised in profit or loss:</b>			
Inventories recognised in cost of sales		10,561,836	1,145,171
Inventories written off		-	48,027

#### 7. INVESTMENT PROPERTIES

	Group 31.12.2018 RM	31.12.2017 RM
<b>Cost</b>		
At 1 January	64,942,515	64,243,828
Additions	5,746,084	173,023
Acquisition of a subsidiary company	111,073,948	-
Transfer to property, plant and equipment (Note 4)	(5,857,542)	-
Transfer from capital work-in-progress (Note 5)	-	708,997
Transfer from inventories [Note 6(b)]	4,196,948	-
Disposals	-	(183,333)
At 31 December	180,101,953	64,942,515

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 7. INVESTMENT PROPERTIES (CONT'D)

	<b>Group</b>	
	<b>31.12.2018</b>	<b>31.12.2017</b>
	<b>RM</b>	<b>RM</b>
<b>Accumulated depreciation</b>		
At 1 January	3,810,581	2,464,639
Acquisition of a subsidiary company	4,073,948	-
Charge for the financial year	3,050,014	1,357,442
Transfer to property, plant and equipment (Note 4)	(517,826)	-
Disposals	-	(11,500)
At 31 December	10,416,717	3,810,581
<b>Accumulated impairment losses</b>		
At 1 January	250,652	309,985
Impairment losses for the financial year	284,328	24,000
Reversal of impairment loss	-	(83,333)
At 31 December	534,980	250,652
<b>Carrying amount</b>		
At 31 December	169,150,256	60,881,282
At 1 January	60,881,282	61,469,204
Included in the above are:		
<b>At cost</b>		
Leasehold land and buildings	53,929,004	53,619,954
Freehold land and buildings	384,710	384,710
Commercial properties	125,788,239	10,937,851
	180,101,953	64,942,515
<b>Fair value</b>		
	199,434,327	78,644,327

#### (a) Investment properties pledged as securities

Investment properties with carrying amount of RM164,872,746 (31.12.2017: RM41,239,261; 1.1.2017: RM39,940,405) have been pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Notes 28(d) and 30(c).

#### (b) Investment properties under leases

Certain investment properties with carrying amount of RM5,339,716 (31.12.2017: RMNil; 1.1.2017: RM3,768,084) have been transferred to property, plant and equipment, as the properties' usage has been changed from investment properties to owner-occupied properties.

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 7. INVESTMENT PROPERTIES (CONT'D)

##### (b) Investment properties under leases (cont'd)

Certain investment properties are leasehold properties with remaining lease periods range from 71 to 96 (31.12.2017: 72 to 97; 1.1.2017: 75 to 98) years.

Investment properties comprise a number of freehold land and buildings, leasehold land and buildings and commercial properties that are leased to third parties. Each of the leases contains a cancellable period ranging from one 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 recent experiences in the locations and category of properties being valued. The fair values are within Level 2 of the fair value hierarchy.

There were no transfers between levels during current and previous financial year.

##### (d) The aggregate additional cost for the investment properties of the Group during the financial year acquired under term loan financing and cash payments are as follows:

	<b>Group</b> <b>31.12.2018</b> <b>RM</b>	<b>31.12.2017</b> <b>RM</b>
Aggregate costs	5,746,084	173,023
Less: Term loan financing	(2,018,529)	-
Cash payments	3,727,555	173,023

##### (e) Income and expenses recognised in profit or loss

The following are recognised in profit or loss in respect of investment properties:

	<b>Group</b> <b>2018</b> <b>RM</b>	<b>2017</b> <b>RM</b>
Rental income	6,719,559	1,223,210
Direct operating expenses:		
- Income generating investment properties	6,746,778	250,775
- Non-income generating investment properties	13,772	194,826

Notes to the Financial Statements  
31 December 2018 (Cont'd)

8. INVESTMENT IN SUBSIDIARY COMPANIES

(a) Investment in subsidiary companies

	31.12.2018 RM	Company 31.12.2017 RM	1.1.2017 RM
<b>In Malaysia:</b>			
Quoted shares, at cost	246,043,394	224,541,813	225,137,936
Warrants, at cost	1,800	1,800	1,800
Unquoted shares, at cost	393,455,395	393,455,395	393,554,395
	639,500,589	617,999,008	618,694,131
Less: Accumulated impairment losses	(3,667,823)	(3,666,824)	(3,766,823)
	635,832,766	614,332,184	614,927,308
<b>Outside Malaysia:</b>			
Unquoted shares, at cost	4,075	4,075	4,075
	635,836,841	614,336,259	614,931,383

The Group's subsidiary companies which have non-controlling interests are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group except as disclosed in Note 8(e).

Certain listed securities have been pledged as securities to partially secure the banking facilities and Sukuk as disclosed in Notes 28(g), 29(c) and 30(e).

Details of the subsidiary companies are disclosed in Note 53.

The movement in the allowance for impairment losses are as follows:

	31.12.2018 RM	Company 31.12.2017 RM
At 1 January	3,666,824	3,766,823
Impairment loss during the financial year	999	-
Reversal of impairment loss	-	(99,999)
At 31 December	3,667,823	3,666,824

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

##### (b) Acquisition of subsidiary companies

###### **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. ("LHGSB") for a total cash consideration of RM510 only. Consequently, LHGSB became a 51% owned subsidiary company of LBS Bina.
- (iii) On 19 February 2018, MGB Land Sdn. Bhd. ("MGB Land"), a wholly-owned subsidiary company of MGB Berhad ("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.

###### **31 December 2017**

- (i) On 21 February 2017, MGB, a 55.34% owned subsidiary company of the Company, subscribed for 51 ordinary shares in Alunan Warta Sdn. Bhd. ("AWSB") for a total cash consideration of RM51 only. Consequently, AWSB became a 51% owned subsidiary company of MGB.
- (ii) On 3 March 2017, MGB Land, a wholly-owned subsidiary company of MGB, acquired 2 ordinary shares in Delta Gallery Sdn. Bhd. ("DGSB") for a total cash consideration of RM2 only. Consequently, DGSB became a wholly-owned subsidiary company of MGB Land.
- (iii) On 7 March 2017, Biz Bena Development Sdn. Bhd. ("BBDSB"), an associate of Pelangi Homes Sdn. Bhd. ("PHSB"), an indirect subsidiary company of the Company had increased its paid-up share capital from 500,000 to 520,000 ordinary shares. PHSB has subscribed for an additional 20,000 ordinary shares in BBDSB for a total cash consideration of RM20,000 only. Consequently, PHSB's equity interest in BBDSB increased from 50% to 51.92% and became a 51.92% owned subsidiary company of PHSB.
- (iv) On 14 March 2017, LBS Bina acquired 150,000 ordinary shares representing 30% equity interest in Bimbingan Sumber Sdn. Bhd. ("BSSB") for a total cash consideration of RM150,000 only. Consequently, LBS Bina's equity interest in BSSB increased from 30% to 60% and became a 60% owned subsidiary company of LBS Bina.
- (v) On 18 April 2017, MGB Land acquired 1 ordinary share in Idaman Kukuh Sdn. Bhd. ("IKSB") for a total cash consideration of RM1 only. Consequently, IKSB became a wholly-owned subsidiary company of MGB Land.

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

#### (b) Acquisition of subsidiary companies (cont'd)

##### **31 December 2017 (cont'd)**

- (vi) On 8 May 2017, MITC Engineering Sdn. Bhd. ("MITCE"), a wholly-owned subsidiary company of MGB, acquired 700 ordinary shares in MGB Geotech Sdn. Bhd. ("MGB Geotech") for a total cash consideration of RM700 only. Consequently, MGB Geotech became a 70% owned subsidiary company of MITCE.
- (vii) On 12 July 2017, LBS Bina subscribed for 51,000 ordinary shares in Kirana Emas Sdn. Bhd. ("KISB") for a total cash consideration of RM51,000 only. Consequently, KISB become a 51% owned subsidiary company of LBS Bina.
- (viii) On 13 July 2017, LBS Bina subscribed for 51,000 ordinary shares in Retro Court Sdn. Bhd. ("RCSB") for a total cash consideration of RM51,000 only. Consequently, RCSB become a 51% owned subsidiary company of LBS Bina.
- (ix) On 15 August 2017, LBS Bina subscribed for 100 ordinary shares in Duta Abadi Sdn. Bhd. ("DASB") with its issued and paid-up share capital of RM100 comprising of 100 ordinary shares. Consequently, DASB became a wholly-owned subsidiary company of LBS Bina.
- (x) On 29 August 2017, the Company subscribed for 1,000 ordinary shares in Saujana Tunggal Sdn. Bhd. ("STSB") for a total cash consideration of RM1,000 only. Consequently, STSB became a wholly-owned subsidiary company of the Company.
- (xi) On 20 September 2017, LBS Bina acquired 1 ordinary share, representing 50% equity interest in LBS Borneo Sdn. Bhd. ("LBS Borneo") for a total cash consideration of RM1 only. On the same day, LBS Bina subscribed for additional 50 ordinary shares in LBS Borneo for a total cash consideration of RM50 only. Consequently, LBS Bina's equity interest in LBS Borneo increased from 50% to 51% and LBS Borneo became a 51% owned subsidiary company of LBS Bina.
- (xii) On 21 November 2017, LBS Bina subscribed for 51 ordinary shares in Dayang Merdeka Sdn. Bhd. ("DMSB") for a total cash consideration of RM51 only. Consequently, DMSB became a 51% owned subsidiary company of LBS Bina.
- (xiii) On 29 November 2017, LBS Bina acquired 255,000 ordinary shares, representing 51% equity interest in Bimbingan Simfoni Sdn. Bhd. ("BSimfoni") for a total cash consideration of RM255,000 only. Consequently, BSimfoni became a 51% owned subsidiary company of LBS Bina.
- (xiv) On 13 December 2017, MITCE subscribed for 2,040,000 ordinary shares in MGB SANY (M) IBS Sdn. Bhd. ("MGB SANY") for a total cash consideration of RM2,040,000 only. Consequently, MGB SANY became an 51% owned subsidiary company of MITCE.

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

##### (b) Acquisition of subsidiary companies (cont'd)

The effect of the acquisition on the financial results of the Group in respect of the financial year is as follows:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Revenue	3,502,952	73,111,600
Cost of sales	(5,067,240)	(53,709,727)
Gross (loss)/profit	(1,564,288)	19,401,873
Interest income	57,666	92
Other income	1,153,602	-
Administrative and operating expenses	(3,989,155)	(3,154,034)
Finance costs	(4,048,412)	(91,918)
(Loss)/Profit before tax	(8,390,587)	16,156,013
Taxation	1,300,010	(4,309,961)
Total comprehensive (loss)/income for the financial year	(7,090,577)	11,846,052
Net (loss)/profit for the financial year attributable to: Owners of the parent	(7,090,577)	11,846,052

##### 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 RM3,502,952 (2017: RM73,111,600) and loss of RM7,090,577 (2017: profit of RM11,846,052) 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 RM4,427,277 (2017: RM73,111,600) and Group's loss for the financial year would have been increased by RM829,593 (2017: Group's profit decreased by RM253).

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 8. 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:

	<b>Group</b> <b>2018</b> <b>RM</b>	<b>2017</b> <b>RM</b>
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	4,639,323
Cash and bank balances	3,938,202	238,065
Tax recoverable	-	1,125
Trade and other payables	(76,446,940)	(100,323)
Tax payables	(1,297,462)	-
Deferred tax liabilities	(2,278,882)	-
Bank borrowings	(43,000,000)	-
<b>Total identifiable assets and liabilities</b>	<b>12,763,613</b>	<b>4,778,190</b>

Net cash outflows arising from the acquisition was as follows:

	<b>Group</b> <b>2018</b> <b>RM</b>	<b>2017</b> <b>RM</b>
Purchase consideration satisfied by cash	16,115,078	2,568,956
Less: Cash and bank balances	(3,938,202)	(238,065)
<b>Net cash outflows from the acquisition of subsidiary companies</b>	<b>12,176,876</b>	<b>2,330,891</b>

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

##### (b) Acquisition of subsidiary companies (cont'd)

Goodwill was recognised as a result of the acquisition as follows:

	<b>Group</b> <b>2018</b> <b>RM</b>	<b>2017</b> <b>RM</b>
Fair value of consideration transferred	16,115,078	2,568,956
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	189,852	2,300,319
Fair value of existing interest in acquiree	-	169,110
Fair value of identifiable assets acquired and liabilities assumed	(12,763,613)	(4,778,190)
Goodwill on consolidation	3,541,317	260,195

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 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. Consequently, SSSB became a 78% owned subsidiary company of LBS Bina.
- (iv) Changes of equity interest in MGB

During the financial year, the Company's equity interest in MGB has increased from 54.97% to 59.68% as the result of the followings:

- (a) Acquired 26,187,700 ordinary shares in MGB for a total cash consideration of RM21,501,581 only.
- (b) MGB increased its issued and paid-up share capital by non-controlling interests by way of conversion of 4,958,679 warrants 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.

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

#### (c) Acquisition of non-controlling interests (cont'd)

##### **31 December 2017**

- (i) On 2 January 2017, LBS Bina acquired 1,748,060 ordinary shares, representing 60% equity interest in Healthguard Medicare Sdn. Bhd. ("HMSB") from Saga Serata Sdn. Bhd. ("SSSB"), a wholly-owned subsidiary company of the Company for a total cash consideration of RM1 only. Consequently, HMSB became a 60% owned subsidiary company of LBS Bina.
- (ii) On 10 July 2017, LBS Bina acquired 200,000 ordinary shares, representing 20% equity interest in Puncak Gama Sdn. Bhd. ("PGSB") for a total cash consideration of RM18,500,000 only. Consequently, LBS Bina's equity interest in PGSB increased from 80% to 100% and PGSB became a wholly-owned subsidiary company of LBS Bina.
- (iii) On 10 July 2017, LBS Bina acquired 25,000 ordinary shares, representing 10% equity interest in Sepadan Maju Sdn. Bhd. ("SMSB") for a total cash consideration of RM25,000 only. Consequently, LBS Bina's equity interest in SMSB increased from 90% to 100% and SMSB became a wholly-owned subsidiary company of LBS Bina.
- (iv) On 8 August 2017, LBS Bina acquired 145,000 ordinary shares, representing 29% equity interest in Kemudi Ehsan Sdn. Bhd. ("KESB") for a total cash consideration of RM30,000,000 only. Consequently, LBS Bina's equity interest in KESB increased from 51% to 80% and KESB became a 80% owned subsidiary company of LBS Bina.
- (v) On 7 December 2017, LBS Bina acquired additional 100,000 ordinary shares, representing 20% equity interest in Iringan Kejora Sdn. Bhd. ("IKSB") for a total cash consideration of RM30,000,000 only. Consequently, LBS Bina's equity interest in IKSB increased from 80% to 100% and IKSB became a wholly-owned subsidiary company of LBS Bina.
- (vi) On 29 December 2017, LBS Bina acquired additional 5,000 ordinary shares, representing 1% equity interest in Casa Inspirasi Sdn. Bhd. ("CISB") for a total cash consideration of RM1,000,000 only. Consequently, LBS Bina's equity interest in CISB increased from 68% to 69% and CISB became a 69% owned subsidiary company of LBS Bina.
- (vii) Changes of equity interest in MGB

The Company's equity interest in MGB has decreased from 56.43% to 54.97% as the result of the followings:

- (a) Disposal of 8,000,000 ordinary shares in MGB for a total cash consideration of RM6,560,000 only.
- (b) Conversion of 9,190,000 warrants at the exercise price of RM0.50 per warrant into 9,190,000 new ordinary shares in MGB for a total cash consideration of RM4,595,000 only.
- (c) Conversion of 67,500,000 Irredeemable Convertible Preference Shares ("ICPS") into 67,500,000 new ordinary shares in MGB with no additional cash payment.

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

##### (c) Acquisition of non-controlling interests (cont'd)

###### **31 December 2017 (cont'd)**

(vii) Changes of equity interest in MGB (cont'd)

(d) MGB increased its issued and paid-up share capital as below by non-controlling interests:

- (i) Issuance and allotment of 28,000,000 new ordinary shares at the issue price of RM1.08 per Placement Share pursuant to the Private Placement Exercise.
- (ii) Conversion of 22,500,000 ICPS at the exercise price of RM1.08 per ICPS into 67,500,000 new ordinary shares.
- (iii) Conversion of 7,259,679 warrants at the exercise price of RM0.50 per warrant into 7,259,679 new ordinary shares.

Consequently, MGB became a 54.97% owned subsidiary company of the Company.

##### (d) The effect of changes in the equity interest that is attributable to the owners of the parent is as follows:

	<b>Group</b>	
	<b>31.12.2018</b>	<b>31.12.2017</b>
	<b>RM</b>	<b>RM</b>
Carrying amount of non-controlling interests acquired	(1,503,671)	(28,280,689)
Consideration paid to non-controlling interests	(3,717,500)	(79,525,000)
Arising from group reorganisation	5,216,267	36,033,087
Decrease in parent's equity	(4,904)	(71,772,602)

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

#### (e) Material partly-owned subsidiary companies

The summarised financial information of the Group's subsidiary companies that have material non-controlling interests (amounts before inter-company elimination) is as follows:

Name of company	Proportion of ownership interests and voting right held by non-controlling interests			Profit/(Loss) allocated to non-controlling interests		Carrying amount of non-controlling interests		
	31.12.2018	31.12.2017	1.1.2017	2018	2017	31.12.2018	31.12.2017	1.1.2017
	%	%	%	RM	RM	RM	RM	RM
							Restated	Restated
MGB Group *	40.32	45.03	43.57	14,089,232	15,936,964	101,761,753	119,564,781	73,453,968
Zhuhai International Circuit Limited ("ZIC")	40.00	40.00	40.00	(2,141,040)	(3,827,286)	(36,608,219)	(34,434,894)	(33,552,936)
Mayang Jelatek Sdn. Bhd. ("MJSB")	49.00	49.00	49.00	609,738	(74,448)	9,220,368	8,610,630	8,685,078
						74,373,902	93,740,517	48,586,110
Individually immaterial subsidiary companies with non-controlling interests						(6,773,311)	(3,795,289)	(7,567,075)
<b>Total non-controlling interests</b>						<b>67,600,591</b>	<b>89,945,228</b>	<b>41,019,035</b>

\* MGB Group represents MGB and its subsidiary companies

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

##### (e) Material partly-owned subsidiary companies (cont'd)

The summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company elimination.

##### (i) Summarised Statement of Financial Position

	<b>MGB Group RM</b>	<b>ZIC RM</b>	<b>MJSB RM</b>
<b>31.12.2018</b>			
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
<b>31.12.2017 (Restated)</b>			
Non-current assets	368,560,112	179,967,112	6,277,849
Current assets	448,071,791	40,564,209	12,805,509
Non-current liabilities	(100,014,963)	(188,450,627)	-
Current liabilities	(306,405,550)	(109,457,628)	(1,510,639)
Net assets/(liabilities)	410,211,390	(77,376,934)	17,572,719
Equity attributable to:			
Owners of the parent	407,823,651	(77,376,934)	17,572,719
Non-controlling interests	2,387,739	-	-
Total equity	410,211,390	(77,376,934)	17,572,719

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

#### (e) Material partly-owned subsidiary companies (cont'd)

The summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company elimination. (cont'd)

##### (i) Summarised Statement of Financial Position (cont'd)

	<b>MGB Group RM</b>	<b>ZIC RM</b>	<b>MJSB RM</b>
<b>1.1.2017 (Restated)</b>			
Non-current assets	363,317,769	196,018,006	6,251,436
Current assets	274,215,139	44,059,174	15,365,929
Non-current liabilities	(33,385,372)	(200,676,278)	-
Current liabilities	(269,074,221)	(113,555,620)	(3,892,711)
Net assets/(liabilities)	335,073,315	(74,154,718)	17,724,654
Equity attributable to:			
Owners of the parent	335,075,456	(74,154,718)	17,724,654
Non-controlling interests	(2,141)	-	-
Total equity	335,073,315	(74,154,718)	17,724,654

##### (ii) Summarised Statement of Profit or Loss and Other Comprehensive Income

	<b>MGB Group RM</b>	<b>ZIC RM</b>	<b>MJSB RM</b>
<b>2018</b>			
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 2018 (Cont'd)

#### 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

##### (e) Material partly-owned subsidiary companies (cont'd)

The summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company elimination. (cont'd)

##### (ii) Summarised Statement of Profit or Loss and Other Comprehensive Income (cont'd)

	<b>MGB Group RM</b>	<b>ZIC RM</b>	<b>MJSB RM</b>
<b>2017 (Restated)</b>			
Revenue	692,643,781	22,064,012	345,600
Net profit/(loss) for the financial year	34,490,954	(6,486,768)	(151,934)
Other comprehensive loss for the financial year	-	(5,200,537)	-
Total comprehensive income/(loss) for the financial year	34,490,954	(11,687,305)	(151,934)

##### (iii) Summarised Statement of Cash Flows

	<b>MGB Group RM</b>	<b>ZIC RM</b>	<b>MJSB RM</b>
<b>2018</b>			
Net cash (used in)/ generated 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 generated 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)

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

#### (e) Material partly-owned subsidiary companies (cont'd)

The summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company elimination. (cont'd)

#### (iii) Summarised Statement of Cash Flows (cont'd)

	MGB Group RM	ZIC RM	MJSB RM
<b>2017 (Restated)</b>			
Net cash (used in)/ generated from operating activities	(79,851,619)	7,018,144	1,752,422
Net cash used in investing activities	(5,038,356)	(1,207,934)	(3,302,109)
Net cash generated from/(used in) financing activities	88,162,674	(6,112,275)	(2,052,417)
Net increase/ (decrease) in cash and cash equivalents	3,272,699	(302,065)	(3,602,104)

#### (f) Disposal of subsidiary companies

- (i) 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.
- (ii) On 16 March 2017, the Company had disposed of 100,000 ordinary shares, representing the entire equity interest of its wholly-owned subsidiary company, Saga Serata Sdn. Bhd. ("SSSB") for a total cash consideration of RM100,000 only. The subsidiary company was previously reported as part of the others segment.

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

##### (f) Disposal of subsidiary companies (cont'd)

The effect of the disposal of TISB and SSSB on the financial position of the Group as at the date of disposal was as follows:

	Group	
	31.12.2018 RM	31.12.2017 RM
Trade and other receivables	-	2,682
Cash and bank balances	-	105,100
Trade and other payables	(1,520,968)	(9,146)
Total net (liabilities)/assets disposed	(1,520,968)	98,636
Gain on disposal	1,520,970	1,364
Proceeds from disposal	2	100,000
Less: Cash and cash balances disposed	-	(105,100)
Net cash inflows/(outflows) from disposal	2	(5,100)

(g) **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.**

#### 9. INVESTMENT IN ASSOCIATES

##### (a) Investment in associates

	Group	
	31.12.2018 RM	31.12.2017 RM
<b>At cost</b>		
Unquoted shares in Malaysia	4,254,070	3,700,070
<b>Accumulated impairment losses</b>		
At 1 January	34,315	199,999
Impairment losses during the financial year	171,717	34,315
Reversal of impairment loss	-	(199,999)
At 31 December	206,032	34,315
Group's share of post acquisition reserves	(1,276,019)	(1,292,182)
	2,772,019	2,373,573

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 9 INVESTMENT IN ASSOCIATES (CONT'D)

#### (a) Investment in associates (cont'd)

Details of the associates are disclosed in Note 54.

#### **31 December 2018**

- (i) On 29 March 2018, MITC Engineering Sdn. Bhd. ("MITCE"), a wholly-owned subsidiary company of MGB, 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 MITCE.
- (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.

#### **31 December 2017**

- (i) On 7 March 2017, BBDSB, an associate of PHSB had increased its paid-up share capital from 500,000 to 520,000 ordinary shares. PHSB has subscribed for an additional 20,000 ordinary shares in BBDSB for a total cash consideration of RM20,000 only. Consequently, PHSB's equity interest increased from 50% to 51.92% and BBDSB became a 51.92% owned subsidiary company of PHSB.
- (ii) On 14 March 2017, LBS Bina acquired 150,000 ordinary shares, representing 30% equity interest in BSSB for a total cash consideration of RM150,000 only. Consequently, LBS Bina's equity interest increased from 30% to 60% and BSSB became a 60% owned subsidiary company of LBS Bina.

The reversal of impairment loss amounting to RM199,999 was recognised in the previous financial year, represented changes in ownership interest from an associate to a subsidiary company.

