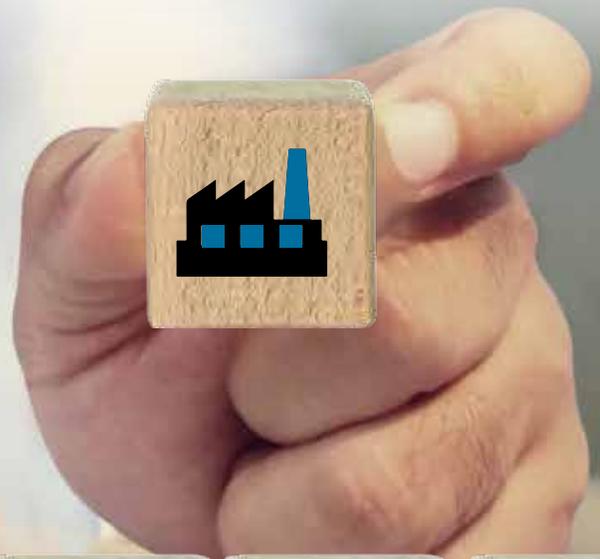




# Growing **VALUE** Sharpening **FOCUS**

ANNUAL REPORT 2018



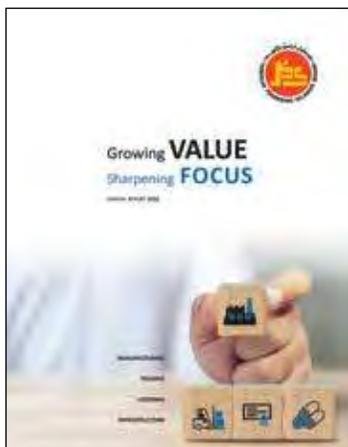
MANUFACTURING

TRADING

LICENSING

INFRASTRUCTURE





## GROWING VALUE SHARPENING FOCUS

As we constantly assess our ability to sustainably grow the value of Kumpulan Perangsang Selangor Berhad (“Perangsang Selangor” or “the Group”), we take cognisance of our responsibility towards a wider set of constituents in society and in discharging accountability to multiple stakeholders. Therefore, our business plans include an imperative to continuously identify the next catalysts for growth. We have in place a growth agenda that has resulted in the Group having a stronger footing in both regional and global arenas. Since then, we have evolved and expanded our reach via organic growth or through acquisitions of fast growing value-accretive companies.

We are proudly a Malaysian investment holding entity with focused investments in four core sectors; namely manufacturing, trading, licensing and infrastructure. Today, we have expanded our operations regionally and globally. Our resilient performance over the years has been the product of proactive steps leading to breakthroughs in new sectors and further expansions in identified target markets. These highlights aptly describe this year’s Annual Report theme, **Growing Value Sharpening Focus**.

### DIGITAL VERSION OF ANNUAL REPORT 2018

Access the digital version of Annual Report 2018 by scanning the QR Code in 3 easy steps:



1  
Download the “QR Code Reader” on App Store or Google Play.



2  
Run the QR Code Reader app and point your camera to the QR Code.



3  
Get access to the soft copy of the Annual Report.



The softcopy version of **Kumpulan Perangsang Selangor Berhad’s** Annual Report 2018 is available from our website. We also welcome your feedback to make sure we are covering the things that matter to you.

Go to  [www.perangsangselangor.com](http://www.perangsangselangor.com) or scan the code above with your smartphone.

To be the **Leading Corporation**,  
Stimulating **Economic Growth** in Selangor and Beyond.



To **venture** into **business activities** that create value for our **stakeholders**. To have a **leading regional presence**.

To **ensure sustainable financial performance** with optimum returns to shareholders.

To **achieve quality standards** surpassing customers' expectations.

To **enhance quality** of **life** by being a **caring, community-oriented** and **environment-friendly** organisation.

**42** <sup>nd</sup>  
Annual  
General  
Meeting

Shah Alam 2, SACC Convec,  
No. 4 Jalan Perbadanan 14/9  
40000 Shah Alam, Selangor Darul Ehsan

Thursday  
23 May 2019

10.00 a.m.

Our Vision and Mission



**ABOUT PERANGSANG SELANGOR**

- 4 Who We Are
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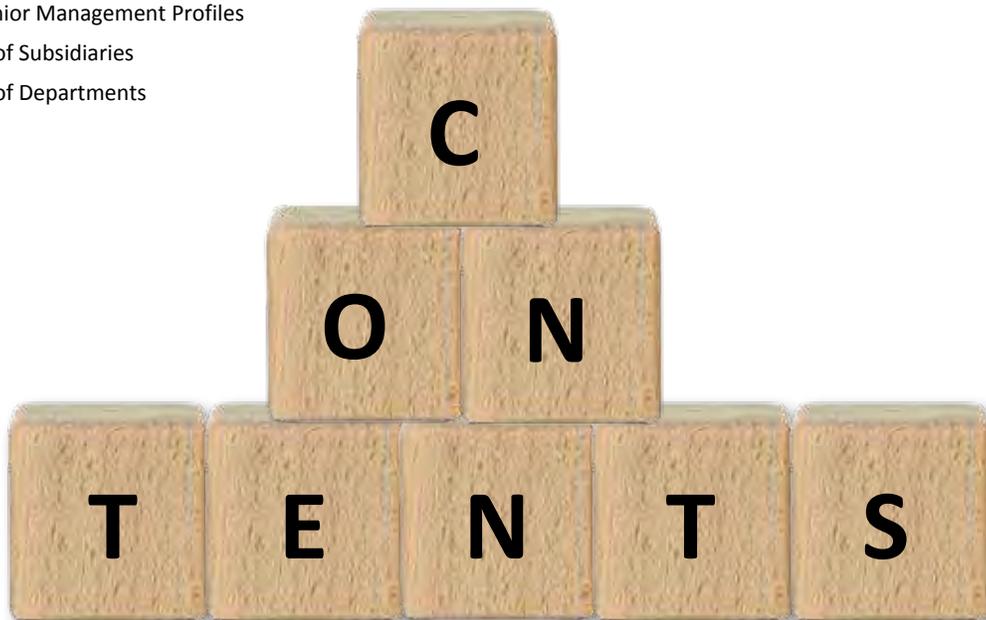
**SUSTAINABILITY**

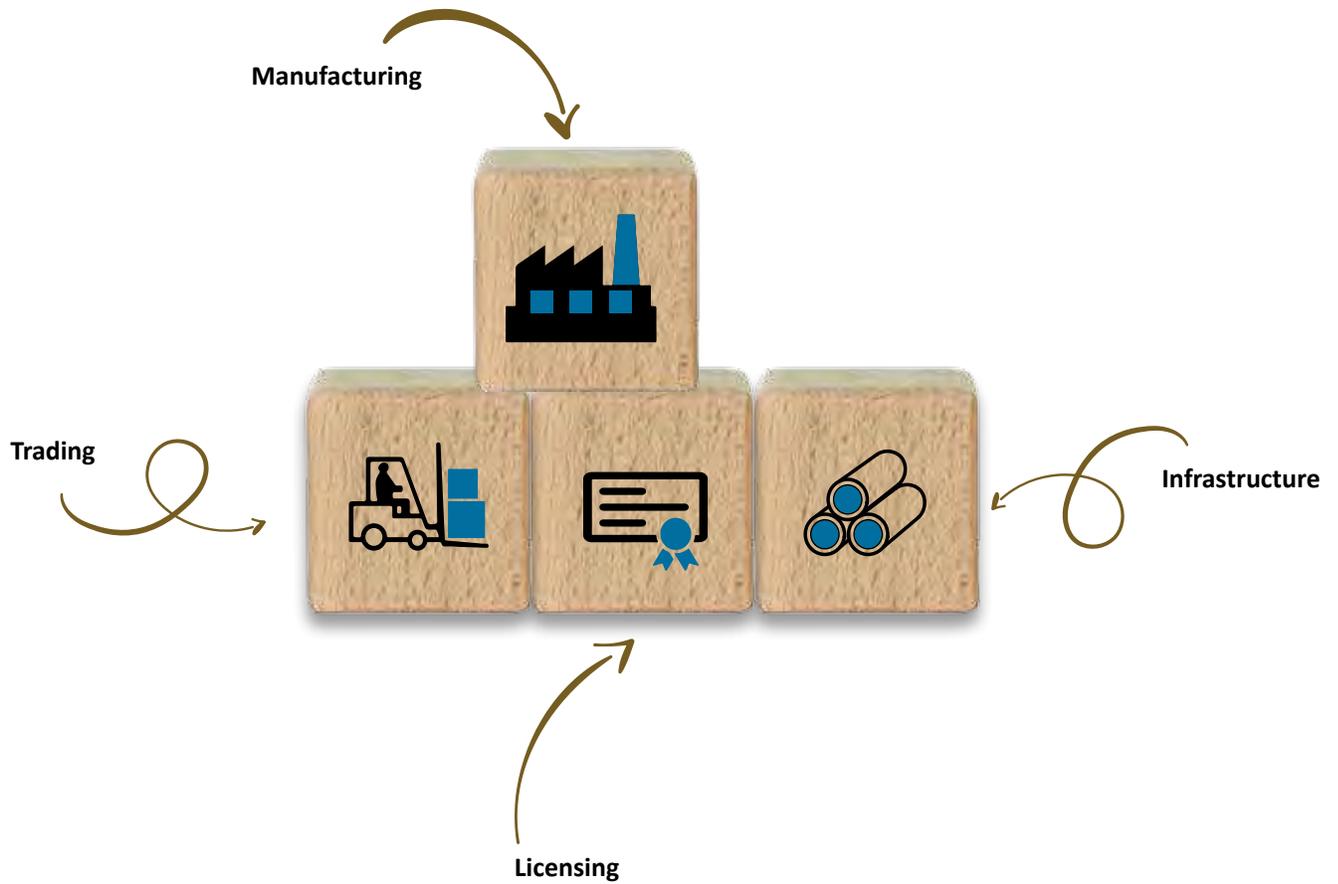
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## WHO WE ARE



Established on 11 August 1975, **Kumpulan Perang Sang Selangor Berhad** (“Perang Sang Selangor” or “the Group”), the flagship corporation of the state of Selangor, was listed on the Main Board of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) on 22 July 2003 with a paid-up capital of RM431.4 million. The current paid-up capital is RM537.9 million.

As an investment holding company, Perang Sang Selangor has focused investments in four core assets spanning across the manufacturing, trading, licensing and infrastructure sectors. At associate level, Perang Sang Selangor has interest in companies involved in the Oil & Gas and infrastructure sectors.

While strengthening our business to optimise returns, Perang Sang Selangor is committed to making significant contributions towards sustainable development in the areas of economic, environment and social for the benefits of all stakeholders.



### MANUFACTURING

**Century Bond Bhd (“CBB”)** is an integrated packaging solutions provider driven by four business divisions, namely paper bags, carton boxes, plastics and original equipment manufacturer (“OEM”) for consumer products. Its paper division operates from three plants located in Ipoh and Senai in Malaysia, and Medan in Indonesia. The carton boxes division runs at its plants in Nilai and Senai. The other two divisions – plastics and OEM operates from CBB’s plant in Senai.