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 9. INVESTMENT IN ASSOCIATES (CONT'D)

**(b) The summarised financial information of the associates is as follows:**

	<b>31.12.2018</b>	<b>Group</b>
	<b>RM</b>	<b>31.12.2017</b>
		<b>RM</b>
<b>Assets and liabilities</b>		
Non-current assets	1,655,831	1,290,994
Current assets	2,009,591	628,311
Total assets	3,665,422	1,919,305
Non-current liabilities	(828,389)	(819,650)
Current liabilities	(1,866,231)	(1,397,253)
Total net assets/(liabilities)	970,802	(297,598)

	<b>2018</b>	<b>Group</b>
	<b>RM</b>	<b>2017</b>
		<b>RM</b>
<b>Financial results</b>		
Revenue	748,580	201,700
Profit/(Loss) before tax	239,068	(411,325)
Taxation	(103,905)	(8,131)
Net profit/(loss) for the financial year	135,163	(419,456)

The unrecognised share of losses of the associates is as follows:

	<b>2018</b>	<b>Group</b>
	<b>RM</b>	<b>2017</b>
		<b>RM</b>
At 1 January	259,202	244,460
Share of losses during the financial year	24,530	14,742
At 31 December	283,732	259,202

**(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 2018 (Cont'd)

### 10. OTHER INVESTMENTS

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
<b>Non-current</b>			
<b>Financial assets measured at fair value through other comprehensive income</b>			
Equity securities listed in Hong Kong measured at fair value on recurring basis and classified as level 1 of the fair value hierarchy	73,382,778	82,040,890	98,801,419
<b>Other investments</b>			
<b>At cost</b>			
Transferable corporate club memberships	1,233,001	1,248,501	1,248,501
<b>Accumulated impairment losses</b>			
At 1 January	285,001	100,000	100,000
Impairment losses during the financial year	188,000	185,001	-
At 31 December	473,001	285,001	100,000
	760,000	963,500	1,148,501
	74,142,778	83,004,390	99,949,920

The fair value of the listed equity securities was determined by reference to the quoted price in an active market.

Included in listed equity securities was an amount of RM63,384,000 (31.12.2017: RM70,862,400; 1.1.2017: RM83,998,200) which have been pledged to licensed banks as securities to partially secure the bank overdrafts as disclosed in Note 30(e).

During the financial year, an impairment loss of RM188,000 (2017: RM185,001) was provided for transferable corporate club memberships as there were decline in the fair value of these investments below their costs.

Notes to the Financial Statements  
31 December 2018 (Cont'd)

10. OTHER INVESTMENTS (CONT'D)

	<b>31.12.2018</b> RM	<b>Group</b> <b>31.12.2017</b> RM	<b>1.1.2017</b> RM
<b>Current</b>			
<b>Financial assets measured at fair value through profit or loss</b>			
Over the counter trust funds measured at fair value on recurring basis and classified as level 1 of the fair value hierarchy	3,125,358	2,021,136	-
<b>Current</b>			
<b>Financial assets measured at fair value through profit or loss</b>			
Over the counter trust funds measured at fair value on recurring basis and classified as level 1 of the fair value hierarchy	2,092,671	2,021,136	-

The fair value of the trust funds was determined by reference to the quoted prices provided by financial intermediaries.

Notes to the Financial Statements  
31 December 2018 (Cont'd)

11. INTANGIBLE ASSETS

	Note	Group 31.12.2018 RM	Group 31.12.2017 RM
<b>Cost</b>			
At 1 January			
- as previously reported		683,027	-
- effect of completion of purchase price allocation ("PPA")	(a)	-	2,511,731
- as restated		683,027	2,511,731
- effect of completion of PPA	(b)	2,332,993	-
Written off		-	(1,828,704)
At 31 December		3,016,020	683,027
<b>Accumulated amortisation</b>			
At 1 January			
- as previously reported		683,027	-
- effect of completion of PPA		-	93,352
- as restated		683,027	93,352
Charge for the financial year		-	589,675
At 31 December		683,027	683,027
<b>Accumulated impairment losses</b>			
At 1 January			
- as previously reported		-	-
- effect of completion of PPA		-	1,828,704
- as restated		-	1,828,704
Written off		-	(1,828,704)
At 31 December		-	-
<b>Carrying amount</b>			
At 31 December		2,332,993	-
At 1 January		-	589,675

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 11. INTANGIBLE ASSETS (CONT'D)

- (a) In the previous financial year, the Group has completed the purchase price allocation ("PPA") exercise to determine the fair value of the net assets of MGB, within the stipulated time period, i.e. twelve (12) months from the acquisition date of 5 July 2016, in accordance to MFRS 3, *Business Combinations*. Based on the PPA exercise conducted, RM2,511,731 has been identified as intangible assets arising from the fair value of the contracts with customers.

Reversal of allowance for impairment loss of the Group was made in the previous financial year when the related amounts were written off amounting to RM1,828,704.

- (b) During the current financial year, MGB Group has completed the 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 in the Statements of Financial Position.

#### 12. GOODWILL ON CONSOLIDATION

	<b>31.12.2018</b>	<b>31.12.2017</b>
	<b>RM</b>	<b>RM</b>
<b>Group</b>		
<b>Cost</b>		
At 1 January		
- as previously reported	181,197,607	183,449,143
- effect of completion of PPA	-	(2,511,731)
- as restated	181,197,607	180,937,412
Additions	3,541,317	260,195
At 31 December	184,738,924	181,197,607
<b>Accumulated impairment losses</b>		
At 1 January		
- as previously reported	66,585,616	56,469,275
- effect of completion of PPA	-	(1,922,056)
- as restated	66,585,616	54,547,219
Additions	4,645,352	12,038,397
At 31 December	71,230,968	66,585,616
<b>Carrying amount</b>		
At 31 December	113,507,956	114,611,991
At 1 January	114,611,991	126,390,193

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 12. GOODWILL ON CONSOLIDATION (CONT'D)

In the previous financial year, the Group has completed the PPA exercise to determine the fair value of the net assets of MGB and Seloka Sinaran Sdn. Bhd., within the stipulated time period, i.e. twelve (12) months from the acquisition date of 5 July 2016 and 3 August 2016 respectively, in accordance to MFRS 3, *Business Combinations*. Based on the PPA exercise conducted, RM2,511,731 has been identified as intangible assets arising from the fair value of the contracts with customers.

The remaining goodwill on consolidation recognised on the acquisition is attributable mainly to the skills and technical talent of the acquired business's work force and the synergies expected to be achieved from integrating the subsidiary companies into the Group's existing property development, construction and trading segments.

During the current 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:

	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
<b>Group</b>			
Property development	107,242,945	108,346,980	119,535,507
Construction and trading	6,265,011	6,265,011	6,854,686
	113,507,956	114,611,991	126,390,193

#### (b) Key assumptions used to determine the recoverable amount

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five to ten years period. The key assumptions used for value-in-use calculations are based on future projection of the Group in Malaysia as follows:

	Property Development	Construction and Trading
Net margin	20%	6%
Growth rate	N/A	10% - 15%
Pre-tax discount rate	7.15% p.a.	8% p.a.

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 12. GOODWILL ON CONSOLIDATION (CONT'D)

#### **(b) Key assumptions used to determine the recoverable amount (cont'd)**

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 budgeted year, increased for expected efficiency improvements and market development.
- (ii) Growth rate - Not applicable for property development segment as the cash flow projections made is for a period of 5 to 10 years, in accordance with the expected life cycle of the CGU.
- (iii) Pre-tax discount rate - Rate that reflects specific risks relating to the relevant CGU.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources.

The management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts.

#### **(c) Sensitivity to changes in assumptions**

The management believes that a reasonably possible changes in the key assumptions on which management has based on its determination of the CGU's recoverable amount would not cause the CGU's carrying amount to exceed its recoverable amount.

#### **(d) Impairment loss recognised during the financial year**

The Group recognised an impairment loss of RM4,645,352 (2017: RM12,038,397) during the financial year in respect of the goodwill arising on consolidation. The goodwill relates to certain subsidiary companies mainly under take 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.

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 13. TRADE RECEIVABLES

	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
<b>Group</b>			
<b>Non-current</b>			
Trade receivables			
- Third parties	1,039,164	-	-
<b>Current</b>			
Trade receivables			
- Third parties	699,642,771	589,314,863	299,123,549
- Related parties	1,673,205	5,998,559	7,639,091
	701,315,976	595,313,422	306,762,640
Retention sum receivables			
- Third parties	14,690,976	7,916,084	10,223,772
	716,006,952	603,229,506	316,986,412
Less: Accumulated impairment losses	(5,816,471)	(6,644,914)	(4,469,861)
Total current trade receivables	710,190,481	596,584,592	312,516,551
<b>Total trade receivables</b>	<b>711,229,645</b>	<b>596,584,592</b>	<b>312,516,551</b>

The Group's normal trade credit terms range from 14 to 180 days (31.12.2017: 14 to 180 days; 1.1.2017: 14 to 180 days). 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 RM55,098,940 (31.12.2017: RM20,671,866; 1.1.2017: RM26,195,769) retained by stakeholders which are due upon the expiry of retention period as stipulated in the sale and purchase agreements. The retention periods range from 8 to 24 months.

Movements in the allowance for impairment losses of trade receivables are as follows:

	Lifetime allowance RM	Credit impaired RM	Loss allowance RM
<b>Group</b>			
<b>31.12.2018</b>			
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

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 13. TRADE RECEIVABLES (CONT'D)

Movements in the allowance for impairment losses of trade receivable are as follows: (cont'd)

	<b>Lifetime allowance RM</b>	<b>Credit impaired RM</b>	<b>Loss allowance RM</b>
<b>Group</b>			
<b>31.12.2017</b>			
At 1 January	2,947,048	1,522,813	4,469,861
Allowance for impairment losses	770,766	2,396,520	3,167,286
Disposal of a subsidiary company	-	(39,615)	(39,615)
Reversal of allowance for impairment losses	(789,475)	(143,319)	(932,794)
Exchange differences	-	(19,824)	(19,824)
At 31 December	2,928,339	3,716,575	6,644,914

Reversal of impairment losses of the Group amounting to RM143,319 was made when the related amount was collected in the previous financial year.

Analysis of the trade receivables ageing are as follows:

	<b>Gross Amount RM</b>	<b>Loss allowance RM</b>	<b>Net amount RM</b>
<b>Group</b>			
<b>31.12.2018</b>			
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

Notes to the Financial Statements  
31 December 2018 (Cont'd)

13. TRADE RECEIVABLES (CONT'D)

Analysis of the trade receivables ageing are as follows: (cont'd)

	<b>Gross Amount RM</b>	<b>Loss allowance RM</b>	<b>Net amount RM</b>
<b>Group</b>			
<b>31.12.2017</b>			
Neither past due	356,096,053	(12,829)	356,083,224
Past due:			
Less than 30 days	67,597,621	(423,397)	67,174,224
31 to 60 days	53,365,192	(148,863)	53,216,329
More than 60 days	122,454,065	(2,343,250)	120,110,815
	243,416,878	(2,915,510)	240,501,368
Credit impaired:			
Individually impaired	3,716,575	(3,716,575)	-
	603,229,506	(6,644,914)	596,584,592
<b>Group</b>			
<b>1.1.2017</b>			
Neither past due	118,766,279	(8,547)	118,757,732
Past due:			
Less than 30 days	33,686,825	(151,881)	33,534,944
31 to 60 days	27,827,685	(216,947)	27,610,738
More than 60 days	135,182,810	(2,569,673)	132,613,137
	196,697,320	(2,938,501)	193,758,819
Credit impaired:			
Individually impaired	1,522,813	(1,522,813)	-
	316,986,412	(4,469,861)	312,516,551

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 13. TRADE RECEIVABLES (CONT'D)

#### Trade receivables that are neither past due or past due

##### (i) **Property development**

Included in gross trade receivables were an amount of RM557,730,750 (31.12.2017: RM514,839,816; 1.1.2017: RM242,388,713), mainly related to amounts due from property purchasers with end financing facilities from reputable end financiers. In respect of property purchasers with no end financing facilities, the Group retains the legal title to all the properties sold until the full contracted sale value is settled.

As at 31 December 2018, trade receivables that are individually determined to be impaired were RM3,288,664 (31.12.2017: RM3,216,339; 1.1.2017: RM991,377), mainly related to purchasers whom are in significant financial difficulties or have defaulted on payments. For those 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 2018, the Group provided life time impairment losses of RM1,291,482 (31.12.2017: RM2,730,477; 1.1.2017: RM2,589,823) based on purchasers' historical data as an assumption for possibility of default.

##### (ii) **Construction and trading**

As at 31 December 2018, the gross trade receivables of RM152,772,301 (31.12.2017: RM85,529,485; 1.1.2017: RM70,089,514) that are neither past due and past due were creditworthy debtors with good payment records or active corporate clients with healthy business relationship but slower in repayment records.

Trade receivables that are individually determined to be impaired were RM34,741 (31.12.2017: RM34,741; 1.1.2017: RM34,741) and provision of life time impairment losses of RM183,407 (31.12.2017: RM184,967; 1.1.2017: RM348,676) has been made as at 31 December 2018.

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.

Notes to the Financial Statements  
31 December 2018 (Cont'd)

14. CONTRACT ASSETS/(LIABILITIES)

	<b>31.12.2018</b> <b>RM</b>	<b>31.12.2017</b> <b>RM</b> <b>Restated</b>	<b>1.1.2017</b> <b>RM</b> <b>Restated</b>
<b>Group</b>			
<u>Contract assets</u>			
Construction contracts (a)	5,520,288	6,959,463	206,607
Property development activities (b)	198,569,766	354,644,063	346,205,131
	204,090,054	361,603,526	346,411,738
<u>Contract liabilities</u>			
Construction contracts (a)	26,159,098	11,048,273	11,841,075
Property development activities (b)	26,867,292	22,602,819	13,351,551
	53,026,390	33,651,092	25,192,626

(a) Construction contracts

	<b>31.12.2018</b> <b>RM</b>	<b>31.12.2017</b> <b>RM</b>	<b>1.1.2017</b> <b>RM</b>
<b>Group</b>			
Contract cost incurred to-date	336,727,043	203,596,289	142,036,686
Attributable profits recognised to-date	22,604,167	24,248,024	16,404,289
	359,331,210	227,844,313	158,440,975
Less: Progress billings	(379,970,020)	(231,933,123)	(170,075,443)
	(20,638,810)	(4,088,810)	(11,634,468)
Presented as:			
Contract assets	5,520,288	6,959,463	206,607
Contract liabilities	(26,159,098)	(11,048,273)	(11,841,075)
	(20,638,810)	(4,088,810)	(11,634,468)

Included in progress billings is retention sum of RM14,085,281 (31.12.2017: RM14,095,434; 1.1.2017: RM10,223,772).

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 14. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

##### (b) Property development activities

	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
<b>Group</b>			
At 1 January	332,041,244	332,853,580	103,871,458
Property development revenue recognised during the financial year	888,136,370	1,168,312,635	795,686,437
Less: Billings during the financial year	(1,048,475,140)	(1,169,124,971)	(566,704,315)
At 31 December	171,702,474	332,041,244	332,853,580
Presented as:			
Contract assets	198,569,766	354,644,063	346,205,131
Contract liabilities	(26,867,292)	(22,602,819)	(13,351,551)
	171,702,474	332,041,244	332,853,580

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 2018 (Cont'd)

### 15. OTHER RECEIVABLES

	<b>31.12.2018</b> <b>RM</b>	<b>Group</b> <b>31.12.2017</b> <b>RM</b> <b>Restated</b>	<b>1.1.2017</b> <b>RM</b> <b>Restated</b>
<b>Current</b>			
Other receivables			
- Third parties	28,045,988	48,272,766	52,341,289
- Related parties	267,623	304,517	241,770
	28,313,611	48,577,283	52,583,059
Less: Accumulated impairment losses			
- Third parties	(5,031,623)	(4,851,031)	(10,397,164)
- Acquisition of a subsidiary company	-	-	(845,679)
	23,281,988	43,726,252	41,340,216
Deposits			
- Third parties	50,471,326	48,688,001	29,908,092
- Related parties	12,900	240,400	20,400
GST receivable	5,476,689	5,732,553	757,217
Prepayments	15,039,164	13,452,043	38,464,914
<b>Total other receivables</b>	<b>94,282,067</b>	<b>111,839,249</b>	<b>110,490,839</b>
	<b>31.12.2018</b> <b>RM</b>	<b>Company</b> <b>31.12.2017</b> <b>RM</b>	<b>1.1.2017</b> <b>RM</b>
<b>Current</b>			
Other receivables	3,630	2,318,522	326,236
Deposits	1,154,500	1,064,500	14,500
GST receivable	11,265	-	-
<b>Total other receivables</b>	<b>1,169,395</b>	<b>3,383,022</b>	<b>340,736</b>

Included in other receivables of the Group mainly comprise of the followings:

- (i) Deposits and prepaid purchase consideration of RM14,700,000 and RMNil (31.12.2017: RM19,380,000 and RM4,350,000; 1.1.2017: RM15,213,000 and RM33,275,016) respectively, paid for the acquisition and joint venture of development lands that have not been completed as at 31 December 2018. The balance of these deposits and prepaid purchase consideration are disclosed as capital commitments in Note 51.

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 15. OTHER RECEIVABLES (CONT'D)

Included in other receivables of the Group mainly comprise of the followings: (cont'd)

- (ii) An amount of RM6,357,971 (31.12.2017: RM6,086,769; 1.1.22017: RM5,690,311) provided for settlement with the purchasers of a development project of a subsidiary company in accordance with the Workout Proposals of Instangreen Corporation Berhad. This amount will be settled upon receipt of claims from all the purchasers.
- (iii) An amount of RM720,167 (31.12.2017: RM708,476; 1.1.2017: RM687,822) arising from a project management agreement signed with a developer. The projects have been completed and collection is pending strata titles issuance and closure of Housing Development Accounts by the developer.

The Group and the Company have not recognised any impairment on certain receivables that are past due at the end of the financial year, as there is no objective evidence that the receivables are not fully recoverable.

The movements in the allowance for impairment losses (individually assessed) are as follows:

	<b>31.12.2018</b> <b>RM</b>	<b>Group</b> <b>31.12.2017</b> <b>RM</b> <b>Restated</b>
At 1 January	4,851,031	11,242,843
Allowance for impairment losses	180,767	277,361
Reversal of allowance for impairment losses	-	(528,928)
Written off	-	(6,140,245)
Exchange differences	(175)	-
At 31 December	5,031,623	4,851,031

Reversal of allowance for impairment losses were made by the Group in the previous financial year when the related amount of RM528,928 were collected.

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.

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 16. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

#### (a) Amount due from subsidiary companies

These represent unsecured, non-interest bearing advances and repayable on demand except for an amount of RM468,153,858 (31.12.2017: RM330,764,157; 1.1.2017: RM185,815,664) which bear interests ranging from 7.04% to 7.60% (31.12.2017: 7.01% to 7.45%; 1.1.2017: 5.09% to 6.07%) per annum.

#### (b) Amount due to subsidiary companies

These represent unsecured, non-interest bearing advances and repayable on demand.

### 17. AMOUNT DUE FROM AN ASSOCIATE

This represents unsecured, non-interest bearing advances and repayable on demand.

### 18. FIXED DEPOSITS WITH LICENSED BANKS

Included in fixed deposits of the Group and of the Company are amounts of RM38,632,446 and RM24,690,982 (31.12.2017: RM24,833,340 and RM12,328,047; 1.1.2017: RM40,221,758 and RM31,442,414) respectively, which are pledged to licensed banks as securities for banking facilities granted to the Company and certain subsidiary companies as disclosed in Notes 28(h) and 30(d).

The interest rates and maturities of deposits of the Group at the reporting date ranging from 0.30% to 3.80% (31.12.2017: 0.35% to 3.75%; 1.1.2017: 0.05% to 3.90%) per annum and 1 to 365 days (31.12.2017 and 1.1.2017: 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 0.30% to 3.45% (31.12.2017: 0.50% to 3.45%; 1.1.2017: 0.50% to 3.70%) per annum and 1 to 365 days (31.12.2017 and 1.1.2017: 1 to 365 days) respectively.

### 19. CASH HELD UNDER HOUSING DEVELOPMENT ACCOUNTS

Cash held under Housing Development Accounts which are not freely available for use represents monies received from purchasers of residential properties less payments or withdrawals in accordance with the Housing Development (Controls and Licensing) Act, 1966.

The interest rates of cash held under Housing Development Accounts at the reporting date ranging from 0.18% to 2.50% (31.12.2017: 0.18% to 2.20 %; 1.1.2017: 0.19% to 2.10 %) per annum.

### 20. CASH AND BANK BALANCES

Included in cash and bank balances of the Group and of the Company are deposits with licensed banks amounting to RM3,837,881 and RM121,930 (31.12.2017: RM7,056,471 and RM481,400; 1.1.2017: RM9,878,803 and RM703,731) respectively, which have been pledged to licensed banks for banking facilities granted to the Group and to the Company as disclosed in Note 28(e).

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 21. SHARE CAPITAL

	Group/Company			
	Number of shares		Amount	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	Unit	Unit	RM	RM
Ordinary shares with no par value				
<b>Authorised ordinary shares</b>				
At 1 January	-	1,000,000,000	-	1,000,000,000
Abolishment of the concept of authorised share capital on 31 January 2017*	-	(1,000,000,000)	-	(1,000,000,000)
At 31 December	-	-	-	-
<b>Issued and fully paid ordinary shares</b>				
At 1 January	686,997,992	641,424,473	775,285,125	641,424,473
Issuance of shares:				
- Exercise of ESOS	4,719,300	7,901,400	7,027,093	14,331,093
- Exercise of warrants	15,477,918	37,179,084	14,011,957	42,807,515
- Conversion of RCPS	6,036,165	493,035	13,279,565	1,084,677
Share subdivision	704,839,273	-	-	-
Bonus issue	140,955,745	-	-	-
Transition to no-par value regime on 31 January 2017 (Note 22)	-	-	-	75,637,367
At 31 December	1,559,026,393	686,997,992	809,603,740	775,285,125
<b>Redeemable Convertible Preference Shares ("RCPS")</b>				
At 1 January	114,461,967	-	125,908,164	-
Issued during the financial year	-	115,448,037	-	126,992,841
Conversion of RCPS	(12,072,332)	(986,070)	(13,279,565)	(1,084,677)
At 31 December	102,389,635	114,461,967	112,628,599	125,908,164
Total	1,661,416,028	801,459,959	922,232,339	901,193,289

\* The new Companies Act, 2016, which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account became part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Companies Act, 2016. There was no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 21. SHARE CAPITAL (CONT'D)

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction and rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares that are held by the Company, all rights are suspended until those shares are reissued.

#### Ordinary shares

During the financial year, 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 2018 (Cont'd)

### 21. 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 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 2018, the total number of RCPS that remain unexercised was 102,389,635.

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 22. SHARE PREMIUM

	Group/Company	
	31.12.2018 RM	31.12.2017 RM
<b>Non-distributable</b>		
At 1 January	-	74,235,266
Exercise of ESOS	-	121,211
Exercise of warrants	-	1,280,890
Transition to no-par value regime on 31 January 2017 (Note 21)	-	(75,637,367)
At 31 December	-	-

Prior to 31 January 2017, the application of the share premium account was governed by Sections 60 and 61 of the Companies Act, 1965. In accordance with the transitional provisions set out in Section 618(2) of the new Companies Act, 2016, on 31 January 2017, any amounts standing to the credit of the Company's share premium account became part of the Company's share capital as disclosed in Note 21.

Notwithstanding this provision, the Company may within 24 months from the commencement of the Companies Act, 2016 use the amount standing to the credit of its share premium account of RM75,637,367 for purposes as set out in Sections 618(3) to pay up the unissued shares and for the bonus issue pursuant to Section 618(4) of the Companies Act, 2016.

### 23. TREASURY SHARES

	Group/Company			
	Number of shares		Amount	
	31.12.2018 Units	31.12.2017 Units	31.12.2018 RM	31.12.2017 RM
At 1 January	60,000	60,000	88,081	88,081
Bonus issue	60,000	-	-	-
At 31 December	120,000	60,000	88,081	88,081

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 23. TREASURY SHARES (CONT'D)

The shareholders of the Company, by a resolution passed in the last Annual General Meeting held on 6 June 2018, 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.

The Company has the right to resell these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

There is no repurchase and resale of treasury shares during the financial year.

#### 24. OTHER RESERVES

	Notes	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
<b>Non-distributable</b>				
Fair value reserves	(a)	(36,746,304)	(29,849,084)	(34,809,309)
ESOS reserves	(b)	5,007,687	6,982,320	8,414,930
Foreign currency translation reserve	(c)	111,312,586	109,731,674	119,865,996
Other reserves	(d)	(241,088,770)	(253,278,215)	(183,252,449)
Warrants reserves	(e)	21,352,823	24,976,447	36,566,506
		(140,161,978)	(141,436,858)	(53,214,326)

	Notes	31.12.2018 RM	Company 31.12.2017 RM	1.1.2017 RM
Fair value reserves	(a)	(21,352,823)	(24,828,062)	(34,827,821)
ESOS reserves	(b)	5,007,687	6,982,320	8,414,930
Warrants reserves	(e)	21,352,823	24,976,447	36,566,506
		5,007,687	7,130,705	10,153,615

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 24. OTHER RESERVES (CONT'D)

#### (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	
	31.12.2018 RM	31.12.2017 RM
<b>Non-distributable</b>		
At 1 January	6,982,320	8,414,930
Share-based payment	-	2,694,295
Exercise of ESOS	(1,895,068)	(3,901,211)
Realisation of ESOS reserves	(79,565)	(225,694)
At 31 December	5,007,687	6,982,320

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 40.

#### (c) Foreign currency translation reserves

The foreign currency translation reserves represent exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

#### (d) Other reserves

Other reserves represent the difference between the Group's share of net assets before and after the acquisition of equity interest from its non-controlling interests, and any consideration paid.