**CPI (Penang) Sdn Bhd (“CPI”)** is an integrated plastic injection moulding company serving over 90 clients worldwide. As a contract manufacturer with experience in plastic injection moulding, tool fabrication, secondary and sub-assembly processes as well as electronics box-build processes, CPI’s clientele includes customers from various industries including automotive, telecommunications, medical as well as electronics.

**King Koil Manufacturing West, LLC (“KKMW”)** was established on 22 January 2018, marking King Koil® brand’s first manufacturing initiative in the United States of America (“the US”). Based in Phoenix, Arizona, KKMW currently supplies King Koil mattresses to retailers in the western region of the US, following the shift in business model in the US from licensing to a direct-to-retail structure.

WHO WE ARE



**TRADING**

**Aqua-Flo Sdn Bhd (“Aqua-Flo”)** is in the business of supplying water chemicals and providing technical services to the water, waste and sewage treatment plants. Having access to a modern and high-tech water laboratory in Malaysia, Aqua-Flo works closely with local and international water and wastewater treatment specialists.



**LICENSING**

**King Koil Licensing Company Inc (“KKLC”)** operates the King Koil® brand licensing business globally. King Koil® brand was first established in the US over 100 years ago and remains as one of the most recognisable mattress brands in the US and globally. King Koil® mattresses and bedding products are distributed in 90 countries via 28 licensees worldwide. KKLC’s long-standing relationship with the International Chiropractor’s Association (“ICA”) ensures that King Koil® is firmly positioned to offer a healthier night’s sleep to consumers all over the world.



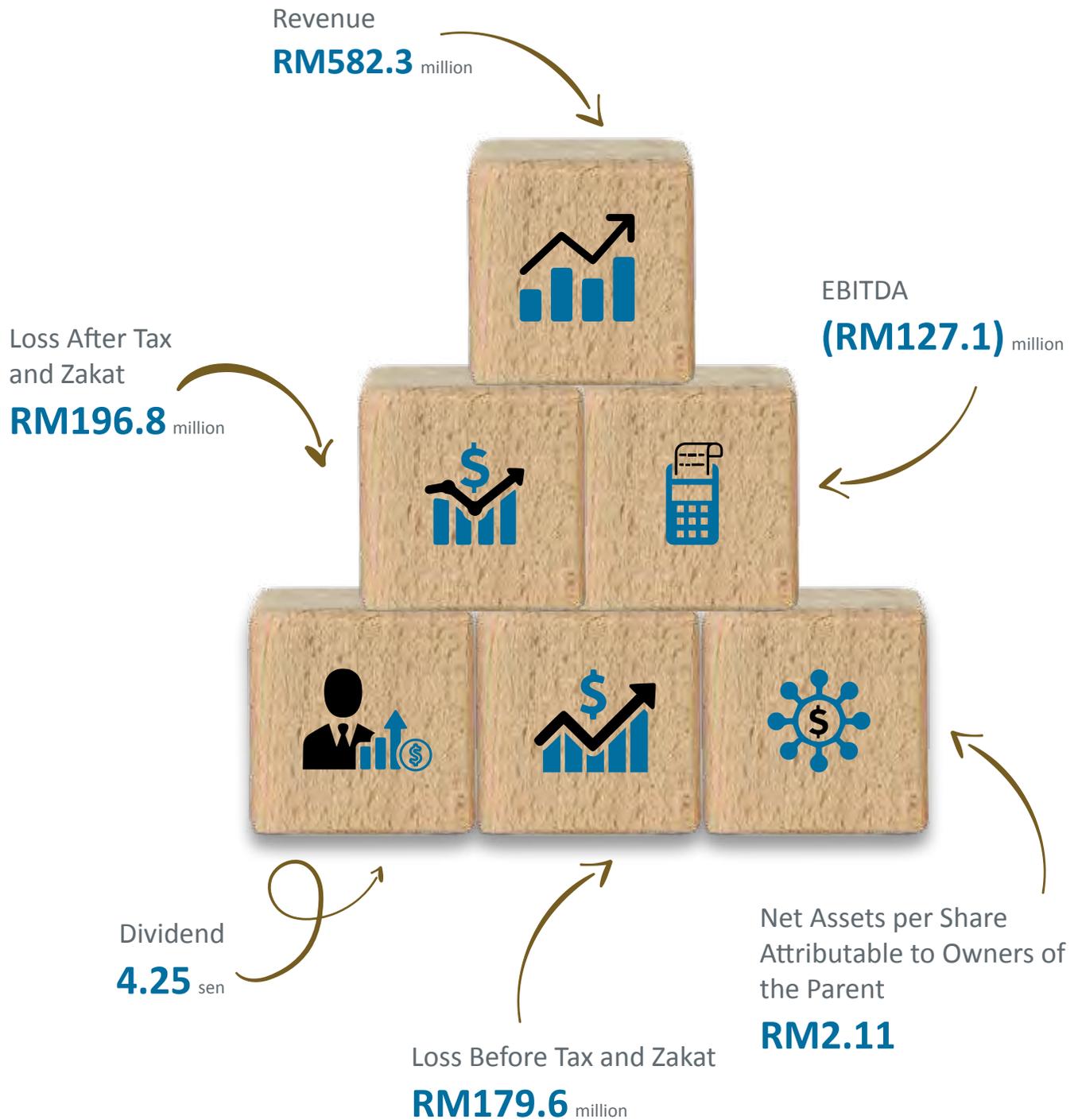
**INFRASTRUCTURE**

**Smartpipe Technology Sdn Bhd (“Smartpipe”)** is an integrated water solutions provider, specialising in pipe rehabilitations as well as pipe replacements. Smartpipe is the sole company authorised by Netherlands-based Wavin Overseas BV (“Wavin”) to sell and install Compact Pipe® and Wavins’s other pipe rehabilitation products in Malaysia. Combining its expertise in trenchless pipe rehabilitation with experience in the conventional pipe replacement works, Smartpipe is well positioned to address the non-revenue water topic in Malaysia.

**KPS-HCM Sdn Bhd (“KPS-HCM”)** focuses on providing general civil engineering works and building construction and maintenance for both the public and private sectors. Following the successful completion of a seven-year concession for road maintenance works, its services are extended to include road and pavement, drainage and sewerage pipeline works and deployment of flood mitigation ponds.

**Sistem Penyuraian Trafik KL Barat Sdn Bhd (“SPRINT”)** is one of the main expressway networks in Klang Valley. It is a three-lane dual carriageway that was built to ease traffic congestion into the city of Kuala Lumpur from the western suburbs of Petaling Jaya, Damansara and surrounding areas. The 26.5 km expressway is divided into three sections that include the Kerinchi Link, Damansara Link and Penchala Link. Perangsang Selangor holds 20% of equity interest in SPRINT via its associate company, Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd.

2018 **KEY HIGHLIGHTS**



2018 AT A **GLANCE**

11 January 2018

Setting new direction for  
**King Koil Licensing Company Inc,**  
**(“KKLC”)**

27 March 2018

**Acquisition Completed**  
**CPI (Penang) Sdn Bhd (“CPI”)**

30 March 2018

**1 for 13**  
**Bonus Issue**

9 April 2018

**CBB** formed a  
**Joint Venture** with  
Shenzen-based  
**Hongda Printing Holdings**  
**Limited (“Hongda Printing”)**

29 May 2018

Commencement of  
**King Koil** new  
manufacturing facility in  
**Arizona,**  
**United States of America**

2 July 2018

**RM20.0**  
million

**Smartpipe**  
awarded a Pipe  
Replacement Contract

17 July 2018

**4.5-acre**  
land

in Bayan Lepas  
Industrial Park, Penang

**Share Purchase Agreement**  
**Executed by CPI**

9 August 2018

Acceptance of takeover of  
**Syarikat Pengeluar Air Sungai**  
**Selangor Sdn Bhd (“SPLASH”)**  
by Air Selangor

17 October 2018

**RM162.5** million

**Aqua-Flo**  
Water Chemical Supply Contract

**Paid-up capital**

**RM537.9**  
million

as at 31 December 2018

**Market Capitalisation**

as at 31 December 2018

**RM650.2**  
million

## CORPORATE M I L E S T O N E S

---

## 1975

- Established on 11 August 1975 with a vision to become a leading infrastructure and utility player.

---

## 2000

- Acquired 30% equity stake in Syarikat Pengeluar Air Selangor Holdings Berhad (“SPLASH Holdings”), 30% equity stake in Konsortium ABASS Sdn Bhd (“ABASS”) and 20% equity stake in Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd (“SPRINT Holdings”).

---

## 2003

- Listed on Bursa Malaysia with an authorised capital of RM1.0 billion and an enlarged paid-up capital of RM431.4 million.
- Via 60% subsidiary, Hydrovest Sdn Bhd, acquired 60% equity interest in Aqua-Flo Sdn Bhd (“Aqua-Flo”) which is involved in the trading of water chemicals and equipment as well as in the provision of technical services for the water, waste and sewage treatment plants.

---

## 2006

- Via 55% subsidiary, Titisang Modal (M) Sdn Bhd, Perang Sang Selangor completed the acquisition of 100% equity stake in ABASS.

---

## 2007

- Market capitalisation hit the RM1 billion mark, reaching RM1.35 billion at the end of December 2007.

---

## 2012

- The Group ventured into two new investments in the areas of Oil & Gas and Telecommunications. Via 100% subsidiary Perang Sang Oil and Gas Sdn Bhd, Perang Sang Selangor acquired 40% equity stake in NGC Energy Sdn Bhd. Via 100% subsidiary Perang Sang Telco Sdn Bhd, Perang Sang Selangor acquired 30% equity stake in Ceres Telecom Sdn Bhd.
-

CORPORATE MILESTONES

## 2013

- Divested Kumpulan Hartanah Selangor Berhad to Kumpulan Darul Ehsan Berhad, marking Perangsang Selangor’s exit from the property development sector.

## 2015

- Divested ABASS to Pengurusan Air Selangor Sdn Bhd (“Air Selangor”).

## 2016

- Launched the Business Transformation Plan, a new growth agenda to ensure business sustainability of the Group.
- Acquired 51% stake in Smartpipe Technology Sdn Bhd (“Smartpipe”), an engineering company offering integrated solutions for pipe replacement and rehabilitation to water and other utility companies.
- Acquired 60% interest in Kaiserkorp Corporation Sdn Bhd, the holding company of King Koil Licensing Company Inc (“KKLC”), which owns the global King Koil® brand.
- Emerged as major shareholder by holding 51% equity stake in Aqua-Flo.
- Acquired 71.4% equity stake in Century Bond Bhd (“CBB”), an integrated packaging solutions provider.

## 2017

- Emerged as majority shareholder by holding 51% equity stake in KPS-HCM Sdn Bhd (“KPS-HCM”), which is primarily involved in road construction, maintenance and rehabilitation as well as general civil engineering and infrastructure works.

## 2018

- Set a new business direction for KKLC’s operations in the United States of America (“the US”) from licensing to direct-to-retail manufacturer.
- Perangsang Selangor’s indirect 60%-owned subsidiary Kyco Industries Inc formed a wholly-owned subsidiary King Koil Manufacturing West LLC (“KKMW”) to undertake the production, sale and distribution of King Koil mattresses and related bedding and sleep products in the US.
- Acquired 100% equity stake in CPI (Penang) Sdn Bhd (“CPI”), an integrated plastic injection moulding company.
- SPLASH Holdings accepted a takeover offer of Syarikat Pengeluar Air Sungai Selangor Sdn Bhd (“SPLASH”) by Air Selangor.
- Perangsang Selangor disposed its 34.4% equity stake in Ceres Telecom Sdn Bhd.

## CORPORATE STRUCTURE

### SUBSIDIARY COMPANIES

<b>100%</b>	Cash Band (M) Berhad
<b>100%</b>	Perangsang Hotel and Properties Sdn Bhd
<b>100%</b>	Brisdale International Hotel Sdn Bhd
<b>100%</b>	Viable Chip (M) Sdn Bhd
<b>30%</b>	Syarikat Pengeluar Air Selangor Holdings Berhad
<b>100%</b>	Perangsang Oil and Gas Sdn Bhd
<b>40%</b>	NGC Energy Sdn Bhd
<b>100%</b>	Perangsang Telco Sdn Bhd
<b>100%</b>	Nadi Biru Sdn Bhd
<b>60%</b>	Smartpipe Technology Sdn Bhd

<b>100%</b>	Bold Approach Sdn Bhd
<b>60%</b>	Kaiserkorp Corporation Sdn Bhd
<b>100%</b>	Perangsang Packaging Sdn Bhd
<b>98.9%</b>	Century Bond Bhd
<b>100%</b>	Perangsang Dinamik Sdn Bhd
<b>100%</b>	CPI (Penang) Sdn Bhd
<b>100%</b>	Perangsang Capital Sdn Bhd
<b>51%</b>	Aqua-Flo Sdn Bhd
<b>51%</b>	KPS-HCM Sdn Bhd

### ASSOCIATE COMPANIES

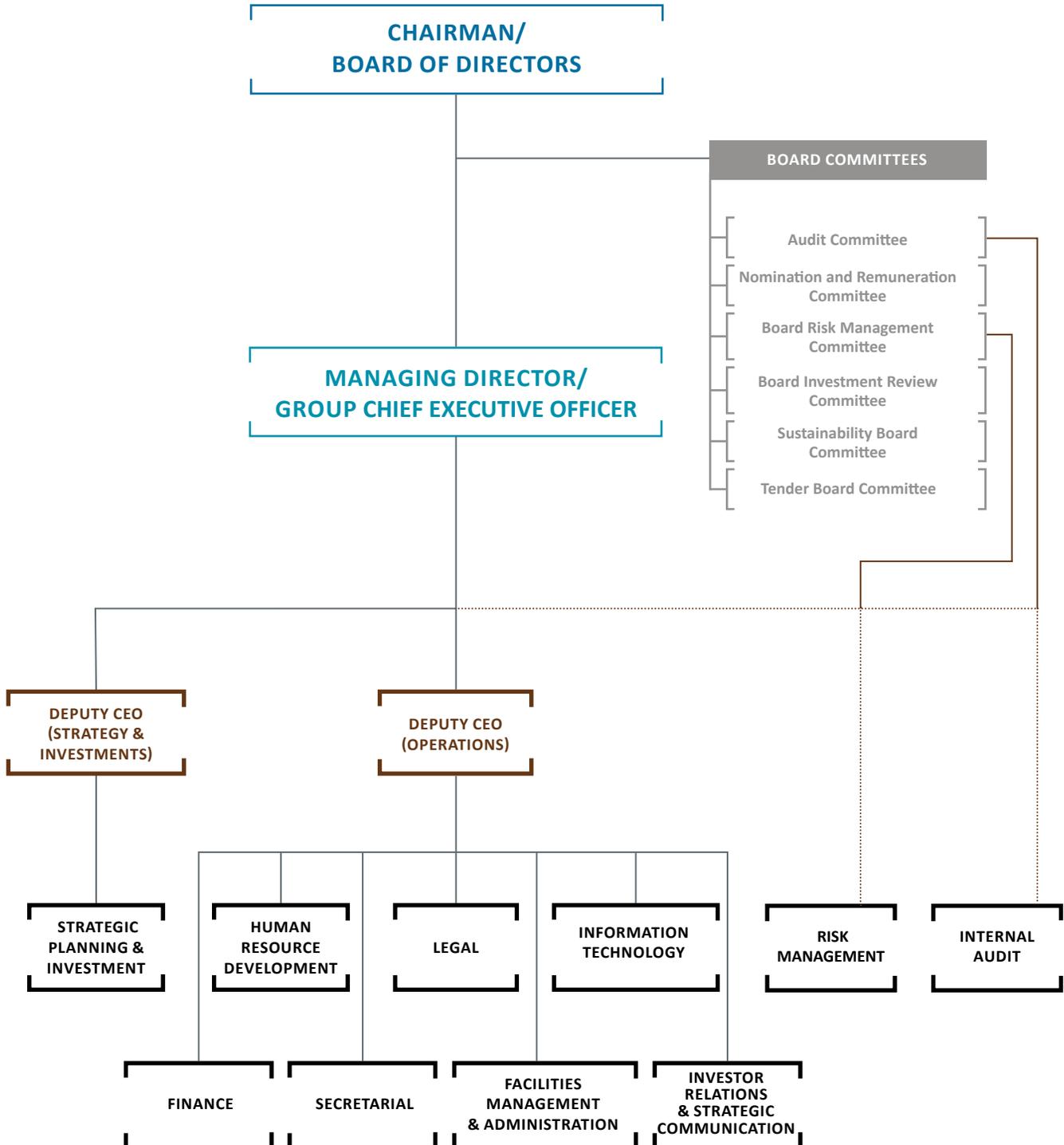
<b>40%</b>	Perangsang Water Management Sdn Bhd
------------	-------------------------------------

<b>20%</b>	Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd
------------	--

**Note:**

- The above Corporate Structure does not include the subsidiaries and associates of Perangsang Selangor which are/have been in liquidation, under receivership, under official assignee, disposed off, dormant and/or ceased operation. For further details, please refer to notes 15 and 16 of the Company's Audited Financial Statements for the year ended 31 December 2018.

ORGANISATION STRUCTURE



**CORPORATE INFORMATION**

**BOARD OF DIRECTORS**

**YM Raja Shahreen bin Raja Othman**

*Chairman*

*Non-Independent Non-Executive Director*

**YBhg Dato' Kamarul Baharin bin Abbas**

*Senior Independent Non-Executive Director*

**Encik Suhaimi bin Kamaralzaman**

*Non-Independent Non-Executive Director*

**YBhg Dato' Mohamed Ross bin Mohd Din**

*Independent Non-Executive Director*

**YBhg Dato' Idris bin Md Tahir**

*Independent Non-Executive Director*

**YBhg Dato' Ikmal Hijaz bin Hashim**

*Independent Non-Executive Director*

**Puan Rita Benoy Bushon**

*Independent Non-Executive Director*

**Puan Norliza binti Kamaruddin**

*Independent Non-Executive Director*

**Encik Koay Li Onn (Leon)**

*Independent Non-Executive Director*

**Encik Ahmad Fariz bin Hassan**

*Managing Director/Group Chief Executive Officer*

**AUDIT COMMITTEE**

*Chairman*

**YBhg Dato' Idris bin Md Tahir**

*Members*

**YBhg Dato' Mohamed Ross bin Mohd Din**

**YM Raja Shahreen bin Raja Othman**

**Puan Rita Benoy Bushon**

**Encik Koay Li Onn (Leon)**

**NOMINATION AND REMUNERATION COMMITTEE**

*Chairman*

**YBhg Dato' Mohamed Ross bin Mohd Din**

*Members*

**YBhg Dato' Kamarul Baharin bin Abbas**

**YM Raja Shahreen bin Raja Othman**

**YBhg Dato' Idris bin Md Tahir**

**BOARD RISK MANAGEMENT COMMITTEE**

*Chairman*

**YBhg Dato' Mohamed Ross bin Mohd Din**

*Members*

**YBhg Dato' Kamarul Baharin bin Abbas**

**YBhg Dato' Ikmal Hijaz bin Hashim**

**Puan Rita Benoy Bushon**

**BOARD INVESTMENT REVIEW COMMITTEE**

*Chairman*

**YBhg Dato' Ikmal Hijaz bin Hashim**

*Members*

**YBhg Dato' Mohamed Ross bin Mohd Din**

**YM Raja Shahreen bin Raja Othman**

**Encik Suhaimi bin Kamaralzaman**

**Encik Koay Li Onn (Leon)**

**SUSTAINABILITY BOARD COMMITTEE**

*Chairman*

**YBhg Dato' Kamarul Baharin bin Abbas**

*Members*

**Puan Rita Benoy Bushon**

**Puan Norliza binti Kamaruddin**

**Encik Koay Li Onn (Leon)**

CORPORATE INFORMATION

**TENDER BOARD COMMITTEE**

Chairman  
**Encik Suhaimi bin Kamaralzaman**

Members  
**YBhg Dato' Idris bin Md Tahir**  
**YBhg Dato' Ikmal Hijaz bin Hashim**  
**Puan Norliza binti Kamaruddin**

**JOINT COMPANY SECRETARIES**

**Hashimah binti Mohd Isa**  
MACS 01269  
**Selfia binti Muhammad Effendi**  
MAICSA 7046782

**REGISTERED OFFICE**

16<sup>th</sup> Floor, Plaza Perangsang  
Persiaran Perbandaran  
40000 Shah Alam  
Selangor Darul Ehsan  
Tel : +603-5524 8400 ext 417  
Fax : +603-5524 8444  
E-mail : hashimah@kps.com.my  
Web : www.perangsangselangor.com

**PRINCIPAL BANKERS**

**Bank Islam Malaysia Berhad**  
Tingkat Bawah, Wisma PKPS  
Persiaran Perbandaran  
40675 Shah Alam  
Selangor Darul Ehsan

**Affin Bank Berhad**  
F-G-38 & 39, Jalan Ikhtisas 14/1  
Off Persiaran Damai  
40000 Shah Alam  
Selangor Darul Ehsan

**Maybank Islamic Berhad**  
Shah Alam Main Branch  
Persiaran Perbandaran  
Seksyen 14, 40000 Shah Alam  
Selangor Darul Ehsan

**AmBank Islamic Berhad**  
22<sup>nd</sup> Floor, Bangunan AmBank Group  
No. 55, Jalan Raja Chulan  
50200 Kuala Lumpur  
P.O. Box 10233  
50708 Kuala Lumpur