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 24. OTHER RESERVES (CONT'D)

#### (e) Warrants reserves

	Group/Company			
	Number of shares		Amount	
	31.12.2018 Units	31.12.2017 Units	31.12.2018 RM	31.12.2017 RM
<b>Non-distributable</b>				
<b>Warrants A</b>				
At 1 January	6,034,712	21,937,712	148,385	1,738,685
Subdivision	4,228,112	-	-	-
Bonus issue	845,617	-	-	-
Realisation of warrants reserves	(7,929,702)	(15,903,000)	(148,385)	(1,590,300)
Expiry of warrants	(3,178,739)	-	-	-
At 31 December	-	6,034,712	-	148,385
<b>Warrants B</b>				
At 1 January	52,825,663	74,101,747	24,828,062	34,827,821
Subdivision	45,559,947	-	-	-
Bonus issue	9,111,868	-	-	-
Realisation of warrants reserves	(7,548,216)	(21,276,084)	(3,475,239)	(9,999,759)
At 31 December	99,949,262	52,825,663	21,352,823	24,828,062
<b>Total warrants reserves</b>	<b>99,949,262</b>	<b>58,860,375</b>	<b>21,352,823</b>	<b>24,976,447</b>

Warrants reserves represent reserves allocated to the detachable Warrants A and Warrants B.

The salient terms of Warrants A and Warrants B are as follows:

(i) Warrants A

In the financial year 2008, the Company issued renounceable rights issue of 154,076,578 Warrants A on the basis of two (2) new warrants for every five (5) existing ordinary shares. The Company executed a Deed Poll constituting the warrants and the issue price and exercise price of the warrants have been fixed at RM0.10 and RM1.00 each respectively.

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 24. OTHER RESERVES (CONT'D)

#### (e) Warrants reserves (cont'd)

The salient terms of Warrants A and Warrants B are as follows: (cont'd)

##### (i) Warrants A (cont'd)

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 the Warrants A expired on 11 June 2018.

##### (ii) Warrants B

On 5 October 2015, the Company had issued 136,429,897 Warrants B to all the entitled shareholders of the Company on the basis of one (1) free Warrants B for every four (4) existing ordinary shares held in the Company.

The Warrants B are constituted under a Deed Poll executed on 3 September 2015 and each warrant entitles the registered holder the right at any time during the exercise period from 5 October 2015 to 4 October 2020 to subscribe in cash for one new ordinary share of the Company at an exercise price of RM1.25 each.

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 2018, the total number of Warrants A and Warrants B that remain unexercised were Nil (31.12.2017: 6,034,712; 1.1.2017: 21,937,712) and 99,949,262 (31.12.2017: 52,825,663; 1.1.2017: 74,101,747) respectively.

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 25. TRADE PAYABLES

	<b>31.12.2018</b> <b>RM</b>	<b>Group</b> <b>31.12.2017</b> <b>RM</b> <b>Restated</b>	<b>1.1.2017</b> <b>RM</b> <b>Restated</b>
<b>Non-current</b>			
Trade payables	436,312,475	457,863,791	247,977,571
<b>Current</b>			
Trade payables			
- Third parties	453,570,597	464,346,733	247,189,167
- Related parties	73,002	8,788	1,511,238
	453,643,599	464,355,521	248,700,405
Retention sum			
- Third parties	92,298,034	83,370,704	62,898,415
- Related parties	24,866	24,866	2,426,833
	92,322,900	83,395,570	65,325,248
	545,966,499	547,751,091	314,025,653
<b>Total trade payables</b>	<b>982,278,974</b>	<b>1,005,614,882</b>	<b>562,003,224</b>

**(a) Non-current trade payables**

This mainly represents payables for the acquisition and joint venture of project development lands. Payment will be made as stipulated in the agreements.

**(b) Current trade payables**

The normal trade credit terms granted to the Group range from cash basis to 60 days (31.12.2017: cash basis to 60 days and 1.1.2017: cash basis to 60 days). Other credit terms are assessed and approved on a case-to-case basis.

Included in trade payables of the Group mainly comprise of an amount of payables of RM131,095,863 (31.12.2017: RM236,593,057; 1.1.2017: RM60,358,914) 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 2018 (Cont'd)

26. OTHER PAYABLES

	<b>31.12.2018</b> <b>RM</b>	<b>Group</b> <b>31.12.2017</b> <b>RM</b> <b>Restated</b>	<b>1.1.2017</b> <b>RM</b> <b>Restated</b>
<b>Non-current</b>			
Other payables			
- Third parties	-	2,168,375	-
- Related parties	51,259,602	63,692,684	54,991,839
	51,259,602	65,861,059	54,991,839
<b>Current</b>			
Other payables			
- Third parties	106,903,104	94,684,805	65,603,186
- Related parties	27,921,325	37,527,551	36,971,374
	134,824,429	132,212,356	102,574,560
Accruals			
- Third parties	276,738,750	303,450,010	223,356,339
- Related parties	-	37,529	-
	276,738,750	303,487,539	223,356,339
Deposits			
- Third parties	4,985,630	3,556,177	3,153,595
- Related party	8,800	4,900	2,000
	4,994,430	3,561,077	3,155,595
Amount due to a shareholder	5,523,626	-	-
Provision for affordable housing	74,153,980	97,055,692	-
GST payable	15,617	1,001,641	707,967
Dividend payable	-	28,180,380	13,027,823
	496,250,832	565,498,685	342,822,284
<b>Total other payables</b>	<b>547,510,434</b>	<b>631,359,744</b>	<b>397,814,123</b>

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 26. OTHER PAYABLES (CONT'D)

	<b>31.12.2018</b> RM	<b>Company</b> <b>31.12.2017</b> RM	<b>1.1.2017</b> RM
<b>Current</b>			
Other payables			
- Third parties	515,310	238,022	164,831
- Related parties	-	2,147	-
	515,310	240,169	164,831
Accruals			
- Third parties	1,170,646	538,579	214,387
- Related parties	-	-	1,021,006
	1,170,646	538,579	1,235,393
GST payable	-	8,422	8,639
Dividend payable	-	28,180,380	13,027,823
<b>Total other payables</b>	<b>1,685,956</b>	<b>28,967,550</b>	<b>14,436,686</b>

#### (a) Non-current other payables

Included in other payables of the Group mainly comprise of the followings:

- (i) An amount of unsecured advances from a joint venture partner of RM51,259,602 (31.12.2017: RM52,692,684; 1.1.2017: RM54,991,839) is not expected to be settled within the next twelve months.
- (ii) An amount of RMNil (31.12.2017: RM11,000,000; 1.1.2017: RMNil) for equity interest acquisition from non-controlling interests.

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 26. OTHER PAYABLES (CONT'D)

#### (b) Current other payables

Included in other payables of the Group mainly comprise of the followings:

- (i) An amount of RM32,357,935 (31.12.2017: RM45,510,783; 1.1.2017: RM35,070,608) for equity interest acquisition from non-controlling interests.
- (ii) An amount of RM6,357,971 (31.12.2017: RM6,086,769; 1.1.2017: RM5,690,311) provided for settlement with the purchasers of a development project of a subsidiary company in accordance with the Workout Proposals of Instangreen Corporation Berhad. This amount will be settled upon receipt of claims from all the purchasers.
- (iii) Provision for affordable housing

The Malaysian Institute of Accountants ("MIA") issued Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 17 on Development of Affordable Housing on 24 November 2011. It recommended that the estimated amount of shortfall relating to affordable housing obligation be recognised as a provision. The recognition of such provision would result in the recognition of a corresponding asset in the form of common costs in the development of premium housing as included in Note 6(a) on land held for property and property development costs.

The movements of the provision for affordable housing are as follows:

	<b>31.12.2018</b>	<b>Group</b>
	<b>RM</b>	<b>31.12.2017</b>
		<b>RM</b>
At 1 January	97,055,692	-
Provision made	-	99,153,600
Reversal	(17,456,800)	-
Utilisation of provision	(5,444,912)	(2,097,908)
At 31 December	74,153,980	97,055,692

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 27. FINANCE LEASE PAYABLES

	<b>31.12.2018</b>	<b>Group</b>	
	<b>RM</b>	<b>31.12.2017</b>	<b>1.1.2017</b>
		<b>RM</b>	<b>RM</b>
<b>(a) Minimum lease payments</b>			
Within one year	13,879,682	4,446,661	2,392,870
Between one and five years	37,395,368	8,907,628	4,032,482
After five years	1,090,416	543,170	453,747
	52,365,466	13,897,459	6,879,099
Less: Future finance charges	(6,190,651)	(1,320,758)	(644,667)
Present value of minimum lease payments	46,174,815	12,576,701	6,234,432
<b>(b) Present value of minimum lease payments</b>			
Within one year	11,365,126	3,833,619	2,107,504
Between one and five years	34,554,141	8,228,521	3,695,058
After five years	255,548	514,561	431,870
	46,174,815	12,576,701	6,234,432
Analysed as:			
Repayable within twelve months	11,365,126	3,833,619	2,107,504
Repayable after twelve months	34,809,689	8,743,082	4,126,928
	46,174,815	12,576,701	6,234,432

Interest is charged at rates ranging from 2.31% to 6.09% (31.12.2017: 2.35% to 6.09%; 1.1.2017: 2.18% to 4.25%) per annum.

The Group leases motor vehicles and plant, machinery and equipment under finance lease as disclosed in Note 4(b). There are no restrictive covenants imposed by the lease agreement and no arrangement has been entered into for contingent rental payments.

Notes to the Financial Statements  
31 December 2018 (Cont'd)

28. BANK BORROWINGS

	<b>31.12.2018</b> RM	<b>Group</b> <b>31.12.2017</b> RM	<b>1.1.2017</b> RM
<b>Secured</b>			
<i>Floating rates:</i>			
Bridging loans	219,755,736	117,297,016	37,737,671
Term loans	444,508,372	485,829,057	264,678,942
Revolving credits	264,965,612	157,112,343	207,272,441
Trade services	76,389,719	19,845,230	-
<b>Total bank borrowings</b>	<b>1,005,619,439</b>	<b>780,083,646</b>	<b>509,689,054</b>
Analysed as:			
<b>Repayable within twelve months</b>			
<i>Floating rates:</i>			
Bridging loans	12,379,408	6,849,988	6,933,029
Term loans	122,647,861	121,739,622	20,814,392
Revolving credits	246,569,635	138,280,733	167,797,242
Trade services	76,389,719	1,922,241	-
	457,986,623	268,792,584	195,544,663
<b>Repayable after twelve months</b>			
<i>Floating rates:</i>			
Bridging loans	207,376,328	110,447,028	30,804,642
Term loans	321,860,511	364,089,435	243,864,550
Revolving credits	18,395,977	18,831,610	39,475,199
Trade services	-	17,922,989	-
	547,632,816	511,291,062	314,144,391
<b>Total bank borrowings</b>	<b>1,005,619,439</b>	<b>780,083,646</b>	<b>509,689,054</b>

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 28. BANK BORROWINGS (CONT'D)

	<b>31.12.2018</b> RM	<b>Company</b> <b>31.12.2017</b> RM	<b>1.1.2017</b> RM
<b>Secured</b>			
<i>Floating rates:</i>			
Term loans	84,873,996	87,063,740	16,542,777
Revolving credits	104,375,220	42,969,177	59,426,570
<b>Total bank borrowings</b>	<b>189,249,216</b>	<b>130,032,917</b>	<b>75,969,347</b>
Analysed as:			
<b>Repayable within twelve months</b>			
<i>Floating rates:</i>			
Term loans	57,573,996	53,213,740	7,152,660
Revolving credits	104,375,220	42,969,177	50,426,570
	<b>161,949,216</b>	<b>96,182,917</b>	<b>57,579,230</b>
<b>Repayable after twelve months</b>			
<i>Floating rates:</i>			
Term loans	27,300,000	33,850,000	9,390,117
Revolving credits	-	-	9,000,000
	<b>27,300,000</b>	<b>33,850,000</b>	<b>18,390,117</b>
<b>Total bank borrowings</b>	<b>189,249,216</b>	<b>130,032,917</b>	<b>75,969,347</b>

The banking facilities of the Group and of the Company obtained from licensed banks are secured by:

- (a) fixed charge over certain property, plant and equipment as disclosed in Note 4(a);
- (b) fixed charge over certain capital work-in-progress as disclosed in Note 5;
- (c) fixed charge or specific debenture over certain land held for property development and property development costs as disclosed in Note 6(a);
- (d) legal assignment of tenancy agreements over certain investment properties as disclosed in Note 7(a);
- (e) legal assignment of cash flows and/or insurance proceeds and/or sale proceeds and/or performance bonds in relation to projects developed by subsidiary companies;
- (f) fixed charge over certain inventories of subsidiary companies as disclosed in Note 6(b);
- (g) certain securities listed on Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") as disclosed in Note 8(a);
- (h) a pledge of fixed deposits as disclosed in Note 18; and
- (i) corporate guarantees provided by the Company and/or certain subsidiary companies.

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 28. BANK BORROWINGS (CONT'D)

Maturities of bank borrowings are as follows:

	<b>31.12.2018</b> RM	<b>Group</b> <b>31.12.2017</b> RM	<b>1.1.2017</b> RM
Within one year	457,986,623	268,792,584	195,544,663
Between one and two years	82,247,514	129,752,972	100,376,687
Between two and three years	110,172,926	98,807,629	72,864,002
Between three and four years	107,982,964	111,899,631	51,156,939
Between four and five years	191,021,683	120,243,778	31,846,406
After five years	56,207,729	50,587,052	57,900,357
	<b>1,005,619,439</b>	<b>780,083,646</b>	<b>509,689,054</b>

	<b>31.12.2018</b> RM	<b>Company</b> <b>31.12.2017</b> RM	<b>1.1.2017</b> RM
Within one year	161,949,216	96,182,917	57,579,230
Between one and two years	13,550,000	15,100,000	18,390,117
Between two and three years	13,750,000	5,000,000	-
Between three and four years	-	13,750,000	-
	<b>189,249,216</b>	<b>130,032,917</b>	<b>75,969,347</b>

The range of interest rates per annum of the Group and of the Company at the reporting date is as follows:

	<b>31.12.2018</b> %	<b>Group</b> <b>31.12.2017</b> %	<b>1.1.2017</b> %
Bridging loans	6.03 - 8.00	5.77 - 8.33	7.47 - 8.43
Term loans	4.42 - 12.00	4.40 - 11.00	3.27 - 8.31
Revolving credits	3.32 - 7.79	4.30 - 7.54	4.25 - 7.10
Trade services	5.80 - 7.20	5.80 - 7.20	-

	<b>31.12.2018</b> %	<b>Company</b> <b>31.12.2017</b> %	<b>1.1.2017</b> %
Term loans	4.95 - 12.00	4.45 - 11.00	3.27 - 8.10
Revolving credits	5.10 - 7.79	4.30 - 7.54	4.25 - 7.00

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 29. SUKUK MURABAHAH ("SUKUK")

	<b>31.12.2018</b> <b>RM</b>	<b>Group</b> <b>31.12.2017</b> <b>RM</b>	<b>1.1.2017</b> <b>RM</b>
<b>Secured</b>			
Repayable within twelve months	9,659,242	-	-
Repayable after twelve months	89,276,000	-	-
<b>Total Sukuk</b>	<b>98,935,242</b>	<b>-</b>	<b>-</b>

Maturities of Sukuk is as follows:

	<b>31.12.2018</b> <b>RM</b>	<b>Group</b> <b>31.12.2017</b> <b>RM</b>	<b>1.1.2017</b> <b>RM</b>
Within one year	9,659,242	-	-
Between one and two years	4,452,000	-	-
Between two and three years	9,202,000	-	-
Between three and four years	13,952,000	-	-
Between four and five years	13,952,000	-	-
After five years	47,718,000	-	-
	<b>98,935,242</b>	<b>-</b>	<b>-</b>

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 2018 (Cont'd)

### 29. 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 6(a);
- (b) 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;
- (c) certain securities listed on Bursa Securities as disclosed in Note 8(a); and
- (d) corporate guarantees provided by the Company and/or certain subsidiary companies.

The range of interest rates per annum at the reporting date is ranging from 6.53% to 8.22%.

### 30. BANK OVERDRAFTS

	<b>31.12.2018</b> <b>RM</b>	<b>Group</b> <b>31.12.2017</b> <b>RM</b>	<b>1.1.2017</b> <b>RM</b>
<b>Secured</b>			
Repayable within twelve months	105,469,116	70,738,670	100,901,943
	<b>31.12.2018</b> <b>RM</b>	<b>Company</b> <b>31.12.2017</b> <b>RM</b>	<b>1.1.2017</b> <b>RM</b>
<b>Secured</b>			
Repayable within twelve months	25,060,602	6,335,002	42,650,845

The bank overdrafts obtained from licensed banks are secured by:

- (a) fixed charge over certain property, plant and equipment as disclosed in Note 4(a);
- (b) fixed charge or specific debenture over certain land held for property development and property development costs as disclosed in Note 6(a);
- (c) fixed charge over certain investment properties as disclosed in Note 7(a);
- (d) a pledge of fixed deposits as disclosed in Note 18;
- (e) certain securities listed on Bursa Securities or Hong Kong Stock Exchange as disclosed in Note 8(a) and 10; and
- (f) corporate guarantee provided by the Company and/ certain subsidiary companies.

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 30. BANK OVERDRAFTS (CONT'D)

The range of interest rates per annum of the Group and of the Company at the reporting date is as follows:

	<b>31.12.2018</b> %	<b>Group</b> <b>31.12.2017</b> %	<b>1.1.2017</b> %
Bank overdrafts	6.90 - 8.35	6.70 - 8.00	4.45 - 8.31

	<b>31.12.2018</b> %	<b>Company</b> <b>31.12.2017</b> %	<b>1.1.2017</b> %
Bank overdrafts	7.95 - 8.35	7.70 - 8.00	4.45 - 8.00

#### 31. REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS")

On 5 September 2018, Utuh Sejagat Sdn Bhd, 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) Zero-Rated Redeemable Preference Shares ("ZRPS") of which the amount is equivalent to 9.5% per annum of the RM50 million RCPS to be attached free on the first issuance of the RCPS.

The purpose of the issuance of RCPS and ZRPS is for project financing and working capital requirement.

The tenure for both RCPS and ZRPS is one year from the date of the subscription agreement with an option to extend the tenure to an extended period of up to 6 months.

The RCPS and ZRPS are secured by the followings:

- (a) assignment over certain land held for property development and property development costs as disclosed in Note 6(a); and
- (b) corporate guarantee by the Company.

Notes to the Financial Statements  
31 December 2018 (Cont'd)

32. DEFERRED TAX LIABILITIES

	<b>31.12.2018</b>	<b>Group</b>
	<b>RM</b>	<b>31.12.2017</b>
		<b>RM</b>
		<b>Restated</b>
At 1 January, as previously reported	(7,586,543)	(18,232,322)
Effect of adopting MFRS 15	205,780	(453,606)
At 1 January, as restated	(7,380,763)	(18,685,928)
Recognised in profit or loss	2,340,568	9,542,769
Crystallisation of deferred tax	53,869	52,927
Arising from acquisition of a subsidiary company	(2,278,882)	-
Exchange differences	1,059,088	1,709,469
At 31 December	(6,206,120)	(7,380,763)

The net deferred tax assets and liabilities shown on the Statements of Financial Position after appropriate offsetting are as follows:

	<b>31.12.2018</b>	<b>Group</b>	<b>1.1.2017</b>
	<b>RM</b>	<b>31.12.2017</b>	<b>RM</b>
		<b>RM</b>	<b>RM</b>
		<b>Restated</b>	<b>Restated</b>
Deferred tax assets	38,050,208	36,684,410	27,852,485
Deferred tax liabilities	(44,256,328)	(44,065,173)	(46,538,413)
	(6,206,120)	(7,380,763)	(18,685,928)

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 32. DEFERRED TAX LIABILITIES (CONT'D)

The components and movements of deferred tax assets and liabilities at the end of reporting period prior to offsetting are as follows:

##### Deferred tax assets of the Group

	<b>Unused tax losses RM</b>	<b>Unutilised capital allowances RM</b>	<b>Others RM</b>	<b>Total RM</b>
<b>31.12.2018</b>				
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 (Over)/Under provision in prior year	(744,564) (3,164)	2,848,720 (762,746)	(1,559,685) 1,587,237	544,471 821,327
At 31 December	272,353	3,018,950	34,758,905	38,050,208
<b>31.12.2017</b>				
At 1 January, as previously reported	1,869,979	186,730	25,166,882	27,223,591
Effect of adopting MFRS 15	-	-	628,894	628,894
At 1 January, as restated	1,869,979	186,730	25,795,776	27,852,485
Recognised in profit or loss (Over)/Under provision in prior year	(542,993) (306,905)	753,443 (7,197)	8,706,330 229,247	8,916,780 (84,855)
At 31 December 2017	1,020,081	932,976	34,731,353	36,684,410

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 32. DEFERRED TAX LIABILITIES (CONT'D)

#### Deferred tax liabilities of the Group

	Accelerated capital allowances RM	Others RM	Total RM
<b>31.12.2018</b>			
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	(731,243)	1,128,057	396,814
Over provision in prior year	577,956	-	577,956
Crystallisation of deferred tax	53,869	-	53,869
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)
<b>31.12.2017</b>			
At 1 January, as previously reported	(45,455,913)	-	(45,455,913)
Effect of adopting MFRS 15	-	(1,082,500)	(1,082,500)
At 1 January, as restated	(45,455,913)	(1,082,500)	(46,538,413)
Recognised in profit or loss	881,147	(51,550)	829,597
Under provision in prior year	(118,753)	-	(118,753)
Crystallisation of deferred tax	52,927	-	52,927
Exchange differences	1,709,469	-	1,709,469
At 31 December	(42,931,123)	(1,134,050)	(44,065,173)

Deferred tax assets have not been recognised in respect of the following items:

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
Unutilised capital allowances	4,686,781	3,716,388	4,087,365
Unused tax losses	91,359,297	71,890,035	68,848,681
Deductible temporary differences	14,184,845	15,369,247	15,352,282
	110,230,923	90,975,670	88,288,328

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 33. AMOUNT DUE TO HOLDING COMPANY

This represents unsecured advances and repayable on demand which bears interest rates ranging from 3.4% to 8% (31.12.2017:3.4%; 1.1.2017: Nil) per annum.

#### 34. REVENUE

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
		<b>Restated</b>
<b>Revenue from contracts with customers</b>		
Property development	888,136,370	1,168,312,635
Completed properties	47,081,025	24,862,203
Construction and trading	156,222,866	131,398,801
Motor racing events and sponsorship	24,235,201	22,064,012
Hospitality	2,279,000	331,059
Retail mall	3,400,592	-
Rendering of services	383,387	-
Tourism	349,690	443,110
	<b>1,122,088,131</b>	<b>1,347,411,820</b>

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
<b>Revenue from contracts with customers</b>		
Management fees from a subsidiary company	100,800	564,000
<b>Revenue from other source</b>		
Dividends from subsidiary companies	17,689,043	205,062,160
	<b>17,789,843</b>	<b>205,626,160</b>

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
		<b>Restated</b>
<b>Timing of revenue recognition</b>		
At a point in time	126,729,806	102,641,508
Over time	995,358,325	1,244,770,312
Total revenue from contracts with customers	<b>1,122,088,131</b>	<b>1,347,411,820</b>

Notes to the Financial Statements  
31 December 2018 (Cont'd)

34. REVENUE (CONT'D)

	<b>Company</b>	<b>2017</b>
	<b>2018</b>	<b>RM</b>
	<b>RM</b>	<b>RM</b>
<b>Timing of revenue recognition</b>		
Over time	100,800	564,000
Total revenue from contracts with customers	100,800	564,000

	<b>Property</b>	<b>Construction</b>	<b>Motor Racing</b>	<b>Other</b>	<b>Total</b>
	<b>Development</b>	<b>and Trading</b>	<b>Circuit</b>	<b>RM</b>	<b>RM</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Group</b>					
<b>2018</b>					
<b>Major goods</b>					
<b>and services</b>					
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	-	-	24,235,201	-	24,235,201
Retail mall	-	-	-	3,400,592	3,400,592
Hospitality	-	-	-	2,279,000	2,279,000
Rendering of services	-	-	-	383,387	383,387
Tourism	-	-	-	349,690	349,690
Total revenue from contracts with customers	935,217,395	156,222,866	24,235,201	6,412,669	1,122,088,131

<b>2017 (Restated)</b>					
<b>Major goods</b>					
<b>and services</b>					
Property development	1,168,312,635	-	-	-	1,168,312,635
Sale of goods	24,862,203	65,833,232	-	-	90,695,435
Construction					
contract services	-	65,565,569	-	-	65,565,569
Motor racing events					
and sponsorship	-	-	22,064,012	-	22,064,012
Hospitality	-	-	-	331,059	331,059
Tourism	-	-	-	443,110	443,110
Total revenue from contracts with customers	1,193,174,838	131,398,801	22,064,012	774,169	1,347,411,820

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 34. REVENUE (CONT'D)

	Property Development RM	Construction and Trading RM	Motor Racing Circuit RM	Other RM	Total RM
<b>Group 2018</b>					
<b>Geographical market</b>					
Malaysia	935,217,395	156,222,866	-	6,412,669	1,097,852,930
People's Republic of China	-	-	24,235,201	-	24,235,201
Total revenue from contracts with customers	935,217,395	156,222,866	24,235,201	6,412,669	1,122,088,131
<b>2017 (Restated)</b>					
<b>Geographical market</b>					
Malaysia	1,193,174,838	131,398,801	-	774,169	1,325,347,808
People's Republic of China	-	-	22,064,012	-	22,064,012
Total revenue from contracts with customers	1,193,174,838	131,398,801	22,064,012	774,169	1,347,411,820

#### 35. COST OF SALES

	Group 2018 RM	2017 RM Restated
Property development	592,940,872	834,845,068
Completed properties	41,249,205	18,565,933
Construction and trading	114,248,813	117,184,178
Motor racing events and sponsorship	8,129,128	10,816,073
Hospitality	475,615	33,379
Retail mall	5,067,240	-
Tourism	185,266	316,669
	762,296,139	981,761,300

Notes to the Financial Statements  
31 December 2018 (Cont'd)

36. FINANCE COSTS

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
<b>Interest expenses on:</b>		
Term loans	38,693,235	25,319,682
Bank overdrafts	7,231,673	5,806,417
Sukuk	3,853,972	-
Bridging loans	14,520,706	9,333,049
Revolving credit	14,114,640	9,202,812
Finance lease	1,042,440	407,696
Trade services	77,244	15,241
Advances from holding company	147,372	324,739
RCPS	1,583,333	-
Others	1,189,379	1,339,059
	82,453,994	51,748,695
Less: Interest capitalised in property development costs [Note 6(a)(ii)]	(39,516,354)	(23,253,745)
	42,937,640	28,494,950

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
<b>Interest expenses on:</b>		
Term loans	7,840,010	6,899,879
Bank overdrafts	1,767,936	1,465,780
Revolving credit	4,477,382	3,287,845
	14,085,328	11,653,504
Less: Cost sharing by a subsidiary company	(369,453)	-
	13,715,875	11,653,504

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 37. PROFIT BEFORE TAX

Profit before tax is derived at after charging/(crediting):

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Allowance for impairment losses on:		
- Goodwill arising on consolidation	4,645,352	12,038,397
- Investment in associates	171,717	34,315
- Investment properties	284,328	24,000
- Other investments	188,000	185,001
- Trade and other receivables	2,802,423	3,444,647
Amortisation of intangible assets	-	589,675
Auditors' remuneration		
- Statutory	802,840	709,549
- Others	277,483	189,674
- Under provision in prior years	84,878	58,019
Bad debts written off	822,505	1,314,851
Deposits written off	2,000,000	-
Depreciation of:		
- Investment properties	3,050,014	1,357,442
- Property, plant and equipment	24,666,747	18,408,375
Fair value loss on financial assets measured at FVTPL	352,034	-
Fair value loss on revaluation of financial assets measured at FVTPL	2,385	-
Inventories written down	-	104,674
Inventories written off	-	48,027
Other investment written off	15,500	-
Property, plant and equipment written off	427,895	277,252
Property development costs written off	2,016,280	191,324
Provision for claims and staff economic compensation	617,108	599,539
Rental expense on:		
- Premises	910,220	525,561
- Office equipment	195,772	178,386
- Hostel	52,900	-
- Car park	13,945	-
Waiver of interest income	265,827	-
<u>Non-Executive Directors' remuneration:</u>		
Company's Directors		
- Fees	159,000	150,000
- Salaries and other emoluments	807,300	750,300
- Social security contributions	593	494
- Share-based payment	-	162,863
- Other benefits	6,099	1,100
Net loss/(gain) on foreign exchange		
- Realised	759,461	6,258,657
- Unrealised	(732,050)	226,423

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 37. PROFIT BEFORE TAX (CONT'D)

Profit before tax is derived at after charging/(crediting): (cont'd)

	<b>Group 2018 RM</b>	<b>2017 RM</b>
(Gain)/Loss on disposal of:		
- Financial assets measured at FVTOCI	-	(41,082)
- Financial assets measured at FVTPL	-	10,444
- Investment properties	-	71,833
- Property, plant and equipment	(389,030)	392,519
- Investment in subsidiary companies	(1,520,970)	(1,364)
Dividend income from:		
- Financial assets measured at FVTOCI	(1,413,473)	(3,869,570)
- Financial assets measured at FVTPL	(106,608)	(59,051)
Contingency sum provided in prior years no longer required	(37,608,746)	(10,494,292)
Grant income	-	(3,572,197)
Guaranteed profit received	-	(1,025,634)
Interest income from:		
- Licensed banks	(4,060,582)	(3,454,636)
- Trade receivables	(593,346)	(1,102,414)
- Others	(409,596)	(332,376)
Rental income from:		
- Investment properties	(1,039,967)	(1,223,210)
- Others	(1,579,866)	(984,510)
Reversal of allowance for impairment losses on:		
- Investment properties	-	(83,333)
- Property, plant and equipment	-	(6,053)
- Trade and other receivables	(5,048,187)	(1,461,722)
Project management fee income	(50,000)	-
Waiver of debts	-	(278,654)

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 37. PROFIT BEFORE TAX (CONT'D)

Profit before tax is derived at after charging/(crediting): (cont'd)

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Allowance for impairment loss on investment in a subsidiary company	999	-
Auditors' remuneration		
- Statutory	88,000	75,000
- Others	194,000	134,000
- Under provision in prior years	13,780	7,000
Depreciation on property, plant and equipment	450	225
<u>Non-Executive Directors' remuneration:</u>		
Company's Directors		
- Fees	159,000	150,000
- Salaries and other emoluments	807,300	750,300
- Social security contributions	593	494
- Share-based payment	-	162,863
- Other benefits	6,099	1,100
Net (gain)/loss on foreign exchange:		
- Realised	-	4,826,214
- Unrealised	(511,453)	(7,342,241)
(Gain)/Loss on disposal of:		
- Financial assets measured at FVTPL	-	10,444
- Subsidiary companies	-	(1,356,307)
Dividend income from:		
- Financial assets measured at FVTPL	(71,222)	(59,051)
Interest income from:		
- Advances to subsidiary companies	(37,388,695)	(18,051,078)
- Licensed banks	(427,552)	(479,161)
Fair value loss on revaluation of financial assets measured at FVTPL	(313)	-
Reversal of impairment gain on a subsidiary company	-	(99,999)
Waiver of debts	-	(5,707,690)

The Group's and the Company's non-executive Directors' remuneration does not include the estimated monetary value of benefits-in-kind amounting to RM61,613 (2017: RM86,605).

Notes to the Financial Statements  
31 December 2018 (Cont'd)

38. TAXATION

	<b>Group</b> <b>2018</b> <b>RM</b>	<b>2017</b> <b>RM</b> <b>Restated</b>
<b>Tax expenses recognised in profit or loss</b>		
<b>Malaysian income tax</b>		
Current year tax provision	72,440,157	83,565,315
(Over)/Under provision in prior years	(4,914,166)	2,668,101
	67,525,991	86,233,416
<b>Deferred taxation</b>		
Relating to origination and reversal of temporary differences	(941,285)	(9,746,377)
Crystallisation of deferred tax	(53,869)	(52,927)
(Over)/Under provision in prior years	(1,399,283)	203,608
	(2,394,437)	(9,595,696)
	65,131,554	76,637,720
<b>Tax expenses recognised in profit or loss</b>		
<b>Malaysian income tax</b>		
Current year tax provision	6,960,866	3,586,531
Under provision in prior years	30,870	194,121
	6,991,736	3,780,652

Malaysian Income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated assessable profits for the financial year.

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 38. TAXATION (CONT'D)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	<b>Group</b> <b>2018</b> <b>RM</b>	<b>2017</b> <b>RM</b> <b>Restated</b>
Profit before tax	159,134,650	189,526,695
At Malaysian statutory tax rate of 24% (2017: 24%)	38,192,316	45,486,407
Crystallisation of deferred tax	(53,869)	(52,927)
Differential in tax rate in other jurisdiction	162	106,197
Subsidiary companies domiciled in tax heaven country	99,160	19,788
Income not subject to tax	(2,630,986)	(2,094,862)
Expenses not deductible for tax purposes	32,828,805	28,432,710
Deferred tax assets not recognised	6,212,198	4,057,121
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(3,202,783)	(2,188,423)
(Over)/Under provision of taxation in prior years	(4,914,166)	2,668,101
(Over)/Under provision of deferred tax in prior years	(1,399,283)	203,608
Tax expenses for the financial year	65,131,554	76,637,720

	<b>Company</b> <b>2018</b> <b>RM</b>	<b>2017</b> <b>RM</b>
Profit before tax	33,535,904	214,366,633
At Malaysian statutory tax rate of 24% (2017: 24%)	8,048,617	51,447,992
Expenses not deductible for tax purposes	3,298,395	5,117,275
Income not subject to tax	(4,386,146)	(52,978,736)
Under provision of taxation in prior years	30,870	194,121
Tax expenses for the financial year	6,991,736	3,780,652

The Group has estimated unused tax losses and unutilised capital allowances of RM90,709,793 (2017: RM76,127,188) and RM19,052,600 (2017: RM4,425,684) respectively available for set-off against future taxable profit.

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 39. EARNINGS PER SHARE

#### (a) Basic earnings per share

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
		<b>Restated</b>
Net profit for the financial year attributable to owners of the parent (RM)	85,559,950	102,687,164
Less: Dividends on RCPS (RM)	(6,757,716)	-
Net profit for the financial year attributable to ordinary equity holders (RM)	78,802,234	102,687,164
Weighted average number of ordinary shares in issue		
- Ordinary shares in issue as at 1 January	686,997,992	641,424,473
- Effect of ordinary shares issued during the financial year	736,985,872	26,415,400
- Effect of share subdivision and bonus issue	-	801,407,84 #
- Effect of treasury shares held	(120,000)	(120,000)#
Weighted average number of ordinary shares as at 31 December	1,423,863,864	1,469,127,721
Basic earnings per share (sen)	5.53	6.99 #

# The weighted average number of ordinary shares in issue and basic earnings per share have been restated to reflect the retrospective adjustment arising from the share subdivision and bonus issue which was completed on 27 February 2018.

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 39. EARNINGS PER SHARE (CONT'D)

##### (b) Diluted earnings per share

Diluted earnings per share are calculated based on the consolidated profit for the financial year attributable to the owners of the parent and the adjusted weighted average number of ordinary shares issued and issuable during the financial year adjusted for the dilutive effects of all potential ordinary shares as follows:

	<b>Group</b> <b>2018</b>	<b>2017</b> <b>Restated</b>
Net profit for the financial year attributable to owners of the parent (RM)	85,559,950	102,687,164
Less: Dividends on RCPS (RM)	(6,757,716)	-
Net profit for the financial year attributable to ordinary equity holders (RM)	78,802,234	102,687,164
Weighted average number of ordinary shares used in the calculation of basis earning per share	1,423,863,864	1,469,127,721
Weighted average number of ordinary shares deemed issued at no consideration		
- ESOS	1,552,827	6,378,344 <sup>^</sup>
- Warrants A	-	6,247,559 <sup>^</sup>
- Warrants B	37,410,379	44,483,655 <sup>^</sup>
- RCPS	*	*
Adjusted weighted average number of ordinary shares as at 31 December	1,462,827,070	1,526,237,279
Diluted earnings per share (sen)	5.39	6.73 <sup>^</sup>

<sup>^</sup> The weighted average number of ordinary shares in issue and diluted earnings per share have been restated to reflect the effects of full conversion of ESOS and warrants pursuant to the share subdivision and bonus issue which was completed on 27 February 2018.

\* 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.

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 39. 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 and 54,671,815 additional Warrants B as a result of share subdivision and bonus issue; 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 or potential ordinary shares outstanding increases as a result of the share subdivision and bonus issue. The calculation of basic and diluted earnings per share for all periods presented has been adjusted retrospectively.

### 40. 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.

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 40. EMPLOYEES' SHARE OPTION SCHEME (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						
	At 1 January	Granted	Forfeited	Exercised	Sub-division and bonus issue	At 31 December	Exercisable at 31 December
<b>2018</b>							
<b>ESOS</b>							
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

Notes to the Financial Statements  
31 December 2018 (Cont'd)

40. 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 31 December
	At 1 January	Granted	Forfeited	Exercised	Sub-division and bonus issue	At 31 December	
<b>2018</b>							
<b>ESOS</b>							
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
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	0.62	0.62

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 40. 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 31	
	At 1 January	Granted	Forfeited	Exercised	At 31 December	at 31 December
<b>2017</b>						
<b>ESOS</b>						
First Grant	2,279,850	-	-	(1,505,750)	774,100	774,100
Second Grant	1,354,650	-	(39,750)	(551,850)	763,050	763,050
Third Grant	78,400	-	-	(77,300)	1,100	1,100
Fourth Grant	171,600	-	-	(18,500)	153,100	153,100
Fifth Grant	301,650	-	-	(8,500)	293,150	293,150
Sixth Grant	46,650	-	-	(2,500)	44,150	44,150
Seventh Grant	89,050	-	-	(56,850)	32,200	32,200
Eighth Grant	146,150	-	-	(14,400)	131,750	131,750
Ninth Grant	5,100	-	-	-	5,100	5,100
Tenth Grant	541,550	-	(29,750)	(166,700)	345,100	345,100
Eleventh Grant	106,200	-	-	(23,800)	82,400	82,400
Twelfth Grant	299,900	-	-	(51,600)	248,300	248,300
Thirteenth Grant	296,250	-	-	(144,100)	152,150	152,150
Fourteenth Grant	127,500	-	-	(52,850)	74,650	74,650
Fifteenth Grant	1,005,000	-	-	(205,900)	799,100	799,100
Sixteenth Grant	356,100	-	-	(50,100)	306,000	306,000
Seventeenth Grant	207,500	-	-	(56,100)	151,400	151,400
Eighteenth Grant	53,500	-	-	(23,800)	29,700	29,700
Nineteenth Grant	108,800	-	-	(59,600)	49,200	49,200
Twentieth Grant	148,700	-	-	(10,500)	138,200	138,200
Twenty-First Grant	32,300	-	-	(8,500)	23,800	23,800
Twenty-Second Grant	78,100	-	(29,700)	(34,800)	13,600	13,600
Twenty-Third Grant	1,325,200	-	(178,500)	(510,850)	635,850	635,850
Twenty-Fourth Grant	144,100	-	-	(41,100)	103,000	103,000
Twenty-Fifth Grant	255,800	-	-	(156,300)	99,500	99,500
Twenty-Sixth Grant	382,300	-	(3,400)	(223,400)	155,500	155,500
Twenty-Seventh Grant	344,000	-	-	(333,000)	11,000	11,000
Twenty-Eighth Grant	527,000	-	-	(448,300)	78,700	78,700
Twenty-Ninth Grant	278,100	-	-	(245,500)	32,600	32,600
Thirtieth Grant	41,600	-	-	(41,600)	-	-
Thirty-First Grant	72,300	-	-	(67,200)	5,100	5,100
Thirty-Second Grant	171,800	-	-	(22,900)	148,900	148,900
Thirty-Third Grant	36,500	-	-	(13,100)	23,400	23,400
Thirty-Fourth Grant	72,300	-	(29,800)	(13,600)	28,900	28,900
Thirty-Fifth Grant	1,423,600	-	-	(744,850)	678,750	678,750
Thirty-Sixth Grant	163,600	-	-	(61,000)	102,600	102,600
Thirty-Seventh Grant	195,500	-	(5,100)	(120,700)	69,700	69,700
Thirty-Eighth Grant	448,800	-	(3,400)	(283,100)	162,300	162,300
Thirty-Ninth Grant	333,300	-	-	(322,200)	11,100	11,100

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 40. 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 31	
	At 1 January	Granted	Forfeited	Exercised	At 31 December	at 31 December
<b>2017</b>						
<b>ESOS</b>						
Fortieth Grant	473,400	-	(3,400)	(136,000)	334,000	334,000
Forty-First Grant	456,500	-	(17,000)	(182,800)	256,700	256,700
Forty-Second Grant	110,400	-	-	(49,300)	61,100	61,100
Forty-Third Grant	146,200	-	-	(94,800)	51,400	51,400
Forty-Fourth Grant	-	175,900	-	(44,200)	131,700	131,700
Forty-Fifth Grant	-	124,000	-	(57,700)	66,300	66,300
Forty-Sixth Grant	-	1,689,700	(30,600)	(176,400)	1,482,700	1,482,700
Forty-Seventh Grant	-	422,600	(15,300)	(62,700)	344,600	344,600
Forty-Eighth Grant	-	912,200	-	(201,900)	710,300	710,300
Forty-Ninth Grant	-	1,607,700	(17,000)	(122,900)	1,467,800	1,467,800
	15,236,800	4,932,100	(402,700)	(7,901,400)	11,864,800	11,864,800
WAEP	1.35	1.72	1.40	1.34	1.51	1.51

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 40. EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

Details of share options outstanding at the end of the financial year 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
	2018 RM	2017 RM	RM		2018 RM	2017 RM	RM
<b>ESOS</b>							
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

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 40. EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

Details of share options outstanding at the end of the financial year are as follows: (cont'd)

Share Options	Original exercise prices		Adjusted exercise prices RM	Exercise periods	Original fair value of share options at grant date		Adjusted fair value of share options at grant date RM
	2018 RM	2017 RM			2018 RM	2017 RM	
<b>ESOS</b>							
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
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

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:

	31.12.2018 RM	Group/Company 31.12.2017 RM	1.1.2017 RM
Weighted average fair value at grant date	0.32	0.55	0.53
Weighted average share price at grant date	1.26	2.00	1.60
Weighted average exercise price	1.18	1.72	1.43
Expected volatility (%)	15.64 - 19.85	15.64 - 19.85	18.68 - 19.82
Expected option life (years)	10	10	10
Risk-free interest rate, p.a. (%)	3.72 - 3.95	3.72 - 3.95	3.52 - 4.21
Expected dividend yield (%)	1.86 - 2.15	1.86 - 2.15	1.69 - 2.21

The expected life of the share options is based on historical data that has been adjusted accordingly to management's best estimate for the effects of non-transferability exercise restriction and behaviours conditions. The expected volatility is based on the historical volatility, adjusted for unusual or extraordinary volatility arising from certain economic or business occurrences which is not reflective of its long term average level. While the expected volatility is assumed to be indicative of future trends, it may not necessarily be the actual outcome.

No other features of the option grant were incorporated into the measurement of fair value. The Group and the Company recognised total share-based payment in profit or loss amounting to RMNil (2017: RM2,694,295; 2016: RM2,573,613) for the new options granted during the financial year.

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 40. EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

Executive Directors of the Group and of the Company and other members of key management have been granted the following number of options under the ESOS:

	<b>31.12.2018</b>	<b>Group/Company</b> <b>31.12.2017</b>	<b>1.1.2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>ESOS</b>			
At 1 January	4,769,500	6,184,300	5,639,000
Additions *	-	583,100	-
Granted	-	1,288,600	1,375,300
Subdivision and bonus issue	3,918,480	-	-
Forfeited	-	-	(119,000)
Exercised	(2,472,100)	(3,286,500)	(711,000)
At 31 December	6,215,880	4,769,500	6,184,300

\* Unexercised share options previously granted to new key management personnel.

The share options were granted on the same terms and conditions as those offered to other employees of the Group.

#### 41. STAFF COSTS

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Fees	1,356,829	1,315,706
Salaries and other emoluments	64,319,595	53,140,903
Defined contribution plans	7,217,562	6,535,533
Social security contributions	1,213,950	1,250,004
Employment insurance scheme	25,348	-
Share-based payment	-	2,531,432
Benefits-in-kind	488,637	540,546
Other benefits	4,358,967	3,814,947
	78,980,888	69,129,071

The Group's staff costs do not include the estimated monetary value of benefits-in-kind amounting to RM1,670,772 (2017: RM1,822,236).

Notes to the Financial Statements  
31 December 2018 (Cont'd)

41. STAFF COSTS (CONT'D)

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Salaries and other emoluments	2,043,795	652,524
Defined contribution plans	159,076	82,908
Share-based payment	-	2,531,432
Social security contributions	6,125	3,739
Employment insurance scheme	538	-
Other benefits	205,720	68,875
	<b>2,415,254</b>	<b>3,339,478</b>

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
<b>Executive Directors</b>		
<b>Company's Directors</b>		
Fees	662,017	724,573
Salaries and other emoluments	12,737,496	11,987,103
Defined contribution plans	1,842,129	1,726,575
Social security contributions	6,157	6,629
Employment insurance scheme	474	-
Benefits-in-kind	468,833	463,566
Other benefits	76,869	37,317
	<b>15,793,975</b>	<b>14,945,763</b>

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 41. 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)

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
<b>Executive Directors</b>		
<b>Subsidiary companies' Directors</b>		
Fees	-	591,133
Salaries and other emoluments	3,145,740	2,928,954
Defined contribution plans	282,061	250,727
Social security contributions	57,670	57,099
Employment insurance scheme	284	-
Share-based payment	-	199,725
Benefits-in-kind	78,396	76,980
Other benefits	3,100	2,000
	<b>3,567,251</b>	<b>4,106,618</b>
<b>Executive Directors</b>		
Company's Directors	15,793,975	14,945,763
Subsidiary companies' Directors	3,567,251	4,106,618
	<b>19,361,226</b>	<b>19,052,381</b>

The Group's Executive Directors' remuneration does not include the estimated monetary value of benefits-in-kind amounting to RM625,275 (2017:RM565,972).

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
<b>Executive Directors</b>		
<b>Company's Directors</b>		
Other benefits	-	1,809
	<b>-</b>	<b>1,809</b>
<b>Executive Directors</b>		
<b>Subsidiary companies' Directors</b>		
Share-based payment	-	199,725
	<b>-</b>	<b>199,725</b>

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 42. DIVIDENDS

	<b>Group/Company 2018 RM</b>	<b>2017 RM</b>
<b>Ordinary Shares</b>		
<b>In respect of the financial year ended 31 December 2016:</b>		
A tax exempt special dividend of 2 sen per ordinary share on 672,941,998 ordinary shares	-	13,458,840
A single-tier interim dividend of 2 sen per ordinary share on 675,291,557 ordinary shares	-	13,505,831
A single-tier final dividend of 2 sen per ordinary share on 677,887,882 ordinary shares	-	13,557,758
<b>In respect of the financial year ended 31 December 2017:</b>		
A tax exempt special dividend of 2 sen per ordinary share on 684,714,542 ordinary shares	-	13,694,291
A tax exempt special dividend of 4 sen per ordinary share on 704,509,532 ordinary shares	-	28,180,380
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	-
<b>RCPS</b>		
<b>In respect of the financial year ended 31 December 2018:</b>		
A preferential dividend of 6.6 sen per RCPS on 102,389,635 RCPS	6,757,716	-
	<b>41,013,306</b>	<b>82,397,100</b>

On 19 April 2019, the Directors proposed a single-tier first and final dividend of 1.8 sen per ordinary share in respect of the financial year ended 31 December 2018. The proposed dividend is subject to the approval of the shareholders at the forthcoming 19th Annual General Meeting of the Company.

The financial statements for the current financial year do not reflect the dividend proposed on 19 April 2019. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2019.

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 43. 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	Financing cash flows (i) RM	New finance lease RM	Other changes(ii) RM	At 31 December RM
<b>31.12.2018</b>						
<b>Group</b>						
<b>Financial liabilities</b>						
Finance lease payables	27	12,576,701	(6,075,191)	39,673,305	-	46,174,815
Bank borrowings	28	780,083,646	182,535,793	-	43,000,000	1,005,619,439
Sukuk	29	-	98,935,242	-	-	98,935,242
Bank overdrafts	30	70,738,670	34,730,446	-	-	105,469,116
RCPS	31	-	50,000,000	-	-	50,000,000
Dividend payable	26	28,180,380	(69,193,686)	-	41,013,306	-
Amount due to holding company	33	10,267,008	(3,246,854)	-	-	7,020,154
		901,846,405	287,685,750	39,673,305	84,013,306	1,313,218,766
<b>Company</b>						
<b>Financial liabilities</b>						
Bank borrowings	28	130,032,917	59,216,299	-	-	189,249,216
Bank overdrafts	30	6,335,002	18,725,600	-	-	25,060,602
Dividend payable	26	28,180,380	(69,193,686)	-	41,013,306	-
Amount due to subsidiary companies	16	149,036	854,626	-	-	1,003,662
		164,697,335	9,602,839	-	41,013,306	215,313,480

Notes to the Financial Statements  
31 December 2018 (Cont'd)

43. 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
<b>31.12.2017</b>						
<b>Group</b>						
<b>Financial liabilities</b>						
Finance lease payables	27	6,234,432	(3,138,721)	9,480,990	-	12,576,701
Bank borrowings	28	509,689,054	270,499,612	-	(105,020)	780,083,646
Bank overdrafts	30	100,901,943	(30,163,273)	-	-	70,738,670
Dividend payable	26	13,027,823	(67,244,543)	-	82,397,100	28,180,380
Amount due to holding company	33	-	10,267,008	-	-	10,267,008
		629,853,252	180,220,083	9,480,990	82,292,080	901,846,405
<b>Company</b>						
<b>Financial liabilities</b>						
Bank borrowings	28	75,969,347	54,063,570	-	-	130,032,917
Bank overdrafts	30	42,650,845	(36,315,843)	-	-	6,335,002
Dividend payable	26	13,027,823	(67,244,543)	-	82,397,100	28,180,380
Amount due to a subsidiary company	16	64,645,989	(51,229,531)	-	(13,267,422)	149,036
		196,294,004	(100,726,347)	-	69,129,678	164,697,335

- (i) The financing cash flows include the net amount of proceeds from or repayments of loans and borrowings/holding company/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 and acquisition of subsidiary company.