**AUDITORS**

**Messrs BDO PLT**  
Level 8, Menara Centara  
360 Jalan Tuanku Abdul Rahman  
50100 Kuala Lumpur

**LISTING**

**Bursa Malaysia Securities Berhad**  
Main Market  
22 July 2003

**SHARE REGISTRAR**

**Boardroom Share Registrars Sdn Bhd**  
*(formerly known as Symphony Share Registrars Sdn Bhd)*  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Tel : +603-7849 0777  
Fax : +603-7841 8152

**OFFICE OF CHAIRMAN**

**YM Raja Shahreen bin Raja Othman**  
Chairman

**MANAGEMENT**

**Encik Ahmad Fariz bin Hassan**  
*Managing Director/Group Chief Executive Officer*

**Puan Suzila binti Khairuddin**  
*Deputy Chief Executive Officer (Operations)*

**Encik Azlan bin Abdul Jalil**  
*Deputy Chief Executive Officer (Strategy & Investments)*

**Encik Zain Azrai bin Zainal Abidin**  
*Chief Financial Officer*

**Puan Hashimah binti Mohd Isa**  
*Company Secretary*

**Encik Ahmad Rosly bin Ahier**  
*Director, Human Resource Development*

**Puan Norsham binti Ishak**  
*Director, Legal*

**Encik Mohd Shahari bin Idris**  
*Director, Risk Management*

**Encik Sukman Suzzak bin Zakaria**  
*Director, Internal Audit*

**Encik Zulkifli bin Mawardi**  
*Director, Investor Relations & Strategic Communication*

5-YEAR **F I N A N C I A L H I G H L I G H T S**

	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000
<b>FINANCIAL RESULTS</b>					
<b>Financial Indicators</b>					
Revenue*	314,032	285,959	144,498	361,495	582,313
EBITDA* N1, N2	252,176	194,420	127,444	99,717	(127,079)
Profit/(Loss) Before Tax and Zakat ("PBT/LBT")* N2	130,270	77,106	113,023	69,886	(179,639)
Profit/(Loss) After Tax and Zakat ("PAT/LAT")* N2	117,650	58,939	101,860	63,016	(196,757)
Profit/(Loss) Attributable to Owners of the Parent* N2	115,567	55,329	97,766	58,762	(205,549)
<b>Financial Ratios</b>					
EBITDA Margin (%)	80.3%	68.0%	88.2%	27.6%	(21.8%)
PBT/LBT Margin (%)	41.5%	27.0%	78.2%	19.3%	(30.8%)
PAT/LAT Margin (%)	37.5%	20.6%	70.5%	17.4%	(33.8%)
Basic Earnings/(Loss) Per Share Attributable to Owners of the Parent (Sen)	23.16	11.09	19.59	11.78	(39.49)
Dividends Per Share (Sen)	4.00	2.00	4.25	4.25	4.25
<b>FINANCIAL POSITIONS</b>					
<b>Financial Indicators</b>					
Shareholders' Equity	1,200,354	1,237,215	1,328,030	1,361,579	1,134,208
Total Assets	2,808,790	1,361,988	1,838,651	1,944,922	2,157,123
Total Borrowings	1,038,883	30,130	267,379	307,658	611,136
<b>Financial Ratios</b>					
Return on Capital Employed (%)	10.0%	13.5%	7.1%	4.9%	(8.3%)
Return on Equity (%)	9.6%	4.5%	7.4%	4.3%	(18.1%)
Return on Assets (%)	4.1%	4.1%	5.3%	3.0%	(9.5%)
Gearing Ratio	0.87	0.02	0.20	0.23	0.54
Net Assets Per Share Attributable to Owners of the Parent (RM)	2.41	2.48	2.66	2.73	2.11

\* Include discontinued operations

N1 Defined as Earnings Before Interest, Taxes, Depreciation and Amortisation.

N2 Including the items below for the respective years:

2018 - RM208 million share of loss from an associate namely SPLASH Holdings.

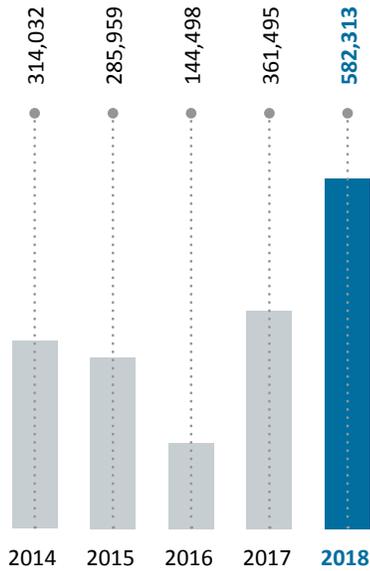
2016 - RM97 million gain on disposal of asset held for sale.

2015 - RM32 million loss on disposal of a subsidiary company, namely Titisan Modal Sdn. Bhd.

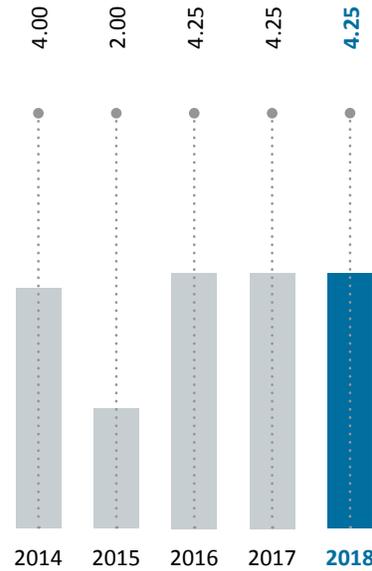
2014 - RM13 million gain on disposal of an associate company, namely KDE Recreation Berhad.

5-YEAR FINANCIAL HIGHLIGHTS

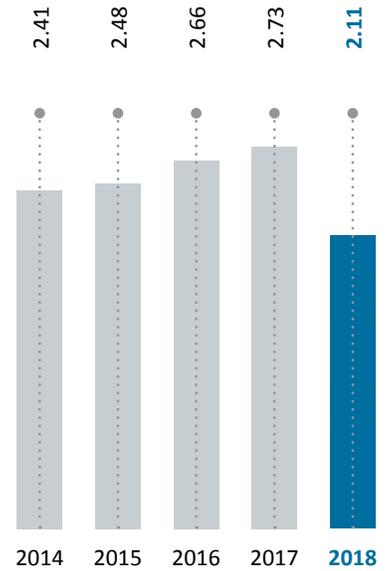
REVENUE  
RM'000



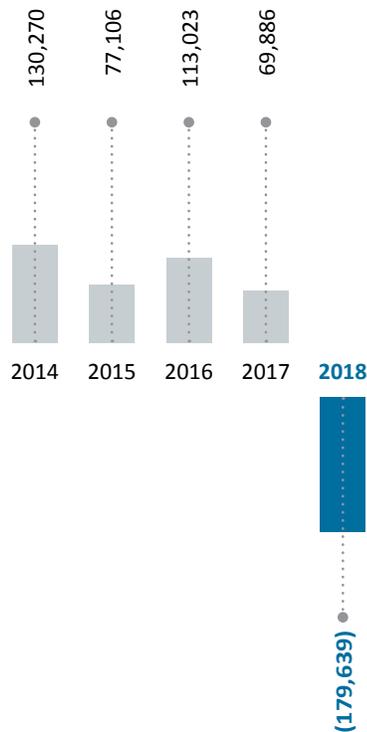
DIVIDENDS PER SHARE  
SEN



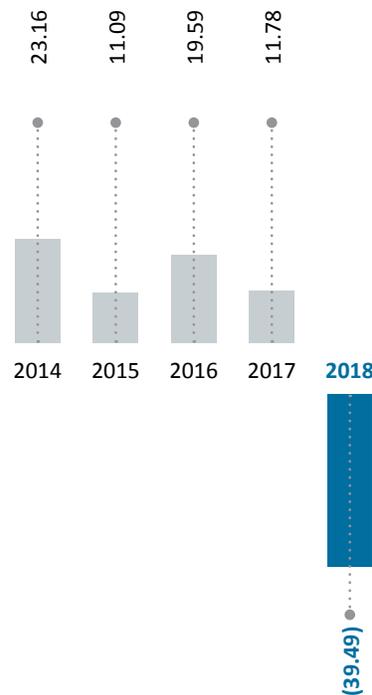
NET ASSETS PER SHARE ATTRIBUTABLE  
TO OWNERS OF THE PARENT  
RM



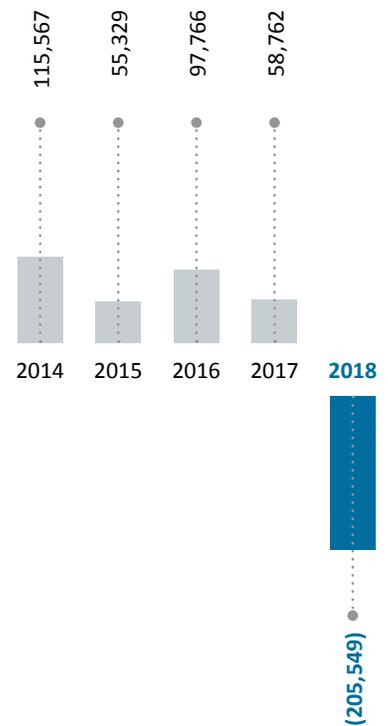
PROFIT/(LOSS) BEFORE TAX AND  
ZAKAT  
RM'000



EARNINGS/(LOSS) PER SHARE  
ATTRIBUTABLE TO OWNERS OF THE  
PARENT  
SEN



PROFIT/(LOSS) ATTRIBUTABLE TO  
OWNERS OF THE PARENT  
RM'000



## KEY CORPORATE ACTIONS & ANNOUNCEMENTS

### FEBRUARY

#### 14 FEBRUARY

Acquisition of CPI (Penang) Sdn Bhd, an integrated plastic injection moulding company for RM250.0 million cash.

#### 27 FEBRUARY

Financial Year 2017 Performance Results (Revenue higher from RM144.5 million in 2016 to RM361.5 million in 2017).

### MARCH

#### 30 MARCH

Proposal for 1-for-13 Bonus Issue and Final Dividend of 4.25 sen per share.

### APRIL

#### 6 APRIL

Appointment of two female independent non-executive directors to the Board to enhance gender diversity.

#### 9 APRIL

Perangsang Selangor subsidiary Century Bond Bhd formed joint venture with China-based Hongda Printing Holdings Limited for a combined investment of RM2.87 million to produce offset carton boxes.

### MAY

#### 24 MAY

41<sup>st</sup> Annual General Meeting.

#### 29 MAY

King Koil Manufacturing West, LLC commissioned its first manufacturing facility in Phoenix, Arizona, United States of America (“the US”) following the shift in business model in the US from licensing to direct-to-retail structure.

#### 30 MAY

First Quarter 2018 Financial Results (Revenue higher from RM76.8 million in First Quarter 2017 to RM95.8 million).