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 44. 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:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
<b>Holding company:</b>		
Dividends paid/payable	17,830,619	35,114,973
Finance costs	147,372	324,739
<b>Other related parties:</b>		
<b>Income</b>		
Sale of development properties	3,859,500	24,538,254
Rental income	198,722	137,956
<b>Expenses</b>		
Contractors' fees	-	7,720,722
Equity instrument	867,460	64,530,000
Finance cost	35,215	-
Legal fees	94,012	302,346
Purchase of properties	1,500,000	-
Rental expenses	125,194	142,733
Rendering of services	797,148	684,318
Dividends paid/payable	5,833,185	13,221,662

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 44. 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)

	<b>Company</b> <b>2018</b> <b>RM</b>	<b>2017</b> <b>RM</b>
<b>Holding company:</b>		
Dividends paid/payable	17,830,619	35,114,973
<b>Other related parties:</b>		
Dividends paid/payable	5,550,409	12,627,344

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 subsidiaries 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:

	<b>Group</b> <b>2018</b> <b>RM</b>	<b>2017</b> <b>RM</b>
Short-term employee benefits	25,004,636	23,595,236
Share-based payment	-	631,134
Defined contribution plans	2,848,370	2,641,530
	27,853,006	26,867,900

	<b>Company</b> <b>2018</b> <b>RM</b>	<b>2017</b> <b>RM</b>
Short-term employee benefits	2,073,486	1,321,872
Share-based payment	-	631,134
Defined contribution plans	135,505	48,691
	2,208,991	2,001,697

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 45. 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 and investment	Investment holding and provision of management services.
Others	Tourism development, hospitality, provision of finance through money lending and retail mall.

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 represents property, plant and equipment, 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.

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 45. 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:

	<b>Revenue</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>
Malaysia	1,097,852,930	1,325,347,808
People's Republic of China	24,235,201	22,064,012

	<b>Non-current assets</b>		
	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>01.01.2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Malaysia	2,030,798,792	1,601,977,640	989,917,869
People's Republic of China	168,298,162	184,503,375	199,267,695
Hong Kong	83,233,307	82,059,086	98,807,671

#### Information about major customers

There is no significant concentration of revenue from any major customers as the Group sells its development properties to individual purchaser.

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 45. SEGMENT INFORMATION (CONT'D)

##### Segment results

	Property Development RM	Construction and Trading RM	Management and Investment RM	Motor Racing Circuit RM	Others RM	Total RM
<b>2018</b>						
<b>Revenue</b>						
Total revenue	935,217,395	709,629,635	40,509,841	24,235,201	6,561,941	1,716,154,013
Less: Inter-segment revenue	-	(553,406,769)	(40,509,841)	-	(149,272)	(594,065,882)
Revenue from external customers	935,217,395	156,222,866	-	24,235,201	6,412,669	1,122,088,131
<b>Financial results</b>						
Segment results	114,030,365	46,733,380	47,684,004	(4,394,866)	(7,060,280)	196,992,603
Interest income	4,036,266	107,747	753,883	101,894	63,734	5,063,524
Finance costs	(5,535,461)	(3,527,623)	(28,323,743)	(1,186,155)	(4,364,658)	(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	20,114,144	(5,479,127)	(11,393,151)	159,134,650
Taxation	(39,034,250)	(14,762,492)	(14,137,443)	1,613,124	1,189,507	(65,131,554)
Net profit/(loss) for the financial year	73,496,920	28,599,122	5,976,701	(3,866,003)	(10,203,644)	94,003,096
<b>Assets</b>						
Additional investment in associates	-	15,000	539,000	-	-	554,000
Additions to non-current assets	201,336,946	67,705,451	26,211,556	5,386,988	109,394,236	410,035,177
Segment assets	3,242,410,754	320,972,911	452,645,161	213,878,267	143,575,350	4,373,482,443

Notes to the Financial Statements  
31 December 2018 (Cont'd)

45. SEGMENT INFORMATION (CONT'D)

Segment results (cont'd)

	Property Development RM	Construction and Trading RM	Management and Investment RM	Motor Racing Circuit RM	Others RM	Total RM
<b>2018</b>						
<b>Other non-cash expenses</b>						
Allowance for impairment losses on:						
- Goodwill arising on consolidation	4,645,352	-	-	-	-	4,645,352
- Investment in an associates	-	-	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	286,453	16,762	-	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	512,816	-	1,833,650	3,050,014
- Property, plant and equipment	4,394,762	7,053,412	4,427,849	7,129,192	1,661,532	24,666,747
Fair value loss on revaluation of financial assets measured at FVTPL	-	-	2,385	-	-	2,385
Fair value loss on finance assets measured at FVTPL	-	-	-	-	352,034	352,034

Notes to the Financial Statements  
31 December 2018 (Cont'd)

## 45. SEGMENT INFORMATION (CONT'D)

**Segment results (cont'd)**

	<b>Property Development RM</b>	<b>Construction and Trading RM</b>	<b>Management and Investment RM</b>	<b>Motor Racing Circuit RM</b>	<b>Others RM</b>	<b>Total RM</b>
<b>2018</b>						
<b>Other non-cash expenses (cont'd)</b>						
Loss on disposal of:						
- Property, plant and equipment	-	-	2,625	355	-	2,980
Other investment written off	15,500	-	-	-	-	15,500
Property development cost written off	2,016,280	-	-	-	-	2,016,280
Property, plant and equipment written off	1	320,036	78,854	29,004	-	427,895
Provision for claims and staff economic compensation	-	-	-	617,108	-	617,108
Waiver of interest income	265,827	-	-	-	-	265,827
Unrealised loss on foreign exchange	-	-	16,779	-	-	16,779

Notes to the Financial Statements  
31 December 2018 (Cont'd)

45. SEGMENT INFORMATION (CONT'D)

Segment results (cont'd)

	Property Development RM	Construction and Trading RM	Management and Investment RM	Motor Racing Circuit RM	Others RM	Total RM
<b>2018</b>						
<b>Other non-cash income</b>						
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:						
- Property, plant and equipment	(101,200)	(23,311)	(267,499)	-	-	(392,010)
- Subsidiary company	-	-	(1,520,970)	-	-	(1,520,970)
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)	(512,052)	(107,545)	-	(748,829)

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 45. SEGMENT INFORMATION (CONT'D)

##### Segment results (cont'd)

	Property Development RM	Construction and Trading RM	Management and Investment RM	Motor Racing Circuit RM	Others RM	Total RM
<b>2017 (Restated)</b>						
<b>Revenue</b>						
Total revenue	1,193,174,838	680,749,753	397,381,276	22,064,012	774,511	2,294,144,390
Less:						
Inter-segment revenue	-	(549,350,952)	(397,381,276)	-	(342)	(946,732,570)
Revenue from external customers	1,193,174,838	131,398,801	-	22,064,012	774,169	1,347,411,820
<b>Financial results</b>						
Segment results	175,966,500	42,940,164	8,217,635	(11,965,637)	(1,967,559)	213,191,103
Interest income	3,859,249	122,639	765,116	100,890	41,532	4,889,426
Finance costs	(2,461,216)	(2,089,894)	(21,501,486)	(1,238,184)	(1,204,170)	(28,494,950)
Share of loss of associates, net of tax	-	-	-	-	(58,884)	(58,884)
Profit/(Loss) before tax	177,364,533	40,972,909	(12,518,735)	(13,102,931)	(3,189,081)	189,526,695
Taxation	(58,348,261)	(12,784,907)	(7,185,267)	1,682,199	(1,484)	(76,637,720)
Net profit/(loss) for the financial year	119,016,272	28,188,002	(19,704,002)	(11,420,732)	(3,190,565)	112,888,975
<b>Assets</b>						
Additional investment in associates	539,000	15,000	-	-	-	554,000
Additions to non-current assets	564,155,458	11,554,250	14,999,221	3,048,279	2,642	593,759,850
Segment assets	3,046,607,239	208,020,828	458,195,576	217,895,880	29,883,551	3,960,603,074

Notes to the Financial Statements  
31 December 2018 (Cont'd)

45. SEGMENT INFORMATION (CONT'D)

Segment results (cont'd)

	Property Development RM	Construction and Trading RM	Management and Investment RM	Motor Racing Circuit RM	Others RM	Total RM
<b>2017</b>						
<b>Other non-cash expenses</b>						
Allowance for impairment losses on:						
- Goodwill arising on consolidation	12,035,256	-	3,141	-	-	12,038,397
- Investment in an associate	-	-	34,315	-	-	34,315
- Investment properties	-	-	-	-	24,000	24,000
- Other investments	-	-	185,001	-	-	185,001
- Trade and other receivables	3,312,480	91,688	-	28,240	5,082	3,437,490
Amortisation of intangible assets	-	-	589,675	-	-	589,675
Bad debts written off	629,346	-	685,421	-	84	1,314,851
Depreciation of :						
- Investment properties	13,420	649,326	684,196	-	10,500	1,357,442
- Property, plant and equipment	927,528	3,825,458	3,668,794	9,249,899	736,696	18,408,375
Inventories written down	104,674	-	-	-	-	104,674
Inventories written off	-	48,027	-	-	-	48,027

Notes to the Financial Statements  
31 December 2018 (Cont'd)

## 45. SEGMENT INFORMATION (CONT'D)

**Segment results (cont'd)**

	<b>Property Development RM</b>	<b>Construction and Trading RM</b>	<b>Management and Investment RM</b>	<b>Motor Racing Circuit RM</b>	<b>Others RM</b>	<b>Total RM</b>
<b>2017</b>						
<b>Other non-cash expenses (cont'd)</b>						
Loss on disposal of :						
- Financial assets measured at FVTPL	-	-	10,444	-	-	10,444
- Investment properties	-	-	-	-	71,833	71,833
- Property, plant and equipment	303,477	-	283,596	-	1,937	589,010
Provision for claims and staff economic compensation	-	-	-	599,539	-	599,539
Property development cost written off	191,324	-	-	-	-	191,324
Property, plant and equipment written off	10,728	19,142	10,467	120,135	116,780	277,252
Share-based payment	-	-	2,694,295	-	-	2,694,295
Unrealised loss on foreign exchange	-	-	189,795	36,628	-	226,423

Notes to the Financial Statements  
31 December 2018 (Cont'd)

45. SEGMENT INFORMATION (CONT'D)

Segment results (cont'd)

	Property Development RM	Construction and Trading RM	Management and Investment RM	Motor Racing Circuit RM	Others RM	Total RM
<b>2017</b>						
<b>Other non-cash income</b>						
Contingency sum provided in prior years no longer required	(10,494,292)	-	-	-	-	(10,494,292)
Dividend income from :						
- Financial assets measured at FVTPL	-	-	(59,051)	-	-	(59,051)
Gain on disposal of :						
- Financial assets measured at FVTOCI	-	-	(41,082)	-	-	(41,082)
- Property, plant and equipment	-	(196,491)	-	-	-	(196,491)
- Investment in subsidiary companies	-	-	(1,364)	-	-	(1,364)
Reversal of allowance for impairment losses on:						
- Investment properties	-	-	-	-	(83,333)	(83,333)
- Trade and other receivables	(982,209)	(166,585)	(312,928)	-	-	(1,461,722)
- Property, plant and equipment	(6,053)	-	-	-	-	(6,053)
Waiver of debts	-	-	-	-	(278,654)	(278,654)

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 46. FINANCIAL INSTRUMENTS

##### (a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the Statements of Financial Position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Carrying amount RM	Financial assets measured at		
		Amortised cost RM	FVTOCI RM	FVTPL RM
<b>Group</b>				
<b>31.12.2018</b>				
<b>Financial Assets</b>				
Trade receivables	711,229,645	711,229,645	-	-
Other receivables	73,766,214	73,766,214	-	-
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	-	-
	1,101,660,745	1,025,152,609	73,382,778	3,125,358
<b>31.12.2017 (Restated)</b>				
<b>Financial Assets</b>				
Trade receivables	596,584,592	596,584,592	-	-
Other receivables	92,654,653	92,654,653	-	-
Other investments	84,062,026	-	82,040,890	2,021,136
Fixed deposits with licensed banks	29,700,236	29,700,236	-	-
Cash held under Housing Development Accounts	147,644,802	147,644,802	-	-
Cash and bank balances	103,841,120	103,841,120	-	-
	1,054,487,429	970,425,403	82,040,890	2,021,136

Notes to the Financial Statements  
31 December 2018 (Cont'd)

46. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (cont'd)

	Carrying amount RM	Financial assets measured at		
		Amortised cost RM	FVTOCI RM	FVTPL RM
<b>Group</b>				
<b>1.1.2017 (Restated)</b>				
<b>Financial Assets</b>				
Trade receivables	312,516,551	312,516,551	-	-
Other receivables	71,268,708	71,268,708	-	-
Other investments	98,801,419	-	98,801,419	-
Fixed deposits with licensed banks	49,079,352	49,079,352	-	-
Cash held under Housing Development Accounts	74,387,290	74,387,290	-	-
Cash and bank balances	107,332,047	107,332,047	-	-
	713,385,367	614,583,948	98,801,419	-
<b>Company</b>				
<b>31.12.2018</b>				
<b>Financial Assets</b>				
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



Notes to the Financial Statements  
31 December 2018 (Cont'd)

46. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (cont'd)

	Carrying amount RM	Financial liabilities measured at amortised cost RM
<b>Group</b>		
<b>31.12.2017 (Restated)</b>		
<b>Financial Liabilities</b>		
Trade payables	1,005,614,882	1,005,614,882
Other payables	630,358,103	630,358,103
Amount due to holding company	10,267,008	10,267,008
Finance lease payables	12,576,701	12,576,701
Bank borrowings and overdrafts	850,822,316	850,822,316
	2,509,639,010	2,509,639,010
<b>1.1.2017 (Restated)</b>		
<b>Financial Liabilities</b>		
Trade payables	562,003,224	562,003,224
Other payables	397,106,156	397,106,156
Finance lease payables	6,234,432	6,234,432
Bank borrowings and overdrafts	610,590,997	610,590,997
	1,575,934,809	1,575,934,809
<b>Company</b>		
<b>31.12.2018</b>		
<b>Financial Liabilities</b>		
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>31.12.2017</b>		
<b>Financial Liabilities</b>		
Other payables	28,959,128	28,959,128
Amount due to subsidiary companies	149,036	149,036
Bank borrowings and overdrafts	136,367,919	136,367,919
	165,476,083	165,476,083

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 46. FINANCIAL INSTRUMENTS (CONT'D)

##### (a) Classification of financial instruments (cont'd)

	Carrying amount RM	Financial liabilities measured at amortised cost RM
<b>Company</b>		
<b>1.1.2017</b>		
<b>Financial Liabilities</b>		
Other payables	14,428,047	14,428,047
Amount due to subsidiary companies	64,648,050	64,648,050
Bank borrowings and overdrafts	118,620,192	118,620,192
	197,696,289	197,696,289

##### (b) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and of the Company's operations whilst managing its financial risks, including credit risk, liquidity risk, foreign currency exchange risk, interest rate risk and market price risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

The Group and the Company have exposure to the following risks from its use of financial instruments:

##### (i) Credit risk

Credit risk is the risk of a financial loss to the Group and to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from its trade and other receivables, fixed deposits with licensed banks, cash held under Housing Development Accounts and cash at banks. Fixed deposits with licensed banks, cash held under Housing Development Accounts and cash at banks are placed with financial institutions with good credit rating.

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. Receivables are monitored on an ongoing basis via the Company's management reporting procedures and action will be taken for long outstanding debts. Majority of the receivables are from property development segment. The credit risk is limited as the property purchasers were using financing from reputable end-financiers, legal title to the properties revert to the Group in the event of default.

The Company provides unsecured loans and advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 46. 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:  
(cont'd)

(i) Credit risk (cont'd)

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 RM990,590,685 (31.12.2017: RM862,649,639; 1.1.2017: RM632,495,854), representing the outstanding financial guarantees to the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

The Group has no significant concentration of credit risk as its exposure spread over a large number of customers. The Company has no significant concentration of credit risk, except for loans to its subsidiary companies where risks of default have been assessed to be low.

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from mismatches of maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risks is managed with the objective of meeting business obligations on a timely basis. The Group and the Company monitor its cash flows and ensure that sufficient funding is in place to meet the obligations as and when they fall due.

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 46. FINANCIAL INSTRUMENTS (CONT'D)

##### (b) Financial risk management objectives and policies (cont'd)

##### (ii) Liquidity risk (cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM
<b>Group</b>						
<b>31.12.2018</b>						
Trade payables	982,278,974	982,278,974	545,966,499	31,173,718	51,543,811	353,594,946
Other payables	547,494,817	547,494,817	496,235,215	-	-	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	-	-	-
	2,842,992,557	3,062,466,433	1,770,612,490	171,911,725	612,026,462	507,915,756
<b>31.12.2017</b>						
<b>(Restated)</b>						
Trade payables	1,005,614,882	1,005,614,882	547,751,091	52,473,748	109,902,465	295,487,578
Other payables	630,358,103	630,358,103	564,497,044	13,168,375	-	52,692,684
Amount due to holding company	10,267,008	10,267,008	10,267,008	-	-	-
Finance lease payables	12,576,701	13,897,459	4,446,661	3,566,393	5,341,235	543,170
Bank borrowings and overdrafts	850,822,316	1,002,454,465	394,494,079	163,342,857	390,818,444	53,799,085
	2,509,639,010	2,662,591,917	1,521,455,883	232,551,373	506,062,144	402,522,517
<b>1.1.2017</b>						
<b>(Restated)</b>						
Trade payables	562,003,224	562,003,224	314,025,653	34,100,000	36,623,535	177,254,036
Other payables	397,106,156	397,106,156	342,114,317	-	-	54,991,839
Finance lease payables	6,234,432	6,879,099	2,392,870	2,020,100	2,012,382	453,747
Bank borrowings and overdrafts	610,590,997	704,471,425	330,693,374	123,954,922	188,689,004	61,134,125
	1,575,934,809	1,670,459,904	989,226,214	160,075,022	227,324,921	293,833,747

Notes to the Financial Statements  
31 December 2018 (Cont'd)

46. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(ii) Liquidity risk (cont'd)

	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM
<b>Company</b>						
<b>31.12.2018</b>						
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	-
<b>31.12.2017</b>						
Other payables	28,959,128	28,959,128	28,959,128	-	-	-
Amount due to subsidiary companies	149,036	149,036	149,036	-	-	-
Bank borrowings and overdrafts	136,367,919	149,770,638	112,589,313	16,985,075	20,196,250	-
Financial guarantees *	-	862,649,639	862,649,639	-	-	-
	165,476,083	1,041,528,441	1,004,347,116	16,985,075	20,196,250	-
<b>1.1.2017</b>						
Other payables	14,428,047	14,428,047	14,428,047	-	-	-
Amount due to subsidiary companies	64,648,050	64,648,050	2,236,183	62,411,867	-	-
Bank borrowings and overdrafts	118,620,192	124,590,772	103,914,456	20,676,316	-	-
Financial guarantees *	-	632,495,854	632,495,854	-	-	-
	197,696,289	836,162,723	753,074,540	83,088,183	-	-

\* Based on the maximum amount that can be called for under the financial guarantee contract. At the end of the reporting period, there was no indication that the subsidiary companies would default on repayment.

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 46. FINANCIAL INSTRUMENTS (CONT'D)

##### (b) Financial risk management objectives and policies (cont'd)

###### (iii) Market risks

###### Foreign currency exchange risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Hong Kong Dollar ("HKD"), Euro, Chinese Renminbi ("RMB"), Singapore Dollar ("SGD") and French Franc ("FRF").

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by the management.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities that are exposed to foreign currency exchange risk at the end of the reporting period are as follows:

	USD RM	HKD RM	EURO RM	RMB RM	SGD RM	FRF RM	Total RM
<b>Group</b>							
<b>31.12.2018</b>							
<b>Financial Assets</b>							
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
<b>Financial Liabilities</b>							
Trade payables	295,322	-	-	-	-	-	295,322
Other payables	1,266,763	203,019	-	1,055,724	-	-	2,525,506
	1,562,085	203,019	-	1,055,724	-	-	2,820,828

Notes to the Financial Statements  
31 December 2018 (Cont'd)

46. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(iii) Market risks (cont'd)

Foreign currency exchange risk (cont'd)

	USD RM	HKD RM	EURO RM	RMB RM	SGD RM	FRF RM	Total RM
<b>Group</b>							
<b>31.12.2017</b>							
<b>Financial Assets</b>							
Other receivables	-	1,450	-	-	-	-	1,450
Fixed deposits with licensed banks	-	-	-	80,835	-	-	80,835
Cash and bank balances	1,858,183	1,024,547	1,135,818	106,708	5,598	372	4,131,226
	1,858,183	1,025,997	1,135,818	187,543	5,598	372	4,213,511
<b>Financial Liabilities</b>							
Trade payables	289,026	-	-	-	-	-	289,026
Other payables	-	199,098	-	-	-	-	199,098
	289,026	199,098	-	-	-	-	488,124
<b>1.1.2017</b>							
<b>Financial Assets</b>							
Other receivables	-	3,760	-	-	-	-	3,760
Fixed deposits with licensed banks	4,559,375	-	-	82,953	-	-	4,642,328
Cash and bank balances	1,443,981	661,072	1,318,521	259,139	-	-	3,682,713
	6,003,356	664,832	1,318,521	342,092	-	-	8,328,801
<b>Financial Liabilities</b>							
Trade payables	320,232	-	-	-	-	-	320,232
Other payables	-	225,245	-	-	-	-	225,245
Bank borrowings	7,087,880	-	-	-	-	-	7,087,880
	7,408,112	225,245	-	-	-	-	7,633,357

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 46. FINANCIAL INSTRUMENTS (CONT'D)

##### (b) Financial risk management objectives and policies (cont'd)

###### (iii) Market risks (cont'd)

###### Foreign currency exchange risk (cont'd)

	USD RM	HKD RM	Total RM
<b>Company</b>			
<b>31.12.2018</b>			
<b>Financial Asset</b>			
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
<b>31.12.2017</b>			
<b>Financial Assets</b>			
Cash and bank balances	395,587	93,709	489,296
<b>1.1.2017</b>			
<b>Financial Assets</b>			
Fixed deposits with licensed banks	4,559,375	-	4,559,375
Cash and bank balances	677,448	111,749	789,197
	5,236,823	111,749	5,348,572
<b>Financial Liabilities</b>			
Bank borrowings	7,087,880	-	7,087,880

###### Foreign currency risk sensitivity

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

A 10% strengthening of RM against the following foreign currencies' net financial assets/(liabilities) at the end of the reporting period would increase/(decrease) the profit before tax and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain unchanged.

Notes to the Financial Statements  
31 December 2018 (Cont'd)

46. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(iii) Market risks (cont'd)

Foreign currency exchange risk sensitivity (cont'd)

	2018		2017	
	Changes in currency rate	Effect on profit before tax RM	Changes in currency rate	Effect on profit before tax RM
<b>Group</b>				
<b>USD</b>	Strengthened 10%	868,584	Strengthened 10%	156,916
	Weakened 10%	(868,584)	Weakened 10%	(156,916)
<b>HKD</b>	Strengthened 10%	176,863	Strengthened 10%	82,690
	Weakened 10%	(176,863)	Weakened 10%	(82,690)
<b>EURO</b>	Strengthened 10%	105,548	Strengthened 10%	113,582
	Weakened 10%	(105,548)	Weakened 10%	(113,582)
<b>RMB</b>	Strengthened 10%	(88,154)	Strengthened 10%	18,754
	Weakened 10%	88,154	Weakened 10%	(18,754)
<b>SGD</b>	Strengthened 10%	-	Strengthened 10%	560
	Weakened 10%	-	Weakened 10%	(560)
<b>FRF</b>	Strengthened 10%	-	Strengthened 10%	37
	Weakened 10%	-	Weakened 10%	(37)
<b>Company</b>				
<b>USD</b>	Strengthened 10%	869,653	Strengthened 10%	39,559
	Weakened 10%	(869,653)	Weakened 10%	(39,559)
<b>HKD</b>	Strengthened 10%	28,721	Strengthened 10%	9,371
	Weakened 10%	(28,721)	Weakened 10%	(9,371)

A 10% weakening of Ringgit Malaysia against the above foreign currencies' net financial assets/ (liabilities) at the end of the reporting period would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain unchanged.

Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 46. 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:

	<b>31.12.2018</b> <b>RM</b>	<b>Group</b> <b>31.12.2017</b> <b>RM</b>	<b>1.1.2017</b> <b>RM</b>
<b>Fixed Rate Instruments</b>			
<b>Financial Asset</b>			
Fixed deposits with licensed banks	38,919,298	29,700,236	49,079,352
<b>Financial Liabilities</b>			
Finance lease payables	46,174,815	12,576,701	6,234,432
RCPS	50,000,000	-	-
	96,174,815	12,576,701	6,234,432
<b>Floating Rate Instruments</b>			
<b>Financial Assets</b>			
Cash held under Housing Development Accounts	123,035,817	147,644,802	74,387,290
Cash and bank balances	3,837,881	7,056,471	9,878,803
	126,873,698	154,701,273	84,266,093
<b>Financial Liabilities</b>			
Bank borrowings and overdrafts	1,111,088,555	850,822,316	610,590,997
Amount due to holding company	7,020,154	10,267,008	-
Sukuk	98,935,242	-	-
	1,217,043,951	861,089,324	610,590,997

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 46. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management objectives and policies (cont'd)

##### (iii) Market risks (cont'd)

##### Interest rate risk (cont'd)

	31.12.2018 RM	Company 31.12.2017 RM	1.1.2017 RM
<b>Fixed Rate Instruments</b>			
<b>Financial Asset</b>			
Fixed deposits with licensed banks	24,690,982	12,328,047	31,442,414
<b>Floating Rate Instruments</b>			
<b>Financial Assets</b>			
Cash and bank balances	121,930	481,400	703,731
Amount due from subsidiary companies	468,153,858	330,764,157	185,815,664
	468,275,788	331,245,557	186,519,395
<b>Financial Liabilities</b>			
Bank borrowings and overdrafts	214,309,818	136,367,919	118,620,192
Amount due to a subsidiary company	-	-	62,411,867
	214,309,818	136,367,919	181,032,059

The Group and the Company are exposed to interest rate risk arising from the Group's and the Company's financial instruments.

##### Interest rate risk sensitivity

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

A change in 1% interest rate at the end of the reporting period would have increased or decreased the Group's and the Company's profit before tax by RM10,901,703 and RM2,539,660 (2017: RM7,063,881 and RM1,948,776; 2016: RM5,263,249 and RM54,873) respectively, arising mainly as a result of lower or higher interest expense on floating rate financial assets and financial liabilities. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 46. 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 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.

Notes to the Financial Statements  
31 December 2018 (Cont'd)

46. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair value of financial instruments (cont'd)

The table below analyses the fixed rate non-current financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

Group 31.12.2018	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
<b>Financial assets</b>										
Equity securities	76,508,136	-	-	76,508,136	-	-	-	-	76,508,136	76,508,136
Trade receivable	-	-	1,039,164	1,039,164	-	-	-	-	1,039,164	1,039,164
	76,508,136	-	1,039,164	77,547,300	-	-	-	-	77,547,300	77,547,300
<b>Financial liabilities</b>										
Trade payables	-	-	-	-	-	-	436,312,475	436,312,475	436,312,475	436,312,475
Other payables	-	-	-	-	-	-	51,259,602	51,259,602	51,259,602	51,259,602
Finance lease payables	-	-	-	-	-	-	33,512,162	33,512,162	33,512,162	34,809,689
Financial Guarantee	-	-	-	-	-	-	@	-	-	65,270,324
	-	-	-	-	-	-	521,084,239	521,084,239	521,084,239	587,652,090
<b>Company Financial liability</b>										
Financial Guarantee	-	-	-	-	-	-	@	-	-	990,590,685
	-	-	-	-	-	-	-	-	-	990,590,685

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 46. FINANCIAL INSTRUMENTS (CONT'D)

##### (d) Fair value of financial instruments (cont'd)

Group 31.12.2017	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
<b>Financial asset</b>										
Equity securities	84,062,026	-	-	84,062,026	-	-	-	-	84,062,026	84,062,026
<b>Financial liabilities</b>										
Trade payables	-	-	-	-	-	-	457,863,791	457,863,791	457,863,791	457,863,791
Other payables	-	-	-	-	-	-	65,861,059	65,861,059	65,861,059	65,861,059
Finance lease payables	-	-	-	-	-	-	8,018,196	8,018,196	8,018,196	8,743,082
Financial Guarantee	-	-	-	-	-	-	@	-	-	65,720,837
	-	-	-	-	-	-	531,743,046	531,743,046	531,743,046	598,188,769
<b>Company Financial liability</b>										
Financial Guarantee	-	-	-	-	-	-	@	-	-	862,649,639

Notes to the Financial Statements  
31 December 2018 (Cont'd)

46. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair value of financial instruments (cont'd)

Group 1.1.2017	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
<b>Financial asset</b>										
Equity securities	98,801,419	-	-	98,801,419	-	-	-	-	98,801,419	98,801,419
<b>Financial liabilities</b>										
Trade payables	-	-	-	-	-	-	247,977,571	247,977,571	247,977,571	247,977,571
Other payables	-	-	-	-	-	-	54,991,839	54,991,839	54,991,839	54,991,839
Finance lease payables	-	-	-	-	-	-	3,769,272	3,769,272	3,769,272	4,126,928
Financial Guarantee	-	-	-	-	-	-	@	-	-	48,025,156
	-	-	-	-	-	-	306,738,682	306,738,682	306,738,682	355,121,494
<b>Company Financial liability</b>										
Financial Guarantee	-	-	-	-	-	-	@	-	-	632,495,854

@ It is not practicable to estimate the fair value of financial guarantee reliably due to the uncertainties of timing, cost and eventual outcome.

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 46. FINANCIAL INSTRUMENTS (CONT'D)

##### (d) Fair value of financial instruments (cont'd)

(i) Policy on transfer between levels

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

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

Fair value, which is determined for disclosures purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting date.

(iv) Level 3 fair value

Level 3 fair value for the financial assets and liabilities are estimated using unobservable inputs.

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 47. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends to shareholders, return capital to shareholders, issue new shares, buy back issued shares or sell assets to reduce debt.

The Group monitors capital using gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at the end of the reporting period are as follows:

	<b>31.12.2018</b> <b>RM</b>	<b>Group</b> <b>31.12.2017</b> <b>RM</b>	<b>1.1.2017</b> <b>RM</b>
<b>Debts</b>			
Finance lease payables	46,174,815	12,576,701	6,234,432
Bank borrowings and overdrafts	1,111,088,555	850,822,316	610,590,997
Sukuk	98,935,242	-	-
RCPS	50,000,000	-	-
<b>Total debts</b>	<b>1,306,198,612</b>	<b>863,399,017</b>	<b>616,825,429</b>
<b>Deposits, cash and bank balances</b>			
Fixed deposits with licensed banks	38,919,298	29,700,236	49,079,352
Cash and bank balances	78,201,635	103,841,120	107,332,047
Cash held under Housing Development Accounts	123,035,817	147,644,802	74,387,290
<b>Total deposits, cash and bank balances</b>	<b>240,156,750</b>	<b>281,186,158</b>	<b>230,798,689</b>
<b>Net debts</b>	<b>1,066,041,862</b>	<b>582,212,859</b>	<b>386,026,740</b>
<b>Total equity</b>	<b>1,417,054,428</b>	<b>1,372,458,926</b>	<b>1,205,705,957</b>
<b>Gross gearing ratio</b>	<b>0.92</b>	<b>0.63</b>	<b>0.51</b>
<b>Net gearing ratio</b>	<b>0.75</b>	<b>0.42</b>	<b>0.32</b>

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 47. CAPITAL MANAGEMENT (CONT'D)

The Group monitors capital using gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at the end of the reporting period are as follows: (cont'd)

	<b>31.12.2018</b> <b>RM</b>	<b>Company</b> <b>31.12.2017</b> <b>RM</b>	<b>1.1.2017</b> <b>RM</b>
<b>Debt</b>			
Bank borrowings and overdrafts	214,309,818	136,367,919	118,620,192
Total debt	214,309,818	136,367,919	118,620,192
<b>Deposits, cash and bank balances</b>			
Fixed deposits with licensed banks	24,690,982	12,328,047	31,442,414
Cash and bank balances	3,405,754	14,825,891	23,577,418
Total deposits, cash and bank balances	28,096,736	27,153,938	55,019,832
Net debt	186,213,082	109,213,981	63,600,360
Total equity	974,114,057	969,587,598	658,662,383
Gross gearing ratio	0.22	0.14	0.18
Net gearing ratio	0.19	0.11	0.10

There were no changes in the Group's approach to capital management during the financial year.

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 48. SIGNIFICANT EVENTS

- (a) On 3 January 2018, Bursa Securities announced that MGB Berhad's ("MGB") securities would be traded and quoted under the new name. The new stock short name was as follows:

Type of Securities	Old Name	New Name	Old Stock Name	New Stock Short Name
Ordinary Shares	ML Global Berhad	MGB Bhd	ML Global	MGB
Warrants	ML Global Bhd - Warrants 2014/2019	MGB Bhd - Warrants 2014/2019	MLGlobal - WA	MGB - WA

- (b) During the financial year, MGB increased its issued and paid-up share capital from 491,845,773 to 496,886,552 by way of conversion of 5,040,779 Warrants 2014/2019 ("warrant") into 5,040,779 new ordinary shares at the exercise price of RM0.50 per warrant.

### 49. SUBSEQUENT EVENT

On 3 January 2019, LBS Bina acquired 150,000 ordinary shares representing 3% equity interest in SSSB for a total cash consideration of RM16,000,000 only. Consequently, SSSB became 81% subsidiary company of LBS Bina.

### 50. MATERIAL LITIGATION

As at the date of this report, there is no material litigation against the Company and its subsidiary companies.

### 51. CAPITAL COMMITMENTS

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
Approved and contracted for property development:			
- Development Rights Agreements	86,940,000	-	-
- Joint Venture Agreements	395,313,848	417,610,648	544,888,648
- Sale and Purchase Agreements	3,420,000	3,420,000	50,444,984
Approved and contracted for plant, property and equipment:			
- Sale and Purchase Agreements	4,417,805	11,473,273	528,000
- Interior design and renovation works	5,876,709	-	-
	495,968,362	432,503,921	595,861,632

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 52. FINANCIAL GUARANTEE

	<b>31.12.2018</b> <b>RM</b>	<b>Group</b> <b>31.12.2017</b> <b>RM</b>	<b>1.1.2017</b> <b>RM</b>
<b>Secured:</b>			
Bank guarantees for:			
- property development	55,836,948	52,865,602	41,350,866
- construction contracts	9,403,176	12,825,035	6,644,090
- others	30,200	30,200	30,200
	<b>65,270,324</b>	<b>65,720,837</b>	<b>48,025,156</b>
<b>Unsecured:</b>			
Corporate guarantees given to:			
- licensed banks to secure banking facilities granted to subsidiary companies	895,337,936	764,726,428	520,958,548
- suppliers of goods for credit terms/facilities granted to subsidiary companies	1,329,538	4,000,000	4,000,000
- third parties for undertaking due performance in relation to development rights and joint venture agreements	93,923,211	93,923,211	107,537,306
	<b>990,590,685</b>	<b>862,649,639</b>	<b>632,495,854</b>

Notes to the Financial Statements  
31 December 2018 (Cont'd)

53. LIST OF SUBSIDIARY COMPANIES

Name of company	Place of business/ country of incorporation	Effective interest			Principal activities
		31.12.2018 %	31.12.2017 %	1.1.2017 %	
<b>Direct holding</b>					
Intellplace Holdings Limited	British Virgin Islands	100	100	100	Investment holding
LBS Bina Holdings Sdn. Bhd.	Malaysia	100	100	100	Property development, provision of management services and investment holding
LBS Landscape Sdn. Bhd.	Malaysia	100	100	100	Turfing and landscaping
Linkway Property Co., Ltd	British Virgin Islands	100	100	100	Dormant
Maju Kepunyaan Sdn. Bhd.	Malaysia	100	100	100	Dormant
MGB Berhad	Malaysia	59.68	54.97	56.43	Investment holding and provision of management services
Saga Serata Sdn. Bhd.	Malaysia	-	-	100	Insurance agent and investment holding
Saujana Tunggal Sdn. Bhd.	Malaysia	100	100	-	Investment holding
SPJ Construction Sdn. Bhd.	Malaysia	60	60	60	Dormant
<b>Indirect holding</b>					
Subsidiary companies of LBS Bina Holdings Sdn. Bhd.:					
Adil Restu Sdn. Bhd.	Malaysia	100	100	100	Property development
Alunan Prestasi Sdn. Bhd.	Malaysia	70	70	70	Property development
Angsana Abadi Sdn. Bhd.	Malaysia	100	100	100	Property development

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 53. LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of company	Place of business/ country of incorporation	Effective interest			Principal activities
		31.12.2018 %	31.12.2017 %	1.1.2017 %	
<b>Indirect holding</b>					
Subsidiary companies of LBS Bina Holdings Sdn. Bhd.:					
Astana Modal (M) Sdn. Bhd.	Malaysia	100	100	100	Property development
Azam Perspektif Sdn. Bhd.	Malaysia	100	100	100	Property development
Bimbingan Simfoni Sdn. Bhd.	Malaysia	51	51	-	Dormant
Bimbingan Sumber Sdn. Bhd.	Malaysia	60	60	-	Property development
Casa Inspirasi Sdn. Bhd.	Malaysia	69	69	68	Property development
Cergas Asal (M) Sdn. Bhd.	Malaysia	100	100	100	Property development
Dataran Enigma Sdn. Bhd.	Malaysia	61	61	61	Property development
Dayang Merdeka Sdn. Bhd.	Malaysia	51	51	-	Dormant
Duta Abadi Sdn. Bhd.	Malaysia	100	100	-	Property development
Equal Alliance Sdn. Bhd.	Malaysia	100	100	100	Property development
Equal Sign Sdn. Bhd.	Malaysia	100	100	100	Property development
Focal Remedy Sdn. Bhd.	Malaysia	100	100	100	Property development
Fokus Awana Sdn. Bhd.	Malaysia	100	100	100	Property development

Notes to the Financial Statements  
31 December 2018 (Cont'd)

53. LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of company	Place of business/ country of incorporation	Effective interest			Principal activities
		31.12.2018 %	31.12.2017 %	1.1.2017 %	
<b>Indirect holding</b>					
Subsidiary companies of LBS Bina Holdings Sdn. Bhd.:					
Galeri Cekap Sdn. Bhd.	Malaysia	100	100	100	Dormant
Generasi Nostalgia Sdn. Bhd.	Malaysia	100	100	100	Property development
Generasi Simbolik Sdn. Bhd.	Malaysia	100	71	71	Property development
Getstyle Sdn. Bhd.	Malaysia	100	100	100	Property development
Healthguard Medicare Sdn. Bhd.	Malaysia	60	60	-	Dormant
Inderaloka Impian Sdn. Bhd.	Malaysia	100	100	100	Property development
Induk Pelita Sdn. Bhd.	Malaysia	51	51	51	Dormant
Intellview Sdn. Bhd.	Malaysia	100	100	100	Property development
Iringan Kejora Sdn. Bhd.	Malaysia	100	100	80	Property development
Jatidiri Gigih Sdn. Bhd.	Malaysia	100	100	100	Property development
Jauhari Unggul Sdn. Bhd.	Malaysia	100	100	100	Property development
Johan Anggun Sdn. Bhd.	Malaysia	85	85	85	Property development
Kalimah Jaya Sdn. Bhd.	Malaysia	100	100	100	Investment holding

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 53. LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of company	Place of business/ country of incorporation	Effective interest			Principal activities
		31.12.2018 %	31.12.2017 %	1.1.2017 %	
<b>Indirect holding</b>					
Subsidiary companies of LBS Bina Holdings Sdn. Bhd.:					
Kemudi Ehsan Sdn. Bhd.	Malaysia	80	80	51	Property development
Kilatlima Sdn. Bhd.	Malaysia	100	100	100	Property development and car park management
Kirana Emas Sdn. Bhd.	Malaysia	51	51	-	Dormant
Koleksi Sigma Sdn. Bhd.	Malaysia	75	75	75	Property development
LBS Borneo Sdn. Bhd.	Malaysia	51	51	-	Dormant
LBS Capital Sdn. Bhd.	Malaysia	100	100	100	Provision of finance through money lending
LBS Maju Sdn. Bhd.	Malaysia	70	70	70	Dormant
LBS Properties Sdn. Bhd.	Malaysia	100	100	100	Property investment
** Legasi Holdings Group Sdn. Bhd.	Malaysia	51	-	-	Dormant
Maju Kamabisa Sdn. Bhd.	Malaysia	100	100	100	Dormant
Mayang Jelatek Sdn. Bhd.	Malaysia	51	51	51	Property development
Megah Solaris Sdn. Bhd.	Malaysia	100	55	55	Dormant
Misi Aktif Sdn. Bhd.	Malaysia	100	100	100	Property development
MITC Sdn. Bhd.	Malaysia	100	100	100	Property development

Notes to the Financial Statements  
31 December 2018 (Cont'd)

53. LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of company	Place of business/ country of incorporation	Effective interest			Principal activities
		31.12.2018 %	31.12.2017 %	1.1.2017 %	
<b>Indirect holding</b>					
Subsidiary companies of LBS					
Bina Holdings Sdn. Bhd.:					
Nuevo Attraction & Destination Sdn. Bhd.	Malaysia	60	60	60	Tourism development
Nuevoprima Development Sdn. Bhd.	Malaysia	100	100	100	Dormant
** Panglima Riang Sdn. Bhd.	Malaysia	51	-	-	Dormant
Pelangi Homes Sdn. Bhd.	Malaysia	100	100	100	Property development and investment holding
Pembangunan Primer Sdn. Bhd.	Malaysia	80	80	80	Property development
Prima Utuh Sdn. Bhd.	Malaysia	80	80	80	Dormant
Puncak Gama Sdn. Bhd.	Malaysia	100	100	80	Property development
Retro Court Sdn. Bhd.	Malaysia	51	51	-	Dormant
Saga Megah Sdn. Bhd.	Malaysia	100	100	100	Trading of building materials and general construction
Seloka Sinaran Sdn. Bhd.	Malaysia	78	51	51	Property development
Sepadan Maju Sdn. Bhd.	Malaysia	100	100	90	Property development
Seribu Baiduri Sdn. Bhd.	Malaysia	100	100	100	Property development

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 53. LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of company	Place of business/ country of incorporation	Effective interest			Principal activities
		31.12.2018 %	31.12.2017 %	1.1.2017 %	
<b>Indirect holding</b>					
Subsidiary companies of LBS Bina Holdings Sdn. Bhd.:					
Sinaran Restu Sdn. Bhd.	Malaysia	100	100	100	Property development and investment holding
Taman Sempurna Sdn. Bhd.	Malaysia	51	51	51	Dormant
Utuh Aspirasi Sdn. Bhd.	Malaysia	100	100	100	Property development
Wirama Era Baru Sdn. Bhd.	Malaysia	51	51	51	Property development
Subsidiary companies of Saujana Tunggal Sdn. Bhd.:					
** Gerbang Mekar Sdn. Bhd.	Malaysia	100	-	-	Retail Mall
Subsidiary companies of Sinaran Restu Sdn. Bhd.:					
Juaraplex Sdn. Bhd.	Malaysia	100	100	100	Property development
Kenderong Sdn. Bhd.	Malaysia	100	100	100	Property development
KerANJI Bina Sdn. Bhd.	Malaysia	100	100	100	Property development
Lingkar Semangat Sdn. Bhd.	Malaysia	100	100	100	Property development
Nilam Mewah Sdn. Bhd.	Malaysia	55	55	55	Dormant
Pacific Grant Sdn. Bhd.	Malaysia	100	100	100	Property development
Silibin Jaya Sdn. Bhd.	Malaysia	100	100	100	Property development

Notes to the Financial Statements  
31 December 2018 (Cont'd)

53. LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of company	Place of business/ country of incorporation	Effective interest			Principal activities
		31.12.2018 %	31.12.2017 %	1.1.2017 %	
<b>Indirect holding</b>					
Subsidiary company of Saga Serata Sdn. Bhd.: Healthguard Medicare Sdn. Bhd.	Malaysia	-	-	60	Selling of membership cards covering personal insurance
Subsidiary company of Kalimah Jaya Sdn. Bhd.: Utuh Sejagat Sdn. Bhd.	Malaysia	100	100	100	Property development
Subsidiary company of Pelangi Homes Sdn. Bhd.: Restu Bidara Sdn. Bhd.	Malaysia	100	100	100	Property development
Biz Bena Development Sdn. Bhd.	Malaysia	51.92	51.92	-	Property development
Subsidiary companies of MGB Berhad:					
Alunan Warta Sdn. Bhd.	Malaysia	30.44	28.03	-	Dormant
MGB Construction Sdn. Bhd.	Malaysia	59.68	54.97	56.43	Civil engineering, design and build and general construction activities
MGB Land Sdn. Bhd.	Malaysia	59.68	54.97	56.43	Investment holding
MITC Engineering Sdn. Bhd.	Malaysia	59.68	54.97	56.43	Civil engineering, design and build, general construction activities, trading activities and investment holding

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 53. LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of company	Place of business/ country of incorporation	Effective interest			Principal activities
		31.12.2018 %	31.12.2017 %	1.1.2017 %	
<b>Indirect holding</b>					
Subsidiary companies of MGB Berhad :					
Newsteel Building Systems Sdn. Bhd.	Malaysia	47.74	43.98	45.14	Dormant
Vintage Roofing & Construction Sdn. Bhd.	Malaysia	59.68	54.97	56.43	Dormant
Vintage Tiles Holdings Sdn. Bhd.	Malaysia	59.68	54.97	56.43	Dormant
Subsidiary companies of MGB Land Sdn. Bhd.					
Delta Gallery Sdn. Bhd.	Malaysia	59.68	54.97	-	Property development
Idaman Kukuh Sdn. Bhd.	Malaysia	59.68	54.97	-	Dormant
** Multi Court Developers Sdn. Bhd.	Malaysia	59.68	-	-	Property development
Subsidiary companies of MITC Engineering Sdn. Bhd.:					
Prisma Craft Sdn. Bhd.	Malaysia	59.68	54.97	56.43	Dormant
Prisma Kasturi Sdn. Bhd.	Malaysia	59.68	54.97	56.43	Hospitality
Top Ace Solutions Sdn. Bhd.	Malaysia	59.68	54.97	56.43	Trading of building materials and general construction activities
MGB Geotech Sdn. Bhd.	Malaysia	41.78	38.49	-	Piling and foundation construction works
MGB SANY (M) IBS Sdn. Bhd.	Malaysia	30.44	28.03	-	Manufacturing of Industrialised Building System precast products

Notes to the Financial Statements  
31 December 2018 (Cont'd)

53. LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of company	Place of business/ country of incorporation	Effective interest			Principal activities
		31.12.2018 %	31.12.2017 %	1.1.2017 %	
<b>Indirect holding</b>					
Subsidiary companies of Vintage Roofing & Construction Sdn. Bhd.:					
# Tirai Impresif Sdn. Bhd.	Malaysia	-	54.97	56.43	Dormant
VTI Consortium Sdn. Bhd.	Malaysia	59.68	54.97	56.43	Dormant
Subsidiary company of Intellplace Holdings Limited:					
* Dragon Hill Corporation Limited	Hong Kong	100	100	100	Investment holding
Subsidiary company of Dragon Hill Corporation Limited:					
* Lamdeal Investments Limited	Hong Kong	100	100	100	Project investment through a subsidiary company in The People's Republic of China ("PRC")
Subsidiary company of Lamdeal Investments Limited:					
* Zhuhai International Circuit Limited	PRC	60	60	60	Racing circuit development and management
Subsidiary company of Zhuhai International Circuit Limited:					
* Zhuhai International Circuit Promotion (HK) Limited	Hong Kong	60	60	60	Providing handling services to its holding company

\* Subsidiary companies not audited by UHY.

\*\* Became subsidiary company during the financial year.

# Disposed during the financial year.

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 54. LIST OF ASSOCIATES

Name of company	Place of business/ country of incorporation	Effective interest			Principal activities
		31.12.2018 %	31.12.2017 %	1.1.2017 %	
<b>Indirect holding</b>					
Associates of LBS Bina Holdings Sdn. Bhd.:					
Bayu Cergas Sdn. Bhd.	Malaysia	40	40	40	Dormant
** Bendera Berlian Sdn. Bhd.	Malaysia	49	-	-	Dormant
Bimbingan Sumber Sdn. Bhd.	Malaysia	-	-	30	Dormant
Pristine Sunrise (M) Sdn. Bhd.	Malaysia	30	30	30	Dormant
Sambungan Aktif Sdn. Bhd.	Malaysia	30	30	30	Dormant
Setara Armada Sdn. Bhd.	Malaysia	30	30	30	Dormant
Tarikan Puncak Sdn. Bhd.	Malaysia	20	20	20	Dormant
* Usaha Semarak Sdn. Bhd.	Malaysia	35	35	35	Dormant
Warnasari Idaman Sdn. Bhd.	Malaysia	30	30	30	Dormant
Associates of Pelangi Homes Sdn. Bhd.:					
Biz Bena Development Sdn. Bhd.	Malaysia	-	-	50	Dormant
Associates of MITC Engineering Sdn. Bhd.:					
* YLT Consultancy Sdn. Bhd.	Malaysia	17.90	16.49	16.93	Engineering consultancy services
** MGB JPC Consultancy Sdn. Bhd.	Malaysia	17.90	-	-	Engineering consultancy services

\* Associates not audited by UHY.

\*\* Became associate during the financial year.

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 55. EXPLANATION OF TRANSITION TO MFRS

As stated in Note 2(a) to the financial statements, these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 3 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2018, the comparative information presented in these financial statements for the financial year ended 31 December 2017 and the preparation of the opening MFRS Statements of Financial Position at 1 January 2017 (the Group's date of transition to MFRSs).

The transition to MFRSs does not have any financial impact to the separate financial statements of the Company.

In preparing the opening consolidated Statement of Financial Position at 1 January 2017, the Group has adjusted amounts reported previously in financial statements prepared in accordance with previous FRSS. An explanation of how the transition from previous FRSS to MFRSs has affected the Group's financial position, financial performance and cash flows set out as follows:

#### Statements of Financial Position

	As previously stated RM	Effect of adopting MFRS 9 RM	Effect of adopting MFRS 15 RM	As restated RM
<b>1.1.2017</b>				
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	261,064,455	-	-	261,064,455
Capital work-in-progress	5,368,273	-	-	5,368,273
Inventories	730,525,633	-	-	730,525,633
Investment properties	61,469,204	-	-	61,469,204
Investment in associates	2,635,882	-	-	2,635,882
Other investments	99,949,920	-	-	99,949,920
Intangible assets	589,675	-	-	589,675
Goodwill on consolidation	126,390,193	-	-	126,390,193
	1,287,993,235	-	-	1,287,993,235

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 55. EXPLANATION OF TRANSITION TO MFRS (CONT'D)

In preparing the opening consolidated statement of financial position at 1 January 2017, the Group has adjusted amounts reported previously in financial statements prepared in accordance with previous FRSs. An explanation of how the transition from previous FRSs to MFRSs has affected the Group's financial position, financial performance and cash flows set out as follows: (cont'd)

##### **Statements of Financial Position (Cont'd)**

	<b>As previously stated RM</b>	<b>Effect of adopting MFRS 9 RM</b>	<b>Effect of adopting MFRS 15 RM</b>	<b>As restated RM</b>
<b>1.1.2017</b>				
<b>Current assets</b>				
Inventories	546,998,170	-	6,661,393	553,659,563
Contract assets	326,915,048	-	19,496,690	346,411,738
Trade receivables	315,463,599	(2,947,048)	-	312,516,551
Other receivables	110,490,839	-	-	110,490,839
Tax recoverable	6,844,123	-	-	6,844,123
Fixed deposits with licensed banks	49,079,352	-	-	49,079,352
Cash held under Housing Development Accounts	74,387,290	-	-	74,387,290
Cash and bank balances	107,332,047	-	-	107,332,047
	1,537,510,468	(2,947,048)	26,158,083	1,560,721,503
<b>Total assets</b>	<b>2,825,503,703</b>	<b>(2,947,048)</b>	<b>26,158,083</b>	<b>2,848,714,738</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	641,424,473	-	-	641,424,473
Share premium	74,235,266	-	-	74,235,266
Treasury shares	(88,081)	-	-	(88,081)
Other reserves	(53,214,326)	-	-	(53,214,326)
Retained earnings	503,461,661	(2,947,048)	1,814,977	502,329,590
Equity attributable to owners of the parent	1,165,818,993	(2,947,048)	1,814,977	1,164,686,922
Non-controlling interests	41,204,571	(185,536)	-	41,019,035
<b>Total equity</b>	<b>1,207,023,564</b>	<b>(3,132,584)</b>	<b>1,814,977</b>	<b>1,205,705,957</b>

Notes to the Financial Statements  
31 December 2018 (Cont'd)

55. EXPLANATION OF TRANSITION TO MFRS (CONT'D)

In preparing the opening consolidated statement of financial position at 1 January 2017, the Group has adjusted amounts reported previously in financial statements prepared in accordance with previous FRSs. An explanation of how the transition from previous FRSs to MFRSs has affected the Group's financial position, financial performance and cash flows set out as follows: (cont'd)

**Statements of Financial Position (Cont'd)**

	As previously stated RM	Effect of adopting MFRS 9 RM	Effect of adopting MFRS 15 RM	As restated RM
<b>1.1.2017</b>				
<b>Non-current liabilities</b>				
Trade payables	248,138,494	-	(160,923)	247,977,571
Other payables	54,991,839	-	-	54,991,839
Finance lease payables	4,126,928	-	-	4,126,928
Bank borrowings	314,144,391	-	-	314,144,391
Deferred tax liabilities	18,232,322	-	453,606	18,685,928
	639,633,974	-	292,683	639,926,657
<b>Current liabilities</b>				
Contract liabilities	25,140,302	-	52,324	25,192,626
Trade payables	314,376,329	-	(350,676)	314,025,653
Other payables	318,287,973	-	24,534,311	342,822,284
Bank overdrafts	100,901,943	-	-	100,901,943
Finance lease payables	2,107,504	-	-	2,107,504
Bank borrowings	195,544,663	-	-	195,544,663
Tax payable	22,487,451	-	-	22,487,451
	978,846,165	-	24,235,959	1,003,082,124
<b>Total liabilities</b>	1,618,480,139	-	24,528,642	1,643,008,781
<b>Total equity and liabilities</b>	2,825,503,703	(3,132,584)	26,343,619	2,848,714,738

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 55. EXPLANATION OF TRANSITION TO MFRS (CONT'D)

In preparing the opening consolidated statement of financial position at 1 January 2017, the Group has adjusted amounts reported previously in financial statements prepared in accordance with previous FRSs. An explanation of how the transition from previous FRSs to MFRSs has affected the Group's financial position, financial performance and cash flows set out as follows: (cont'd)

##### **Statements of Financial Position (Cont'd)**

	<b>As previously stated RM</b>	<b>Effect of adopting MFRS 9 RM</b>	<b>Effect of adopting MFRS 15 RM</b>	<b>As restated RM</b>
<b>31.12.2017</b>				
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	256,610,782	-	-	256,610,782
Capital work-in-progress	17,002,938	-	-	17,002,938
Inventories	1,334,055,145	-	-	1,334,055,145
Investment properties	60,881,282	-	-	60,881,282
Investment in associates	2,373,573	-	-	2,373,573
Other investments	83,004,390	-	-	83,004,390
Goodwill on consolidation	114,611,991	-	-	114,611,991
	1,868,540,101	-	-	1,868,540,101
<b>Current assets</b>				
Inventories	732,611,199	-	3,274,556	735,885,755
Contract assets	353,465,418	-	8,138,108	361,603,526
Trade receivables	599,512,931	(2,928,339)	-	596,584,592
Other receivables	111,198,949	-	640,300	111,839,249
Other investments	2,021,136	-	-	2,021,136
Tax recoverable	2,942,557	-	-	2,942,557
Fixed deposits with licensed banks	29,700,236	-	-	29,700,236
Cash held under Housing Development Accounts	147,644,802	-	-	147,644,802
Cash and bank balances	103,841,120	-	-	103,841,120
	2,082,938,348	(2,928,339)	12,052,964	2,092,062,973
<b>Total assets</b>	<b>3,951,478,449</b>	<b>(2,928,339)</b>	<b>12,052,964</b>	<b>3,960,603,074</b>

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 55. EXPLANATION OF TRANSITION TO MFRS (CONT'D)

In preparing the opening consolidated statement of financial position at 1 January 2017, the Group has adjusted amounts reported previously in financial statements prepared in accordance with previous FRSs. An explanation of how the transition from previous FRSs to MFRSs has affected the Group's financial position, financial performance and cash flows set out as follows: (cont'd)

#### **Statements of Financial Position (Cont'd)**

	<b>As previously stated RM</b>	<b>Effect of adopting MFRS 9 RM</b>	<b>Effect of adopting MFRS 15 RM</b>	<b>As restated RM</b>
<b>31.12.2017</b>				
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	901,193,289	-	-	901,193,289
Treasury shares	(88,081)	-	-	(88,081)
Other reserves	(141,436,858)	-	-	(141,436,858)
Retained earnings	524,651,319	(2,928,339)	1,122,368	522,845,348
Equity attributable to owners of the parent	1,284,319,669	(2,928,339)	1,122,368	1,282,513,698
Non-controlling interests	89,582,253	362,975	-	89,945,228
<b>Total equity</b>	<b>1,373,901,922</b>	<b>(2,565,364)</b>	<b>1,122,368</b>	<b>1,372,458,926</b>
<b>Non-current liabilities</b>				
Trade payables	457,872,893	-	(9,102)	457,863,791
Other payables	65,861,059	-	-	65,861,059
Finance lease payables	8,743,082	-	-	8,743,082
Bank borrowings	511,291,062	-	-	511,291,062
Deferred tax liabilities	7,586,543	-	(205,780)	7,380,763
	1,051,354,639	-	(214,882)	1,051,139,757
<b>Current liabilities</b>				
Contract liabilities	34,588,654	-	(937,562)	33,651,092
Trade payables	547,751,091	-	-	547,751,091
Other payables	553,778,620	-	11,720,065	565,498,685
Bank overdrafts	70,738,670	-	-	70,738,670
Finance lease payables	3,833,619	-	-	3,833,619
Bank borrowings	268,792,584	-	-	268,792,584
Amount due to holding company	10,267,008	-	-	10,267,008
Tax payable	36,471,642	-	-	36,471,642
	1,526,221,888	-	10,782,503	1,537,004,391
<b>Total liabilities</b>	<b>2,577,576,527</b>	<b>-</b>	<b>10,567,621</b>	<b>2,588,144,148</b>
<b>Total equity and liabilities</b>	<b>3,951,478,449</b>	<b>(2,565,364)</b>	<b>11,689,989</b>	<b>3,960,603,074</b>

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 55. EXPLANATION OF TRANSITION TO MFRS (CONT'D)

In preparing the opening consolidated statement of financial position at 1 January 2017, the Group has adjusted amounts reported previously in financial statements prepared in accordance with previous FRs. An explanation of how the transition from previous FRs to MFRSs has affected the Group's financial position, financial performance and cash flows set out as follows: (cont'd)

##### ***Statements of Profit or Loss and Other Comprehensive Income***

	<b>As previously stated RM</b>	<b>Effect of adopting MFRS 9 RM</b>	<b>Effect of adopting MFRS 15 RM</b>	<b>As restated RM</b>
<b>2017</b>				
Revenue	1,362,286,142	-	(14,874,322)	1,347,411,820
Cost of sales	(931,501,420)	-	(50,259,880)	(981,761,300)
<b>Gross profit</b>	430,784,722	-	(65,134,202)	365,650,520
Other income	19,268,052	(672,247)	(43,283)	18,552,522
Administrative and operating expenses	(231,187,470)	2,673,881	64,374,001	(164,139,588)
Net loss on impairment of financial instruments	-	(1,982,925)	-	(1,982,925)
<b>Profit from operations</b>	218,865,304	18,709	(803,484)	218,080,529
Finance costs	(28,494,950)	-	-	(28,494,950)
Share of loss in associates, net of tax	(58,884)	-	-	(58,884)
<b>Profit before tax</b>	190,311,470	18,709	(803,484)	189,526,695
Taxation	(77,297,106)	-	659,386	(76,637,720)
<b>Net profit for the financial year</b>	113,014,364	18,709	(144,098)	112,888,975
<b>Other comprehensive income, net of tax:</b>				
Change of stakes in a subsidiary company	6,560,000	-	-	6,560,000
Exchange translation differences for foreign operations	(6,169,435)	-	-	(6,169,435)
Net fair value changes of Financial assets measured at FVTOCI	(5,396,126)	-	-	(5,396,126)
Reclassification adjustment for impairment loss on disposal of financial assets measured at FVTOCI	31,915	-	-	31,915
	(4,973,646)	-	-	(4,973,646)
<b>Total comprehensive income for the financial year</b>	108,040,718	18,709	(144,098)	107,915,329

Notes to the Financial Statements  
31 December 2018 (Cont'd)

55. EXPLANATION OF TRANSITION TO MFRS (CONT'D)

In preparing the opening consolidated Statement of Financial Position at 1 January 2017, the Group has adjusted amounts reported previously in financial statements prepared in accordance with previous FRSs. An explanation of how the transition from previous FRSs to MFRSs has affected the Group's financial position, financial performance and cash flows set out as follows: (cont'd)

**Statements of Profit or Loss And Other Comprehensive Income (Cont'd)**

	<b>As previously stated RM</b>	<b>Effect of adopting MFRS 9 RM</b>	<b>Effect of adopting MFRS 15 RM</b>	<b>As restated RM</b>
<b>2017</b>				
<b>Net profit for the financial year attributable to:</b>				
Owners of the parent	103,361,064	18,035	(691,935)	102,687,164
Non-controlling interests	9,653,300	674	547,837	10,201,811
	113,014,364	18,709	(144,098)	112,888,975
<b>Total comprehensive income for the financial year attributable to:</b>				
Owners of the parent	89,934,044	18,035	(691,935)	89,260,144
Non-controlling interests	18,106,674	674	547,837	18,655,185
	108,040,718	18,709	(144,098)	107,915,329
<b>Earnings per share attributable to owners of the parent (sen)</b>				
Basic earnings per share	7.04			6.99
Diluted earnings per share	6.77			6.73

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 55. EXPLANATION OF TRANSITION TO MFRS (CONT'D)

#### Notes on effect of adoption of MFRS framework

The significant accounting policies adopted in preparing the financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2017, except as discussed below:

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

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the financial statements.

The accounting policies that relate to the recognition, classification, measurements and derecognition of financial instruments and impairment of financial assets are amended to comply with the provisions of this Standard, while the hedge accounting requirements under this Standard are not relevant to the Group and to the Company.

The Group and the Company applied MFRS 9 retrospectively, and have elected to restate the comparative periods in the financial year of initial adoption as permitted under MFRS 9 transitional provision. The impact arising from MFRS 9 adoption were included in the opening retained earnings at the date of initial application, 1 January 2018.

- (a) Classification of financial assets and liabilities

MFRS 9 contains three principal classification categories for financial assets: measured at amortised cost ("AC"), fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL") and replaces the existing MFRS 139 Financial Instruments: Recognition and Measurement categories of loans and receivables, held-to-maturity and available-for-sale. Classification under MFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flows characteristics.

Investments in equity instruments are always measured at FVTPL with an irrevocable option at inception to present changes in OCI (provided the instruments is not held for trading). The Group changed the measurements of the investments in equity instruments currently held as available-for-sale to FVTOCI.

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities. There were no changes to the classification and measurements of financial liabilities to the Group and the Company.

Liquid investments were classified as loans and receivables under MFRS 139. On the adoption of MFRS 9, liquid investments meet the criteria for mandatory measurement of FVTPL because the contractual cash flows of these securities are not solely payments of principal and interest on the principal outstanding.

- (b) Impairment

MFRS 9 requires impairment assessments to be based on the Expected Credit Loss ("ECL") model, replacing the incurred loss model under MFRS 139. The Group and the Company require to record ECL on all of its debt instruments, loans and receivables, either on a 12 months or lifetime basis. The Group and the Company applied the simplified approach and record lifetime expected losses on all receivables. Based on readily information as at the date of this report, the Group and the Company do not expect any significant increase in impairment losses.

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 55. EXPLANATION OF TRANSITION TO MFRS (CONT'D)

#### Notes on effect of adoption of MFRS framework (cont'd)

- (i) MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014) (cont'd)
- (c) Effect of changes in classification and measurement of financial assets on 1 January 2018 and 1 January 2017

	As at		MFRS 9 measurement category		
	31.12.2017 RM	Remeasurement RM	AC RM	FVTOCI RM	FVTPL RM
<b>MFRS 139 measurement category</b>					
<b>Group</b>					
<b>Financial assets</b>					
<u>Loan and receivables</u>					
Trade receivables	599,512,931	(2,928,339)	596,584,592	-	-
Other receivables	92,014,353	640,300	92,654,653	-	-
Fixed deposits with licensed banks	29,700,236	-	29,700,236	-	-
Cash held under Housing Development Accounts	147,644,802	-	147,644,802	-	-
Cash and bank balances	103,841,120	-	103,841,120	-	-
	972,713,442	(2,288,039)	970,425,403	-	-
<u>Available-for-sales</u>					
Other investments	82,040,890	-	-	82,040,890	-
<u>Fair value through profit or loss</u>					
Other investments	2,021,136	-	-	-	2,021,136

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 55. EXPLANATION OF TRANSITION TO MFRS (CONT'D)

##### Notes on effect of adoption of MFRS framework (cont'd)

- (i) MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014) (cont'd)
- (c) Effect of changes in classification and measurement of financial assets on 1 January 2018 and 1 January 2017 (cont'd)

	As at	Remeasurement	MFRS 9 measurement category		
	1.1.2017		AC	FVTOCI	FVTPL
	RM	RM	RM	RM	RM
<b>MFRS 139 measurement category</b>					
<b>Group</b>					
<b>Financial assets</b>					
<u>Loan and receivables</u>					
Trade receivables	315,463,599	(2,947,048)	312,516,551	-	-
Other receivables	71,268,708	-	71,268,708	-	-
Fixed deposits with licensed banks	49,079,352	-	49,079,352	-	-
Cash held under Housing Development Accounts	74,387,290	-	74,387,290	-	-
Cash and bank balances	107,332,047	-	107,332,047	-	-
	617,530,996	(2,947,048)	614,583,948	-	-
<u>Available-for-sales</u>					
Other investments	98,801,419	-	-	98,801,419	-

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 55. EXPLANATION OF TRANSITION TO MFRS (CONT'D)

#### Notes on effect of adoption of MFRS framework (cont'd)

- (i) MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014) (cont'd)
- (c) Effect of changes in classification and measurement of financial assets on 1 January 2018 and 1 January 2017 (cont'd)

	As at	Remeasurement/	MFRS 9 measurement category		
	31.12.2017	Adjustments	AC	FVTOCI	FVTPL
	RM	RM	RM	RM	RM
<b>MFRS 139 measurement category</b>					
<b>Company</b>					
<b>Financial assets</b>					
<u>Loan and receivables</u>					
Other receivables	3,383,022	-	3,383,022	-	-
Amount due from subsidiary companies	489,791,340	-	489,791,340	-	-
Fixed deposits with licensed banks	12,328,047	-	12,328,047	-	-
Cash and bank balances	14,825,891	-	14,825,891	-	-
	520,328,300	-	520,328,300	-	-
<u>Fair value through profit or loss</u>					
Other investments	2,021,136	-	-	-	2,021,136

	As at	Remeasurement/	MFRS 9 measurement category		
	1.1.2017	Adjustments	AC	FVTOCI	FVTPL
	RM	RM	RM	RM	RM
<b>MFRS 139 measurement category</b>					
<b>Financial assets</b>					
<u>Loan and receivables</u>					
Other receivables	340,736	-	340,736	-	-
Amount due from subsidiary companies	186,165,269	-	186,165,269	-	-
Fixed deposits with licensed banks	31,442,414	-	31,442,414	-	-
Cash and bank balances	23,577,418	-	23,577,418	-	-
	241,525,837	-	241,525,837	-	-

## Notes to the Financial Statements

### 31 December 2018 (Cont'd)

#### 55. EXPLANATION OF TRANSITION TO MFRS (CONT'D)

##### Notes on effect of adoption of MFRS framework (cont'd)

- (i) MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014) (cont'd)
- (d) Effect on impairment allowances and fair value adjustment reserve on 1 January 2018)

	Trade receivables RM	Other receivables RM	Total RM
<b>Group</b>			
<b>Impairment of financial assets</b>			
Balances under MFRS 139			
as at 31 December 2017	3,716,575	4,851,031	8,567,606
Impairment loss on receivables	2,928,339	-	2,928,339
Balances under MFRS 9 as at			
1 January 2018	6,644,914	4,851,031	11,495,945

There is no effect of impairment allowance on 1 January 2018 on the Company level.

- (ii) MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 establishes a five-step model that will apply to recognition of revenue arising from contracts with customers and provide a more structured approach in measuring and recognising revenue. Revenue is recognised when a customer obtains control of a good or service, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

With the adoption of MFRS 15, revenue is recognised by reference to each distinct performance obligation in the contract with customer. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The Group and the Company using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Accordingly, the comparative information was not restated and the cumulative effects of initial application of MFRS 15 were recognised as an adjustment to the opening balance of retained earnings as at 1 January 2018. The comparative information continued to be reported under the previous accounting policies governed under MFRS 118 and MFRS 111.

## Notes to the Financial Statements 31 December 2018 (Cont'd)

### 55. EXPLANATION OF TRANSITION TO MFRS (CONT'D)

#### Notes on effect of adoption of MFRS framework (cont'd)

##### (ii) MFRS 15 Revenue from Contracts with Customers (cont'd)

The adoption of MFRS 15 resulted in changes in accounting policies and the impact of adoption were included in the opening retained earnings as at 1 January 2018.

##### (a) Incremental costs

The Group previously recognised the commission expenses paid to sales agents in profit or loss as incurred as administrative and operating expenses. Under MFRS 15, these commission expenses had been capitalised and expensed by reference to the progress towards complete satisfaction of the performance obligation.

##### (b) Accounting for consideration payable to customer

The Group offers promotions to its customers and recognised these as promotion costs in profit or loss as incurred. Under MFRS 15, consideration payable to customers are accounted for as a reduction of the transaction price and therefore, of revenue.

##### (c) Income tax consequence on adoption of MFRS 15

Certain revenue and related expenses, which were previously recognised in the profit or loss, are deferred or provided for. The related income tax previously paid on these profits are accounted for either as an income tax recoverable or payable.

Certain comparative figures in the statements of profit or loss and other comprehensive income have been reclassified to align the classification of cost of sales and expense line items across the Group.

The adoption of MFRS 15 has no material financial impact other than the disclosure made as above.

### 56. 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 2018 were authorised for issue in accordance with a resolution of the Board of Directors on 19 April 2019.

# LIST OF MATERIAL PROPERTIES HELD BY THE GROUP

AS AT 31 DECEMBER 2018

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)	349,713	469.85	06.10.2017
Lot 62606, 62607, 72516 & 62614, Mukim Tanjung Duabelas, Daerah Kuala Langat, Selangor Darul Ehsan	Land under development and held for development	Leasehold (expiring on 05.02.2094)	181,181	122.20	31.10.2012/ 06.11.2015
Jinding, Zhuhai, The People's Republic of China	Racing circuit building (age: 19 years)	Land use right term (expiring on 23.10.2043)	164,886	263.34	02.10.2013
Lot 102143 & Lot 102142, Mukim Petaling, Wilayah Persekutuan, Kuala Lumpur	Land under development	Leasehold (expiring on 14.08.2116)	159,412	10.90	24.09.2018
Lot 20952, 24962 & 24963 District of Johor Bahru, Johor Darul Takzim	Land held for development	Freehold and leasehold (expiring on 01.11.2099)	137,609	5.50	30.04.2015/ 27.10.2015
Mukim Linau, Daerah Batu Pahat, Negeri Johor Darul Takzim	Land under development and held for development	Freehold	117,572	425.34	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)	93,530	85.70	30.11.2016
Gombak, Kuala Lumpur	Retail mall known as M3 Mall, building (age: 2 years)	Leasehold (expiring on 01.11.2111)	88,373	3.24	08.03.2018
Lot 13961, Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan	Land under development and held for development	Leasehold (expiring on 06.10.2108)	83,729	74.63	09.10.2009
PT 147901, HSD155027 Mukim Klang, Selangor Darul Ehsan	Land held for development	Leasehold (expiring on 24.02.2107)	81,706	47.13	31.10.2016

# Analysis of Ordinary Shareholdings

As At 31 March 2019

## ORDINARY SHARE CAPITAL

Types of Shares	:	Ordinary Shares
Issued shares capital	:	1,559,266,393 ordinary shares (excluding treasury shares of 120,000)
No. of Shareholders	:	5,874
Voting Rights	:	One (1) vote per ordinary share on a poll, in the meeting of shareholders.