### JULY

#### 2 JULY

Perangsang Selangor subsidiary Smartpipe Technology Sdn Bhd secured a RM20.0 million contract from Pengurusan Air Selangor Sdn Bhd (“Air Selangor”) to replace existing pipeworks in Hulu Langat and Kuala Lumpur.

#### 17 JULY

Perangsang Selangor indirect subsidiary CPI (Penang) Sdn Bhd entered into a share purchase agreement to acquire a 4.5-acre land in Bayan Lepas Industrial Park, Penang at a purchase consideration of RM27.7 million for expansion purposes.

### AUGUST

#### 3 AUGUST

Perangsang Selangor associate Syarikat Pengeluar Air Selangor Holdings Berhad (“SPLASH Holdings”) received takeover offer from Pengurusan Air Selangor Sdn Bhd (“Air Selangor”) for entire stake in Syarikat Pengeluar Air Sungai Selangor Sdn Bhd (“SPLASH”) for a total purchase consideration of RM2.55 billion.

#### 9 AUGUST

Perangsang Selangor associate SPLASH Holdings accepted a takeover offer from Air Selangor to acquire 100% stake in SPLASH.

#### 29 AUGUST

Second Quarter 2018 Financial Results (Revenue more than double from RM75.9 million in Second Quarter 2017 to RM161.3 million).

### OCTOBER

#### 17 OCTOBER

Perangsang Selangor subsidiary Aqua-Flo Sdn Bhd clinched a RM162.5 million contract from Air Selangor to supply and deliver chemicals to water treatment plants in Selangor, Kuala Lumpur and Putrajaya.

### NOVEMBER

#### 29 NOVEMBER

Third Quarter 2018 Financial Results (Recorded operating profit of RM10.7 million from operating loss of RM1.5 million in Third Quarter 2017).

### DECEMBER

#### 10 DECEMBER

Proposed issuance of an Islamic Medium-Term Notes Programme of up to RM500.0 million under the Syariah principle of Murabahah via Tawarruq arrangement (“Sukuk Programme”).

FINANCIAL **C A L E N D A R**



**FINANCIAL YEAR**

1 January 2018 to  
31 December 2018



**ANNUAL REPORT**

Issued 24 April 2019



**42<sup>ND</sup> ANNUAL GENERAL MEETING**

to be held on 23 May 2019

**ANNOUNCEMENT ON QUARTERLY RESULTS**

**30 May 2018**

1<sup>st</sup> Quarter Results

**29 August 2018**

2<sup>nd</sup> Quarter Results

**29 November 2018**

3<sup>rd</sup> Quarter Results

**28 February 2019**

4<sup>th</sup> Quarter Results

**BONUS ISSUE**

**30 March 2018**

Proposal for 1-for-13 Bonus Issue

**11 June 2018**

Entitlement for the Bonus Issue  
Completion Date : 12 June 2018

**DIVIDEND**

**30 March 2018**

Final Dividend of 4.25 sen per share  
for Financial Year Ended  
31 December 2017

Entitlement Date : 29 June 2018

Payment Date : 20 July 2018

**41<sup>ST</sup> ANNUAL GENERAL MEETING (“AGM”) & EXTRAORDINARY GENERAL MEETING (“EGM”)**

**24 May 2018**

**41<sup>ST</sup> AGM**

**10:00 am**

Shah Alam 2, SACC Convec,  
No. 4, Jalan Perbadanan 14/9,  
40000 Shah Alam,  
Selangor Darul Ehsan

**24 May 2018**

**EGM**

**11:00 am**

Shah Alam 2, SACC Convec,  
No. 4, Jalan Perbandaran 14/9,  
40000 Shah Alam,  
Selangor Darul Ehsan

INVESTOR **R E L A T I O N S**

“ At Kumpulan Perangsang Selangor Berhad (“Perangsang Selangor” or “the Group”), we believe that it is important to provide pertinent and relevant information on our business to our shareholders in a timely, adequate and transparent manner. ”



We strive to ensure that the investment community, such as fund managers, analysts, individual investors as well as other stakeholders including the media, is kept updated of the Group’s strategic directions and business operations so that investors can make informed investment decisions on Perangsang Selangor.

**GOVERNANCE**

Our Investor Relations (“IR”) Strategy and Programmes are guided by Perangsang Selangor’s IR Policy. We have a clear IR policy, which is to ensure fair, transparent and ethical business dealings with all our stakeholders. We make certain that we disclose relevant and material information according to the IR Policy and in accordance with Bursa Malaysia’s Main Market Listing Requirement.

**IR ENGAGEMENT****Annual General Meeting**

One of the most important channels of communication with investors is the Annual General Meeting (“AGM”) as it is a principal forum of open dialogue with our shareholders. The Notice and Agenda of the AGM is given to shareholders not less than 28 days before the meeting, giving them adequate time to prepare themselves to attend, or appoint a proxy to vote on their behalf.

Besides providing an opportunity for investors to raise concerns and seek clarification on the Group, the AGM also enables the Board of Directors and Senior Management Team to interact and respond to the shareholders directly. Perangsang Selangor’s 41<sup>st</sup> AGM was held on 24 May 2018, during which the Chairman and Chief Executive Officer communicated to the shareholders the Group’s business, financial performance and strategic initiatives.

Feedback on issues which were highlighted by the Minority Shareholders Watchdog Group (“MSWG”) raised prior to the meeting was also shared with the shareholders during the AGM.

INVESTOR RELATIONS

Annual Report

Our Annual Report is an important and vital communication tool for stakeholders and other interested parties. We therefore take great care to ensure that this publication gives a clear and accurate picture of our activities during the year as well as our developments, policies and strategic direction. The Annual Report, which incorporates the Financial Statements and the Notice of AGM, are sent to shareholders at least 28 working days before the meeting.

Other Communication Channels

Other communication channels include Bursa Malaysia’s website, Perangsang Selangor’s website as well as the media for the announcement of financial results and other press releases.

Two-way Engagement

Beyond this, we engaged regularly with our investors on multiple platforms to communicate effectively with them in a transparent manner. Our engagements were carried out via one-on-one meetings, group meetings, results briefings and non-deal roadshows. Such interactions and activities are essential to keep our investors informed of the business operations and strategic directions of the Group.

**COMMUNICATING WITH THE INVESTMENT COMMUNITY**

**ENGAGEMENT ACTIVITIES**

-  Results Briefings
-  One-on-One Meetings
-  Group Meetings
-  Non-Deal Roadshows

Investor Groups

In 2018, engagements were carried out with major shareholders, fund managers, analysts and the media.



Major Shareholders

- Kumpulan Darul Ehsan Berhad
- Perbadanan Kemajuan Negeri Selangor (“PKNS”)



Fund Managers

- Aberdeen Asset Management
- Affin Hwang Asset Management
- Amanah Raya Investment Management
- CIMB-Principal Asset Management
- CIMB Principal Islamic Asset Management
- Eastspring Investment
- Hong Leong Asset Management
- Hong Leong Assurance
- Inter-Pacific Asset Management
- KAF Fund Management
- Lembaga Tabung Haji
- Maybank Asset Management
- Oaklands Path Capital Management
- PHEIM Asset Management
- Philip Capital Management
- TA Investment Management
- Tokio Marine Life Insurance
- UOB Asset Management
- Value Partners



Analysts

- Affin Hwang Capital
- Amlslamic Funds Management
- CIMB Investment Bank Berhad
- Credit Suisse Securities
- Etiqa Insurance Berhad
- Hong Leong Research
- Maybank Berhad
- MIDF Research
- Pacific Mutual Fund
- Rakuten Trade



Media

- The Edge
- The Star

## INVESTOR RELATIONS

### AREAS OF INTEREST



### INVESTOR BASE

Our shareholders comprise government-linked corporations, financial institutions, mutual funds, individual investors and other types of shareholders. For the financial year ended 31 December 2018, Kumpulan Darul Ehsan Berhad and Perbadanan Kemajuan Negeri Selangor were the two largest shareholders, holding 57.9% and 5.5% equity in the Company respectively. Lembaga Tabung Haji was also one of the top 30 shareholders, holding approximately 3.9% of Perangsang Selangor’s shares.

Mostly via foreign mutual funds, our foreign shareholding stood at approximately 4.76%.

### RESEARCH COVERAGE

For the financial year ended 31 December 2018, there were two research reports on Perangsang Selangor. The first was a technical analysis report by Malacca Securities and the other a quantitative analysis by Thomson Reuters. As we continue to increase our efforts in engaging the investment community and showcasing the marketability and appeal of the Group’s business, we expect to enhance the coverage by research houses.

### SHARE PERFORMANCE

After reaching the high of RM2.02 on 23 July 2018, our share price closed the year at RM1.21, almost the same level it opened at the beginning of the year. The performance of the broader market, as represented by the KLCI, retraced by 5.2% over the year, opening at 1,782.7 points and closing at 1,690.6 points. Thus, in relation to the broader market, the share price performance of Perangsang Selangor outperformed that of the KLCI by 5.2% in 2018.

	Opened Trading on 2 Jan 2018	Closed the Year on 31 Dec 2018	Annual Performance (%)
Perangsang Selangor	RM1.21	RM1.21	No change
KLCI	1,782.7	1,690.6	(5.2)

Source: Bloomberg

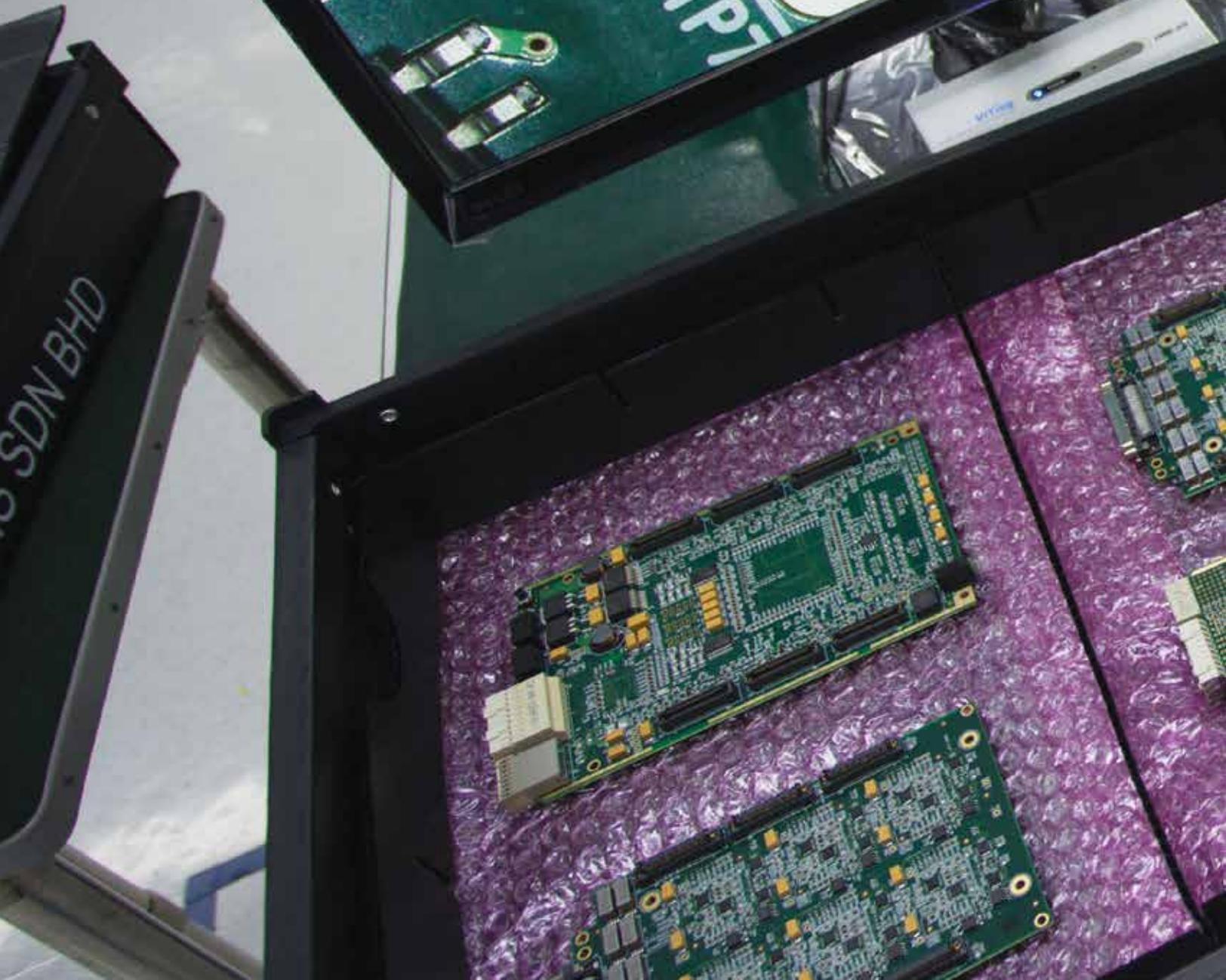
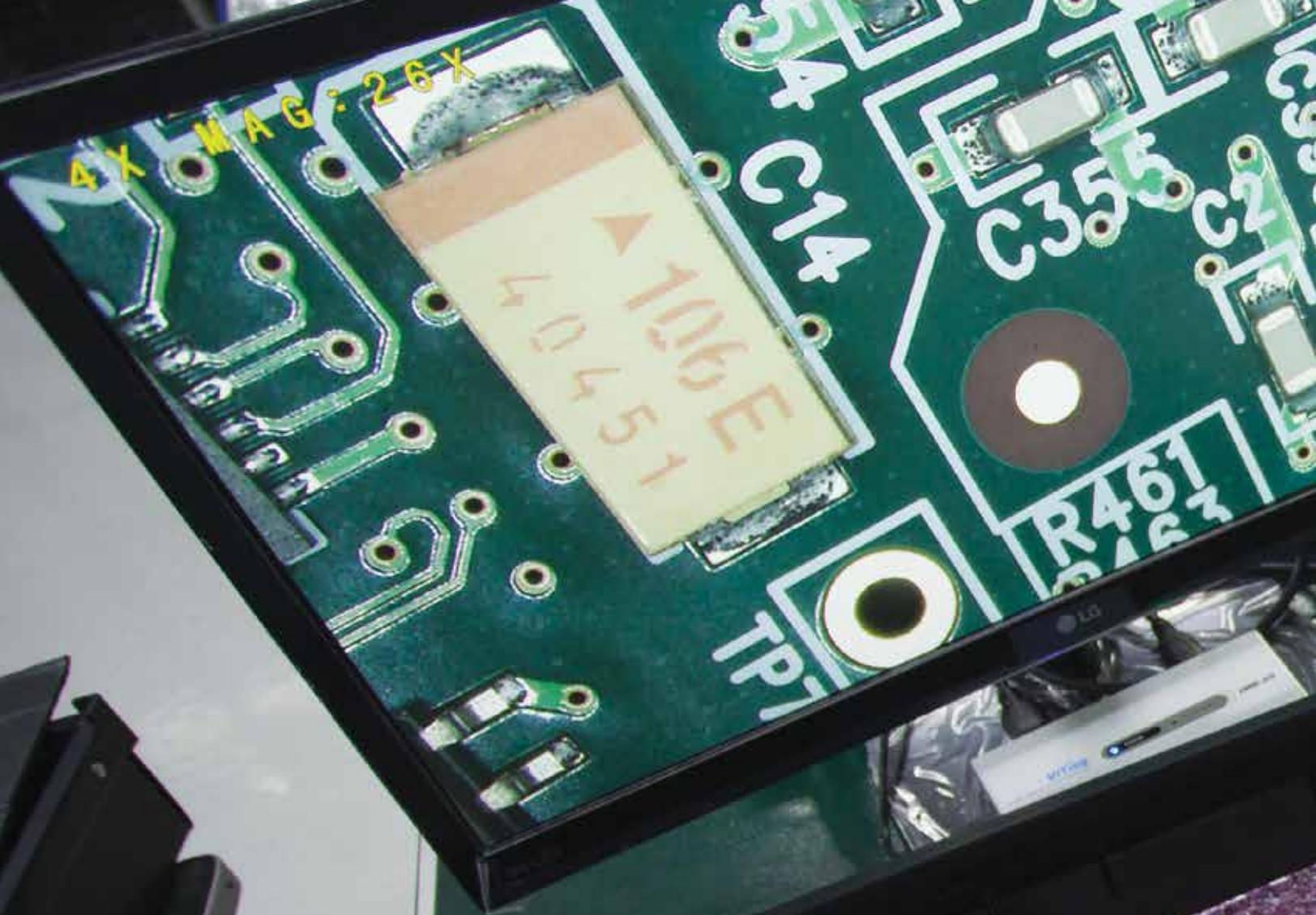
Perangsang Selangor’s share price performance, the KLCI and key events are plotted below:



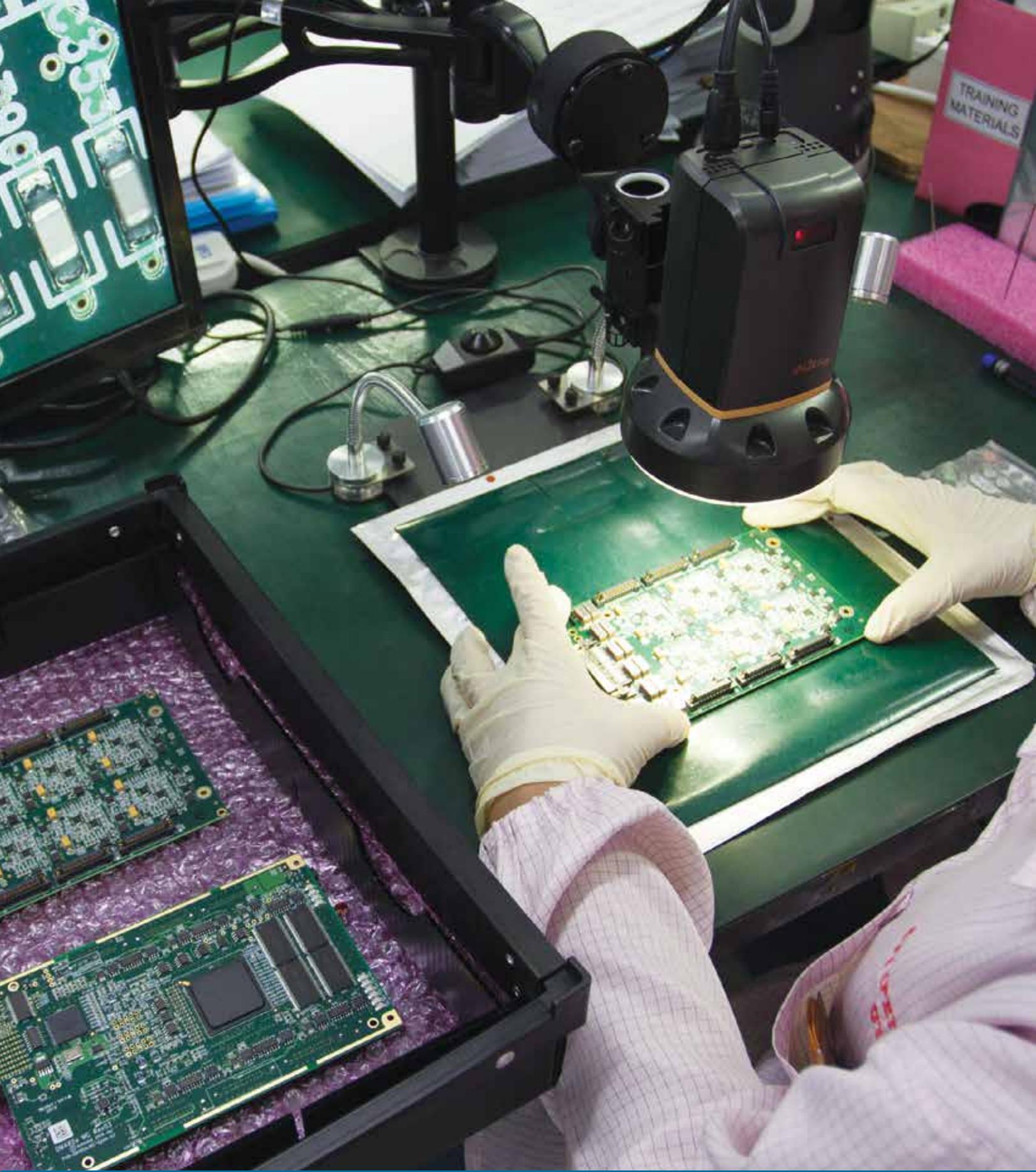
Source: Bloomberg

	Jan	Feb	Mac	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Total Volume ('000)	2,560	2,310	2,480	4,840	28,140	22,050	46,090	44,230	10,680	16,290	10,580	4,050
Highest (RM)	1.27	1.24	1.19	1.31	1.60	1.78	2.02	1.93	1.64	1.51	1.45	1.28
Lowest (RM)	1.21	1.19	1.10	1.18	1.21	1.53	1.73	1.66	1.56	1.20	1.25	1.21

	Date	Significant Events
1	27 February 2018	Announcement of the 4 <sup>th</sup> Quarter 2017 Results
2	27 March 2018	Acquisition of CPI Completed
3	30 March 2018	Announcement of the 1-for-13 Bonus Issue
4	30 May 2018	Announcement of the 1 <sup>st</sup> Quarter 2018 Results
5	2 July 2018	Smartpipe Awarded RM20.0 million Contract
6	17 July 2018	CPI executed a Share Purchase Agreement to acquire a 4.5 acre land in Bayan Lepas, Penang
7	9 August 2018	Acceptance of Takeover Offer of SPLASH by Air Selangor
8	29 August 2018	Announcement of the 2 <sup>nd</sup> Quarter 2018 Results
9	17 October 2018	Aqua-Flo Awarded RM165.2 million Contract
10	29 November 2018	Announcement of the 3 <sup>rd</sup> Quarter 2018 Results



SDN BHD



*Quality control is a priority at CPI to ensure all products meet international standards.*



**YM RAJA SHAHREEN BIN RAJA OTHMAN**  
*Chairman*  
*Non-Independent Non-Executive Director*



CHAIRMAN'S STATEMENT

“ In the financial year just ended, Perangsang Selangor continued its steady growth trajectory, generating revenue of RM582.3 million, beating the strong figure from the previous year by RM220.8 million. This represents an impressive revenue growth of approximately 61.1%. ”

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, it is my pleasure to present to you the 2018 Annual Report of Kumpulan Perangsang Selangor Berhad (“Perangsang Selangor” or “the Group”) for the financial year ended 31 December 2018.