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Percentage		Percentage	
	No. of Shareholders	(%) of Shareholders	No. of Shares Held	(%) of Shareholdings
1 - 99	139	2.366	5,360	0.000
100 - 1,000	1,345	22.897	484,697	0.031
1,001 - 10,000	2,092	35.614	10,032,933	0.643
10,001 - 100,000	1,802	30.677	52,355,540	3.357
100,001 - 77,963,318 (*)	492	8.375	1,038,242,323	66.585
77,963,319 AND ABOVE (**)	4	0.068	458,145,540	29.382
	5,874	100.000	1,559,266,393	100.000

Remark :

\* Less than 5% of Issued Shares

\*\* 5% and above of Issued Shares

## SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Shareholdings			
	Direct		Indirect	
	No. of Share	%	No. of Share	%
Gaterich Sdn Bhd	634,547,832	40.69	-	-
Tan Sri Lim Hock San	28,598,559	1.83	634,547,832 <sup>(1)</sup>	40.69
Datuk Wira Lim Hock Guan	26,311,111	1.69	634,547,832 <sup>(1)</sup>	40.69
Kumpulan Wang Persaraan (Diperbadankan)	126,229,540	8.09	54,048,900 <sup>(4)</sup>	3.47

## Analysis of Ordinary Shareholdings As At 31 March 2019 (Cont'd)

### DIRECTORS' INTEREST IN SHARES

Name of Directors	Shareholdings			
	Direct		Indirect	
	No. of Share	%	No. of Share	%
Dato' Seri Lim Bock Seng	7,517,180	0.48	287,100 <sup>(2)</sup>	0.02
Tan Sri Lim Hock San	28,598,559	1.83	639,162,332 <sup>(3)</sup>	40.99
Datuk Wira Lim Hock Guan	26,311,111	1.69	637,098,182 <sup>(3)</sup>	40.86
Maj (Hon) Dato' Sri Lim Hock Sing	205,000	0.01	547,360 <sup>(2)</sup>	0.04
Dato' Sri Lim Hock Seong	633,736	0.04	353,375 <sup>(2)</sup>	0.02
Dato' Chia Lok Yuen	1,657,000	0.11	-	-
Dato' Lim Mooi Pang	4,461,903	0.29	-	-
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 31 March 2019 (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 <b>RHB NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD	138,820,000	8.902
2 <b>KUMPULAN WANG PERSARAAN (DIPERBADANKAN)</b>	126,229,540	8.095
3 <b>AMSEC NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR GATERICH SDN.BHD. (SMART)	102,000,000	6.541
4 <b>ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD	91,096,000	5.842
5 <b>RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD	66,600,000	4.271
6 <b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> MTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY GROWTH FUND (UT-CIMB-DALI)(419455)	54,245,530	3.478
7 <b>CIMB GROUP NOMINEES (TEMPATAN) SDN BHD</b> CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	44,903,620	2.879
8 <b>CITIGROUP NOMINEES (TEMPATAN) SDN BHD</b> EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	38,992,440	2.500
9 <b>KENANGA NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD	32,649,047	2.093
10 <b>CITIGROUP NOMINEES (TEMPATAN) SDN BHD</b> KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	29,966,900	1.921
11 <b>RHB NOMINEES (TEMPATAN) SDN BHD</b> INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MALAYSIA) BERHAD PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD	29,400,000	1.885
12 <b>KENANGA INVESTMENT BANK BERHAD</b> IVT-(EDSP-OTC/ESH)	27,809,200	1.783
13 <b>LIM HOCK GUAN</b>	26,311,111	1.687
14 <b>KENANGA NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD	26,250,000	1.683
15 <b>GATERICH SDN BHD</b>	25,983,329	1.666
16 <b>CITIGROUP NOMINEES (TEMPATAN) SDN BHD</b> EXEMPT AN FOR AIA BHD.	23,186,220	1.486

## Analysis of Ordinary Shareholdings As At 31 March 2019 (Cont'd)

### LIST OF THE THIRTY (30) LARGEST SHAREHOLDERS

(Without Aggregating Securities From Different Securities Accounts Belonging To The Same Registered Holder) (Cont'd)

Holder Name	Shares Held	Percentage (%)
17 <b>CIMSEC NOMINEES (TEMPATAN) SDN BHD</b> CIMB BANK FOR GATERICH SDN BHD (PBCL-OG0342)	22,000,000	1.410
18 <b>AMSEC NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR GATERICH SDN BHD	20,340,000	1.304
19 <b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> NATIONAL TRUST FUND (IFM KENANGA)	19,513,960	1.251
20 <b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD (51401138104A)	18,474,000	1.184
21 <b>CITIGROUP NOMINEES (TEMPATAN) SDN BHD</b> KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (CIMB EQUITIES)	16,760,640	1.074
22 <b>CARTABAN NOMINEES (TEMPATAN) SDN BHD</b> PAMB FOR PARTICIPATING FUND	15,410,920	0.988
23 <b>CIMSEC NOMINEES (TEMPATAN) SDN BHD</b> CIMB BANK FOR LIM HOCK SAN (MY2970)	14,918,375	0.956
24 <b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD (5140113810 5A)	14,668,858	0.940
25 <b>CARTABAN NOMINEES (TEMPATAN) SDN BHD</b> PAMB FOR PRULINK EQUITY FUND	14,536,060	0.932
26 <b>HSBC NOMINEES (TEMPATAN) SDN BHD</b> HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (P)	13,696,160	0.878
27 <b>MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR GATERICH SDN BHD (MGN-ISB0002M)	13,051,138	0.837
28 <b>CIMSEC NOMINEES (TEMPATAN) SDN BHD</b> CIMB FOR GATERICH SDN BHD (PB)	12,100,000	0.776
29 <b>HSBC NOMINEES (TEMPATAN) SDN BHD</b> HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (MEF)	11,825,600	0.758
30 <b>HSBC NOMINEES (TEMPATAN) SDN BHD</b> HSBC (M) TRUSTEE BHD FOR CIMB ISLAMIC DALI EQUITY THEME FUND	10,596,160	0.679
	1,102,334,808	70.695

# Analysis of Warrant B Holdings

AS AT 31 MARCH 2019

## WARRANT B

Type of Securities	: Warrant B 2015/2020
No. of Warrant Issued	: 99,949,262
No. of Warrant Holders	: 4,010
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	1,066	26.583	53,016	0.053
100 - 1,000	1,070	26.683	338,766	0.338
1,001 - 10,000	1,371	34.189	4,210,955	4.213
10,001 - 100,000	411	10.249	11,167,760	11.173
100,001 - 4,997,462 (*)	91	2.269	48,660,230	48.684
4,997,463 AND ABOVE (**)	1	0.024	35,518,535	35.536
	4,010	100.000	99,949,262	100.000

Remark :

\* Less Than 5% of Issued Warrants

\*\* 5% And Above of Issued Warrants

## 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	2,210,450	2.21	80,850 <sup>(1)</sup>	0.08
Tan Sri Lim Hock San	-	-	35,721,320 <sup>(2)</sup>	35.74
Datuk Wira Lim Hock Guan	4,327,598	4.33	35,521,285 <sup>(2)</sup>	35.54
Maj (Hon) Dato' Sri Lim Hock Sing	453,750	0.45	106,700 <sup>(1)</sup>	0.11
Dato' Chia Lok Yuen	2,156,000	2.16	-	-

Notes :

(1) Warrant B held by virtue of Section 59(11)(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(11)(c) of the Act.

## Analysis of Warrant B Holdings As At 31 March 2019 (Cont'd)

### LIST OF THE THIRTY (30) LARGEST WARRANT B HOLDERS

(Without Aggregating Securities From Different Securities Accounts Belonging To The Same Registered Holder)

Holder Name	Warrant B Held	Percentage (%)
1 <b>GATERICH SDN BHD</b>	35,518,535	35.536
2 <b>LIM HOCK GUAN</b>	4,327,598	4.329
3 <b>CITIGROUP NOMINEES (TEMPATAN) SDN BHD</b> EXEMPT AN FOR AIA BHD.	4,226,750	4.228
4 <b>TMF TRUSTEES MALAYSIA BERHAD</b> LBS BINA GROUP BERHAD	2,594,210	2.595
5 <b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> ETIQA LIFE INSURANCE BERHAD (GROWTH)	2,580,600	2.581
6 <b>LIM BOCK SENG (DATO' SERI)</b>	2,210,450	2.211
7 <b>LOW MUN TENG</b>	2,065,800	2.066
8 <b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR YEOH KOK KEAT	1,759,000	1.759
9 <b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR KOH LAY KOON	1,434,060	1.434
10 <b>LOW BOON ANN</b>	1,217,040	1.217
11 <b>MEH KOK CHAU</b>	1,100,000	1.100
12 <b>SAW EE KANG</b>	1,085,800	1.086
13 <b>KENANGA NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR CHIA LOK YUEN	822,250	0.822
14 <b>TAN WEI ENG</b>	736,450	0.736
15 <b>PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD</b> EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)	731,500	0.731
16 <b>ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR LIM MIOW LEONG (7000851)	709,280	0.709
17 <b>LOW MON TONG</b>	699,600	0.699
18 <b>RHB NOMINEES (ASING) SDN BHD</b> EXEMPT AN (BP) FOR RHB SECURITIES HONG KONG LIMITED A/C CLIENTS (RETAIL)	687,830	0.688

## Analysis of Warrant B Holdings AS AT 31 MARCH 2019 (Cont'd)

### LIST OF THE THIRTY (30) LARGEST WARRANT B HOLDERS

(Without Aggregating Securities From Different Securities Accounts Belonging To The Same Registered Holder) (Cont'd)

Holder Name	Warrant B Held	Percentage (%)
19 <b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR BEH HANG KONG	660,100	0.660
20 <b>YAYASAN GURU TUN HUSSEIN ONN</b>	615,000	0.615
21 <b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR YEOH LEN HUAT	585,100	0.585
22 <b>PUBLIC NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR TAN CHIAM HUA (E-BPT)	582,000	0.582
23 <b>PUBLIC NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR HWEE CHOW CHUAN (E-TSA)	543,000	0.543
24 <b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> ETIQA LIFE INSURANCE BERHAD (LIFE PAR)	541,860	0.542
25 <b>CIMB GROUP NOMINEES (TEMPATAN) SDN BHD</b> CIMB COMMERCE TRUSTEE BERHAD FOR PACIFIC MILLENNIUM FUND	514,580	0.514
26 <b>WILFRED KOH SENG HAN</b>	487,520	0.487
27 <b>HWEE CHOW CHUAN</b>	486,140	0.486
28 <b>CIMSEC NOMINEES (TEMPATAN) SDN BHD</b> CIMB BANK FOR CHIA LOK YUEN (MY0701)	476,250	0.476
29 <b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR LAW HOE THIAM	455,000	0.455
30 <b>LIM HOCK SING</b>	453,750	0.453
	70,907,053	70.943

# Analysis of Preference Shareholdings

AS AT 31 MARCH 2019

## PREFERENCE SHARE CAPITAL

Types of Shares : Redeemable Convertible Preference Shares ("RCPS")  
 Issued shares capital : 102,389,635 preference shares  
 No. of Shareholders : 1,073  
 Voting Rights : Ten (10) RCPS for eleven (11) votes

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Percentage	No. of Shares Held	Percentage
		(%) of Shareholders		(%) of Shareholdings
1 - 99	13	1.211	534	0.000
100 - 1,000	436	40.633	309,834	0.302
1,001 - 10,000	467	43.522	1,659,965	1.621
10,001 - 100,000	106	9.878	3,540,181	3.457
100,001 - 5,119,480 (*)	48	4.473	27,114,381	26.481
5,119,481 AND ABOVE (**)	3	0.279	69,764,740	68.136
	1,073	100.000	102,389,635	100.000

Remark :

\* 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 Lim Hock San	-	-	30,123,020 <sup>(3)</sup>	29.42
Datuk Wira Lim Hock Guan	-	-	29,965,020 <sup>(1)</sup>	29.27
Maj (Hon) Dato' Sri Lim Hock Sing	-	-	38,800 <sup>(2)</sup>	0.04
Dato' Sri Lim Hock Seong	-	-	20,750 <sup>(2)</sup>	0.02
Datuk Lim Si Cheng	23,800	0.02	-	-
Datuk Dr. Haji Baharum Bin Hj Mohamed	23,800	0.02	-	-

Notes :

(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) RCPS 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.

## Analysis of Preference Shareholdings AS AT 31 MARCH 2019 (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 <b>GATERICH SDN BHD</b>	29,965,020	29.265
2 <b>AMSEC NOMINEES (TEMPATAN) SDN BHD</b> AMBANK (M) BERHAD (HEDGING)	29,026,600	28.349
3 <b>KUMPULAN WANG PERSARAAN (DIPERBADANKAN)</b>	10,773,120	10.521
4 <b>CITIGROUP NOMINEES (TEMPATAN) SDN BHD</b> EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	3,320,000	3.242
5 <b>CIMB GROUP NOMINEES (TEMPATAN) SDN BHD</b> CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	2,732,120	2.668
6 <b>CITIGROUP NOMINEES (TEMPATAN) SDN BHD</b> EXEMPT AN FOR AIA BHD.	2,554,100	2.494
7 <b>CITIGROUP NOMINEES (TEMPATAN) SDN BHD</b> KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	2,116,120	2.066
8 <b>CITIGROUP NOMINEES (TEMPATAN) SDN BHD</b> KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (CIMB EQUITIES)	1,600,000	1.562
9 <b>CITIGROUP NOMINEES (TEMPATAN) SDN BHD</b> GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)	993,300	0.970
10 <b>HSBC NOMINEES (TEMPATAN) SDN BHD</b> HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (P)	964,260	0.941
11 <b>HSBC NOMINEES (TEMPATAN) SDN BHD</b> HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (CIMB-P 6939-404)	866,960	0.846
12 <b>CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD</b> CIMB ISLAMIC TRUSTEE BERHAD - KENANGA SYARIAH GROWTH FUND	817,580	0.798
13 <b>CITIGROUP NOMINEES (TEMPATAN) SDN BHD</b> GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 2)	772,360	0.754
14 <b>CITIGROUP NOMINEES (TEMPATAN) SDN BHD</b> GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LGF)	693,520	0.677
15 <b>DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD</b> DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSGROWTH FUND	584,380	0.570
16 <b>YEAP CHOE HOON</b>	574,000	0.560

## Analysis of Preference Shareholdings AS AT 31 MARCH 2019 (Cont'd)

### LIST OF THE THIRTY (30) LARGEST RCPS HOLDINGS

(Without Aggregating Securities From Different Securities Accounts Belonging To The Same Registered Holder) (Cont'd)

Holder Name	RCPS Held	Percentage (%)
17 <b>NG HO FATT</b>	547,000	0.534
18 <b>CITIGROUP NOMINEES (TEMPATAN) SDN BHD</b> EMPLOYEES PROVIDENT FUND BOARD (F.TEMISLAMIC)	538,350	0.525
19 <b>LIM KHUAN ENG</b>	470,000	0.459
20 <b>HSBC NOMINEES (TEMPATAN) SDN BHD</b> HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (ULIFE)	413,360	0.403
21 <b>CITIGROUP NOMINEES (TEMPATAN) SDN BHD</b> GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LBF)	400,480	0.391
22 <b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> ETIQA LIFE INSURANCE BERHAD (LIFE PAR)	380,120	0.371
23 <b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> ETIQA LIFE INSURANCE BERHAD (LIFE NON PAR)	340,000	0.332
24 <b>HSBC NOMINEES (TEMPATAN) SDN BHD</b> HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (MEF)	335,391	0.327
25 <b>DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD</b> DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSBALANCED FUND	320,000	0.312
26 <b>HSBC NOMINEES (TEMPATAN) SDN BHD</b> HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (ULIFE2)	288,880	0.282
27 <b>CITIGROUP NOMINEES (TEMPATAN) SDN BHD</b> EMPLOYEES PROVIDENT FUND BOARD (F TEMPLETON)	272,540	0.266
28 <b>CIMB GROUP NOMINEES (TEMPATAN) SDN BHD</b> CIMB COMMERCE TRUSTEE BERHAD - KENANGA MALAYSIAN INC FUND	264,300	0.258
29 <b>PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD</b> EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)	260,000	0.253
30 <b>CARTABAN NOMINEES (TEMPATAN) SDN BHD</b> RHB TRUSTEES BERHAD FOR KENANGA ASIA PACIFIC TOTAL RETURN FUND	255,620	0.249
	93,439,481	91.258

# Notice of Nineteenth Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Nineteenth Annual General Meeting of the Company will be held at Ballroom II, Main Wing, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 28 June 2019 at 10.00 a.m. for the following purposes:-

## AGENDA

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon. **Resolution 1**
2. To approve the payment of a Single Tier First and Final Dividend of 1.8 sen per ordinary share for the financial year ended 31 December 2018. **Resolution 2**
3. To approve the payment of Directors' Fees of RM166,950 for the financial year ended 31 December 2018. **Resolution 3**
4. To approve the payment of Directors' Fees, allowances and benefits-in-kind to the Directors of the Company up to an amount of RM3 million, for the period from 1 July 2019 to the next Annual General Meeting of the Company. **Resolution 4**
5. To re-elect the following Directors who retire in accordance with Article 100 of the Company's Articles of Association:-
  - i) Datuk Wira Lim Hock Guan **Resolution 5**
  - ii) Maj (Hon) Dato' Sri Lim Hock Sing **Resolution 6**
  - iii) Dato' Sri Lim Hock Seong **Resolution 7**
6. To re-appoint Messrs. UHY as Auditors and to authorise the Directors to fix their remuneration. **Resolution 8**
7. As Special Business:  
To consider and, if thought fit, to pass with or without any modifications, the following resolutions:-
  - (a) **ORDINARY RESOLUTION** **Resolution 9**  
**AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 & 76 OF THE COMPANIES ACT, 2016**

"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."

## Notice of Nineteenth Annual General Meeting (Cont'd)

### (b) ORDINARY RESOLUTION

### Resolution 10

#### **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 which is necessary for its day-to-day operations, in its ordinary course of business, made on an arm's length basis and on normal commercial terms of the Group and on such terms which are no more favourable to the related party than those generally available to the public and which are not detrimental to the minority shareholders of the Company.

AND THAT the approval given in the aforesaid paragraph, unless revoked or varied by the shareholders of the Company in its general meeting, shall continue to be in force until the conclusion of the next Annual General Meeting of the Company, following this general meeting at which this mandate is passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed or the expiration of the period within which the next Annual General Meeting after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act), whichever is earlier.

AND THAT the aggregate value of the transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year of the Company be disclosed in the annual report by providing a breakdown of the aggregate value of the transaction, amongst others, based on the following information:-

- (a) the type of transactions made; and
- (b) the names of the related parties involved in each type of transactions made and their relationship with the Company and its subsidiaries.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required or approved or permitted by the relevant authorities) as they may consider expedient or necessary or in the interests of the Company to give effect to the Proposed Shareholders' Mandate described in the Circular and/or this resolution."

### (c) ORDINARY RESOLUTION

### Resolution 11

#### **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

"THAT, subject always to the provisions under the Act, the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Securities and the approvals of all relevant authorities (if any), the Company be and is hereby authorised to purchase such number of ordinary shares in the Company ("LBS Shares") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company as at the point of purchase ("Proposed Renewal of Shares Buy-Back Authority").

## Notice of Nineteenth Annual General Meeting (Cont'd)

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 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. **SPECIAL RESOLUTION**  
**PROPOSED ADOPTION OF THE NEW CONSTITUTION OF THE COMPANY**  
**("Proposed Adoption of New Constitution")**

**Special Resolution**

"THAT approval be and is hereby given for the Company to adopt the new Constitution in place of the existing Memorandum and Articles of Association of the Company by the deletion of its Memorandum and Articles of Association in its entirety and the adoption of a new Constitution as set out in the Circular to Shareholders dated 29 April 2019 shall take effect on the date of the passing of this special resolution AND THAT the Directors and/or the Company Secretary of the Company be and are hereby authorised to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the Proposed Adoption of New Constitution."

9. To consider any other business of which due notice shall have been given.

## Notice of Nineteenth Annual General Meeting (Cont'd)

### NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN that, subject to the approval of the shareholders at the Nineteenth Annual General Meeting, a Single Tier First and Final Dividend of 1.8 sen per ordinary share in respect of the financial year ended 31 December 2018 will be paid on 27 September 2019 to depositors registered in the Record of Depositors on 30 August 2019.

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

- (a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 30 August 2019 in respect of transfers; and
- (b) shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board

LEE CHING CHING  
Company Secretary

Petaling Jaya, Selangor  
29 April 2019

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#### Notes:

- (1) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.
- (2) In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of a duly authorised officer or attorney.
- (3) Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- (4) Any alteration to the instrument appointing a proxy must be initialled. The instrument appointing a proxy must be deposited at the Company's Registered Office at Plaza Seri Setia, Level 1-4, No. 1, Jalan SS9/2, 47300 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time fixed for the meeting.
- (5) Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (6) The date of Record of Depository for the purpose of determining members' entitlement to attend, vote and speak at the meeting is Friday, 21 June 2019.
- (7) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice of Nineteenth Annual General Meeting will be put to vote by way of poll.

## Notice of Nineteenth Annual General Meeting (Cont'd)

### Explanatory Notes on Special Business

#### (8) Ordinary Resolution 4

The Proposed Directors' Fees, allowances and benefits-in-kind comprises monthly fixed allowance given to the Chairman of the Company in recognition of the significant roles in leadership and oversight, and the wide-ranging scope of responsibilities expected of him; Board and Board Committee Meeting allowance; allowance in certain subsidiaries; and benefits-in-kind.

In determining the estimated total amount payable, the Board considered various factors including the Directors' involvement and responsibilities in the Group. Payment of the Directors' Fees, allowances and benefits-in-kind will be made on a monthly basis and/or as and when incurred, if the Ordinary Resolution 4 has been passed. The Board is of the view that it is just and equitable for the Directors to be paid such fees, allowances and benefits-in-kind on a monthly basis and/or as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Group throughout the period from 1 July 2019 to the next Annual General Meeting in 2020.

#### (9) Ordinary Resolution 9

The Ordinary Resolution proposed under Resolution 9 above for the renewal of general mandate in relation to the authorisation for issuance of shares by the Directors, if passed, will enable the Directors to issue up to 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting.

As at the date of this Notice, no new share of the Company was issued pursuant to the mandate granted to the Directors at the Eighteenth Annual General Meeting held on 6 June 2018.

The renewed mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment, working capital and/or acquisition.

#### (10) Ordinary Resolution 10

Ordinary Resolution 10, if passed, will allow the Group to enter into the Recurrent Related Party Transactions in its ordinary course of business and 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 29 April 2019 which is despatched together with the 2018 Annual Report of the Company.

#### (11) Ordinary Resolution 11

Ordinary Resolution 11, if passed, will give authority to the Company to purchase its own shares up to ten per centum (10%) of the issued and paid-up share capital of the Company as at the point of purchase. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting. Further information on the Proposed Renewal of Share Buy-Back Authority is set out in the Circular to Shareholders dated 29 April 2019 which is despatched together with the 2018 Annual Report of the Company.

#### (12) Special Resolution

The proposed Special Resolution, if passed, will adopt the new Constitution in place of the existing Company's Memorandum and Articles of Association so that the provisions of the new Constitution will be consistent with the provisions of the Companies Act, 2016, effective 31 January 2017 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"). For further information, the Proposed Adoption of the New Constitution of the Company is set out in the Circular to Shareholders dated 29 April 2019 despatched together with the 2018 Annual Report 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.

We are committed to ensuring that your personal data is stored securely. You have the right to request for access to, request for a copy of and request to update or correct, your personal data held by us. You also have the right at any time to request us to limit the processing and use of your personal data, subject to our right to rely on any statutory exemptions and/or exceptions to collect, use and disclose your personal data.

Your written requests or queries should be addressed to:

**Personal Data Protection Officer**

Address: LBS Bina Group Berhad, Plaza Seri Setia, Level 1-4, No. 1, Jalan SS9/2, 47300 Petaling Jaya, Selangor Darul Ehsan

Contact No.: 03 - 78777333

Fax No.: 03 - 78777111

Email Address: [pdpa@lbs.com.my](mailto:pdpa@lbs.com.my)

## Privacy Notice (Cont'd)

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 pemrosesan dan penggunaan data peribadi anda pada bila-bila masa. Walaubagaimana pun, kami mempunyai hak untuk bergantung kepada mana-mana pengecualian dalam mengumpul, mengguna dan mendedah data peribadi anda.

Permintaan atau pertanyaan bertulis anda perlu disampaikan ke alamat di bawah:

## **Pegawai Perlindungan Data Peribadi**

Alamat: LBS Bina Group Berhad, Plaza Seri Setia, Level 1-4, No. 1, Jalan SS9/2, 47300 Petaling Jaya, Selangor Darul Ehsan

No Telefon: 03 - 78777333

No Faks: 03 - 78777111

Alamat E-mel: [pdpa@lbs.com.my](mailto:pdpa@lbs.com.my)

## Notis Privasi (Cont'd)

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 digunakan.

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# Form of Proxy



I/We \_\_\_\_\_ NRIC No. / Company No. \_\_\_\_\_

of \_\_\_\_\_

being a member/members of **LBS BINA GROUP BERHAD**, hereby appoint:-

Full Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or

Full Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Nineteenth Annual General Meeting of the Company to be held at Ballroom II, Main Wing, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 28 June 2019 at 10.00 a.m. or at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3		
Ordinary Resolution 4		
Ordinary Resolution 5		
Ordinary Resolution 6		
Ordinary Resolution 7		
Ordinary Resolution 8		
Ordinary Resolution 9		
Ordinary Resolution 10		
Ordinary Resolution 11		
Special Resolution		

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 \_\_\_\_\_ 2019

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) Any alteration to the instrument appointing a proxy must be initialled. The instrument appointing a proxy must be deposited at the Company's Registered Office at Plaza Seri Setia, Level 1-4, No. 1, Jalan SS9/2, 47300 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time fixed for the meeting.
- (5) Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (6) The date of Record of Depository for the purpose of determining members' entitlement to attend, vote and speak at the meeting is Friday, 21 June 2019.
- (7) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice of Nineteenth Annual General Meeting will be put to vote by way of poll.

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**STAMP**

THE COMPANY SECRETARY

**LBS BINA GROUP BERHAD (518482-H)**

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

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**LBS BINA GROUP BERHAD** (518482-H)

Plaza Seri Setia, Level 1-4

No.1, Jalan SS9/2

47300 Petaling Jaya

Selangor Darul Ehsan, Malaysia

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