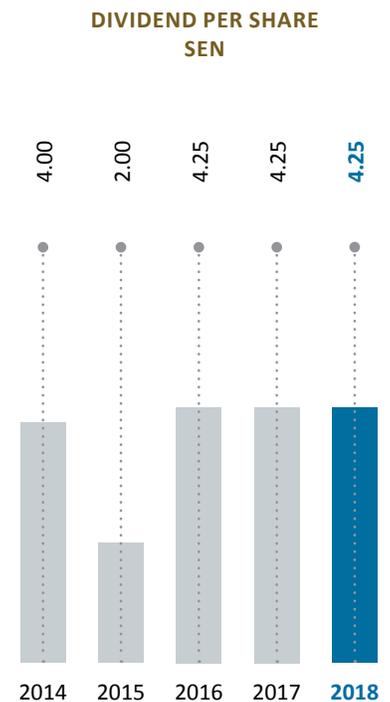
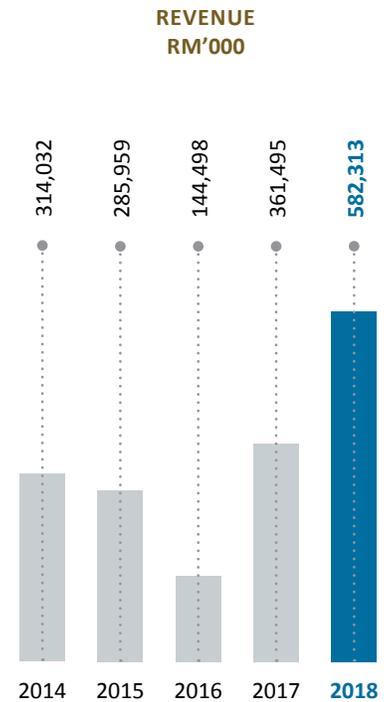
During the year in review, Perangsang Selangor continued its steady growth trajectory, generating revenue of RM582.3 million, beating the strong figure from the previous year by RM220.8 million. This represents an impressive revenue growth of approximately 61.1%.

GROWING VALUE, SHARPENING FOCUS

Historically, our business had always been confined in Selangor and was guided by the aspiration to be a leading infrastructure and utilities services provider. However, over the years, the Group’s business has evolved.

In 2016, we rolled out a multi-pronged Business Transformation Plan (“BTP”), an enabler for sustainable value creation allowing the Group to continuously identify the next catalysts for growth. Essentially a growth agenda, the BTP has resulted in the Group having a stronger business footing and presence, not just regionally but also globally. Since the BTP was rolled out, there has been a greater focus on opportunities available in the manufacturing sector.

The reasoning was simple. Malaysia is a trading economy. As a trading nation, Malaysia will continue to grow the manufacturing sector which has played a pivotal role in turning the country into an industrialised nation as well as a major player in the global manufacturing value chain. A major contributor to the national Gross Domestic Product (“GDP”), the manufacturing sector is now ushering in a new phase of growth and change amid the Industry 4.0, Industry4WRD and many other technological advances. With growth and change, opportunities will ensue.



**CHAIRMAN'S STATEMENT**

Besides concentrating on the manufacturing sector, the Group has also continued to explore business opportunities from other sectors. Today, we are an investment holding company with focused investments in four core sectors; namely, manufacturing, trading, licensing and infrastructure.

In line with the vision to be the leading corporation stimulating economic growth in Selangor and beyond, we have expanded our operations, leaping far from State boundaries into other states and other countries. We work tirelessly in linking our many business capabilities to complement each other, enhancing value via process improvement across the subsidiary companies and aiming for synergy within the Group.

**SECTOR RECLASSIFICATION TO REFLECT CORE BUSINESSES**

Given Perangsang Selangor's previous exposure in Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH Holdings") which in turn owned Syarikat Pengeluar Air Sungai Selangor Sdn Bhd ("SPLASH"), the Group had always been associated with the utilities sector. Following the consolidation and restructuring of the water industry by the state and federal governments, on 9 August 2018, via SPLASH Holdings, we accepted the takeover offer of SPLASH by Pengurusan Air Selangor Sdn Bhd ("Air Selangor"). Upon the completion of the takeover, the Group will no longer have direct exposure in the utilities sector.

In consideration of the Group's current investment focus and future business direction, we made an appeal to Bursa Malaysia Securities Berhad ("Bursa Malaysia") to have Perangsang Selangor reclassified under the Industrial Products & Services sector. This will allow investors and other stakeholders to make the right business benchmarking when analysing the investment appeal of the Group.

We received the approval from Bursa Malaysia on 3 April 2019. The reclassification of Perangsang Selangor under the Industrial Products & Services sector came into effect on 8 April 2019.

**CHALLENGING OPERATING ENVIRONMENT IN 2018**

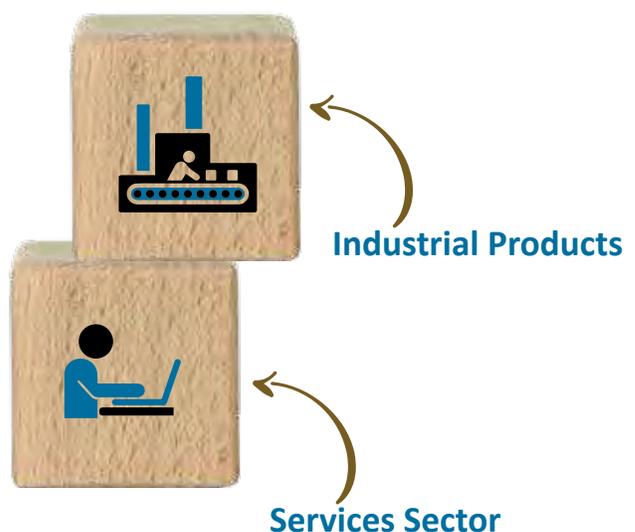
With a less vigorous pace and heightened risks, global economic growth has started to moderate. With the exception of economic growth in the United States of America ("US"), GDP growth numbers from the advanced countries, most emerging markets and key Asian economies have retraced.

To some extent, this was due to tighter monetary policy and the escalating US-China trade war which resulted in further economic uncertainties. As a result, the global economy grew by 3.7% in 2018, flat in comparison to that in 2017. (Source: International Monetary Fund ("IMF"))

The moderation in global economic activities tilted the growth momentum downwards for the Malaysian economy. Although supported by domestic demand, the review of mega construction and infrastructure projects reduced the economic multiplier effects. Furthermore, with much lower public spending, Malaysia GDP growth slowed to 4.7% in 2018 from 5.9% in 2017. (Source: Department of Statistics Malaysia ("DOSM"))

However, despite these challenges, Perangsang Selangor successfully created new drivers for sustainable growth, internally focussing on value creation and delivering the fundamentals which it is built upon. This is expected to position us well to grow as well as progress strategically and operationally in the future.

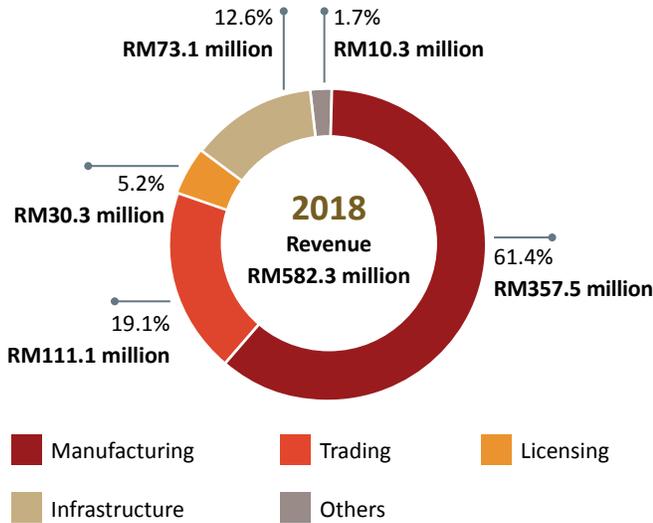
**Perangsang Selangor  
Reclassified under the  
Industrial Products & Services Sector**





CHAIRMAN'S STATEMENT

SECTORAL REVENUE BREAKDOWN



FINANCIAL PERFORMANCE

For the financial year ended 31 December 2018, the Group posted a revenue of RM582.3 million, as compared to RM361.5 million recorded in the corresponding period in 2017. Of the total revenue, the manufacturing sector contributed RM357.5 million or 61.4%, trading RM111.1 million or 19.1%, infrastructure RM73.1 million or 12.6%, and licensing RM30.3 million or 5.2%. The remaining RM10.3 million or 1.7% was contributed by investment holding.

On this momentum, the Group made a marked improvement in the operating performance, registering operating profit of RM51.5 million in 2018, as compared to an operating loss of RM8.7 million in 2017. This was mainly attributed to the overall improvement in business margins and positive results from value creation by the subsidiary companies.

However, the Group's financial performance was challenged by a non-cash accounting adjustment arising from the recent takeover of SPLASH by Air Selangor.

The Group recorded a loss after tax and zakat of RM196.8 million in 2018 as compared to a profit after tax and zakat of RM63.0 million in 2017. This was due to RM197.6 million share of loss as opposed to RM94.7 million share of profit from associates in the corresponding period last year. The share of loss was specifically attributable to SPLASH Holdings, which saw a one-off and non-cash impairment recognised on SPLASH's intangible assets and receivables.

2018 Group Revenue

RM582.3 million



2018 Operating Profit

RM51.5 million

DIVIDEND

Perangsang Selangor has consistently paid dividend while allocating adequate funds for its business growth. In this respect, for the financial year ended 31 December 2018, the Board has proposed a final cash dividend of RM22.8 million, or 4.25 sen per ordinary share, subject to the shareholders' approval at the 42<sup>nd</sup> Annual General Meeting. As part of the BTP agenda, we are pleased to have once again delivered on our financial commitments in returning sustainable value to our shareholders.



Final Dividend

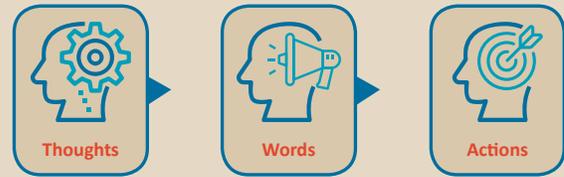
4.25 sen

**CHAIRMAN'S STATEMENT**

**PERANGSANG SELANGOR CORE VALUES**

Core values are what support the Group's vision, shape the working culture and reflect what matters most to us. They are the essence of the Group's identity, beliefs and philosophy. Besides focussing on the technical competencies of our people, we also place an emphasis on the underlying competencies that make companies run smoothly — the core values.

In guiding all employees' conduct in a manner that fulfils the corporate objectives under a harmonious and conducive environment, we established the core values for Perangsang Selangor on 24 October 2018. Based on the findings from focus groups and surveys which involved all employees, our core values were zoomed in on PRIDE, an acronym for Pride, Respect, Integrity, Discipline and Extra-Mile. While fostering team spirit among employees, PRIDE provides a clear understanding of everyone's role in the Group.



**REINFORCING EFFECTIVE CORPORATE GOVERNANCE**

It is of paramount importance to ensure that Perangsang Selangor maintains the highest standards of corporate governance. This is key to achieving the Group's sustainable performance, supporting long term value creation and ensuring business sustainability for all stakeholders. In relation to this, we ensure that our operations are in line with the best practices of the Malaysian Code of Corporate Governance.

During the year, Perangsang Selangor made improvements in its governance functions, among others, through the establishment of the Independent Director Tenure Policy, revision of the Whistleblowing Policy and realignment of the Company's Corporate Responsibility Policy to Sustainability Policy. Further details on our pledge to corporate governance are provided in the Corporate Governance Statement found on pages 134 through 154.

**SUSTAINABILITY & RESPONSIBLE CORPORATE PRACTICES**

We strongly believe that focussing on sustainable development and corporate social responsibility ("CSR") is key to winning the trust of our shareholders, customers and other stakeholders, and to further ensure the long-term success of the Group. Thus, we are heartened to note that our efforts in these areas have a positive impact not only in terms of sustainable development, but also in fostering a healthy relationship with the members of the communities where we operate.

We are building momentum in embedding sustainability considerations in our business operations, with the long-term aim of creating value for our stakeholders based on respective priorities for their economic well-being, social development as well as concern for the environment. With the Group having higher business concentration in the manufacturing sector, we are now placing greater emphasis on sustainable manufacturing, looking at ways to directly or indirectly minimise the footprint left in the environment due to our business activities.



*Presentation of Raja Muda of Selangor Cup and Dato' Mokhtar Dahari Cup sponsorships to HRH Raja Muda of Selangor by Dato' Ikmal Hijaz Hashim, Independent Non-Executive Director of Perangsang Selangor (right).*



CHAIRMAN'S STATEMENT



Perangsang Selangor contributed five cows for the 'Korban' programme as part of its CSR initiative to help the underprivileged community in Banting, Selangor.



Ahmad Fariz Hassan, Managing Director/Group Chief Executive Officer (centre), with the Human Resource Development team at the 2018 HR Asia Award presentation ceremony.

We also maintained our efforts to forge stronger ties with members of the communities. Perangsang Selangor undertook a multitude of CSR programmes during the year, spending approximately RM3.6 million for the benefit of our stakeholders. With active support and participation from our employees and members of the communities, we have set the pace well in focusing on CSR programmes that address three key areas namely, career development, sports and community development. Further details on the Group's sustainability initiatives are presented in the Sustainability Statement on pages 78 through 133.



Employees' Skills & Capabilities



Group's Objectives

Human Capital Management

THE MANAGEMENT OF HUMAN CAPITAL

In view of business continuity, we have in place talent development and succession planning programmes to prepare identified successors to assume leadership roles when the opportunity for higher responsibilities arises. These programmes have already been implemented and we have successfully identified suitable successors for all Heads of Department at the Company level. The succession planning programme was also implemented at the Senior Management level.

At Perangsang Selangor, we manage human capital in such a manner that it ensures value creation for the Group, striking a balance between employee skills and capabilities, and the Group's objectives. To this end, to develop the aptitude and skillset of our employees further, we sent them for both internal and external training courses, covering among others, topics on technical skills, occupational safety and health, and developmental programmes.

Our commitment in providing a healthy and conducive working environment for our employees - our greatest assets - has led us to allocating a portion of the out-patient medical budget for health screenings at panel hospitals. We understand that our employees may find themselves absorbed in daily responsibilities and caught up with occupational stress. If their health is left unchecked, this could lead to serious health issues that could affect not only their performance at work but also their personal lives.

**CHAIRMAN'S STATEMENT**

**AWARDS & RECOGNITION**

In 2018, Perangsang Selangor was in the spotlight once again for being recognised for excellence in human resources, CSR and quality.

We take pride in sharing with you that in the area of human resources, the Group was recognised for creating workplace excellence and promoting greater employee engagement. On 12 October 2018, we received the Best Companies to Work for in Asia 2018 Award by HR Asia as an acknowledgment of our efforts. HR Asia is the most authoritative publication for senior HR professionals in the region. We were honoured on receiving this award, which was a result of the Group's unwavering commitment in creating a culture of productivity and equality for our employees. Looking ahead, we strive to continue the efforts in raising the performance standards of our employees, which we believe is a product of workplace excellence and positive employee engagement.

On 16 November 2018, the Group also bagged the Silver Award of the Employer of Choice (Private Sector) 2018 by the Malaysian Institute of Human Resource Management ("MIHRM"). MIHRM is the sole professional and independent body for Human Resource ("HR") Management, authorised to certify HR practitioners in Malaysia. We were very proud to be recognised over two consecutive years for our commitment in developing human talents and aligning HR strategies and practices with the Group's aspirations.

As testament to the Group's commitment to CSR, for the period under review, we received two CSR-related awards.

We received our first CSR award on 24 April 2018 when we were named winner of the 2017 Jury Award by the Selangor State Sports Council. Perangsang Selangor was recognised for its efforts in planning and executing 75 sports development programmes, especially at the grassroots level across the State of Selangor. This was implemented via the "Sports for All" initiatives under our CSR Programme. At its core, the initiatives were aimed at uncovering new talents among the youth and providing opportunities for the public as well as less fortunate members of the communities to be involved in sports and healthy lifestyles.

We received our second CSR award on 1 June 2018 when we bagged the Asia Responsible Enterprise Award ("AREA") 2018 under the Health Promotion Category – "Sports for All". This recognition was bestowed upon us for having implemented effective sports programmes and demonstrated the extensive effort we had taken in institutionalising the programmes within the Group. The recognition also took into consideration the measurable impact these programmes had on improving the quality of life of the members of the communities.



**SILVER AWARD:**  
Employer of Choice  
(Private Sector) 2018

Malaysian Institute  
of Human Resource  
Management



HR Asia  
Best Companies  
To Work For In  
Asia Award 2018



Asia Responsible  
Enterprise Award  
2018  
(Health Promotion Category)



2017 JURY AWARD  
Selangor Sports Council



2017 PLEXUS VALUED SUPPLIER AWARD

At our subsidiary level, CPI (Penang) Sdn Bhd received the 2017 Plexus Valued Supplier Award in recognition of outstanding delivery, competitive performance and overall service quality rendered to its key customer.



## CHAIRMAN'S STATEMENT

## LOOKING AHEAD WITH OPTIMISM DESPITE THE ANTICIPATED CHALLENGES

The challenging prospect of the global economy anticipated for the year ahead is likely to have a spill-over effect on economic activities in Malaysia, which hints at an equally tough operating environment as it was in 2018. Notwithstanding the anticipated macro-economic challenges, the Group is well-positioned to capitalise on new opportunities and overcome challenges that may lie ahead given the growth strategy that is already in place.

Combined with the strength of our talent pool, we expect to build further on the achievements from our subsidiaries through a series of value creation initiatives, collectively targeting them to contribute more to the Group going forward. We will also expect to look for other investment opportunities to further solidify the Group's earnings base.

The ensuing year will yet again reflect our agility and capability to rise above the challenges and opportunities within the operating environment. This said, we welcome 2019 with optimism and a sharpened focus, staying committed towards achieving our business objectives, growing and delivering greater value to all stakeholders.

## APPRECIATION

I take this opportunity to extend my sincere gratitude to our customers, shareholders, regulatory authorities, the media and other stakeholders for their continued support.

My thanks to my fellow Board members for their vision and wise counsel in providing unparalleled leadership, expertise and insights. On behalf of the Board of Directors, I would like to thank our former Chairman, YM Raja Dato' Haji Idris Raja Kamarudin ("YM Raja Dato' Haji Idris") and Independent Non-Executive Director, YB Sivarasa Rasiah ("YB Sivarasa"), who resigned from the Board on 1 June 2018 and 2 July 2018 respectively.

YM Raja Dato' Haji Idris had done an outstanding job in shaping Perangsang Selangor to what it is today. His stewardship of the Group has been characterised by innovative ideas, strategic thinking and most valuable – the tireless effort in enhancing the credibility and visibility of Perangsang Selangor in the marketplace. Similarly, YB Sivarasa had made immense contributions to the Group and has been central to Perangsang Selangor's achievements, helping us through a period of aggressive growth and change. I wish them both every success in their future endeavours.

In relation to this, please join me in welcoming Encik Ahmad Fariz Hassan and Encik Leon Koay on their appointments to the Board as Managing Director and Independent Non-Executive Director respectively, effective 1 January 2019. Each brings unique talent, experience and expertise as well as perspectives in furthering the ambitious growth agenda of the Group.

“The Group is well-positioned to capitalise on new opportunities and overcome challenges that may lie ahead.”

The Group's strong business performance thus far is not just a reflection of the vision provided by the Board. It is also a reflection of the commitment to excellence and dedication to continuous improvement shown by our employees. On this high note, I would like to express my sincere appreciation and special thanks to all employees of Perangsang Selangor Group and its Management team for their relentless commitment and tireless dedication in translating the Group's vision and mission into results.

For Perangsang Selangor to stay ahead in the game and gear up the performance momentum, we need to continuously reassess the way we do business and improve our work processes, skill sets, and knowledge; the operating environment is ever evolving. As we continue to charter the next catalysts for growth, achieve new business milestones and return more value to our stakeholders, it is my hope that all stakeholders continue to lend us their unwavering support, confidence and trust in Kumpulan Perangsang Selangor Berhad.

**YM RAJA SHAHREEN BIN RAJA OTHMAN**  
Chairman



**AHMAD FARIZ BIN HASSAN**  
*Managing Director/Group Chief Executive Officer*



MANAGEMENT DISCUSSION AND ANALYSIS

“ Guided by the vision to be the leading corporation stimulating economic growth in Selangor and beyond, Kumpulan Perangsang Selangor Berhad (“Perangsang Selangor” or “the Group”) has focused investments in four core assets spanning across the manufacturing, trading, licensing and infrastructure sectors.”

At the associate level, we have business interest in the oil & gas sector via NGC Energy Sdn Bhd (“NGC Energy”), whose primary business is supplying Liquefied Petroleum Gas (“LPG”) to the residential, commercial and industrial sectors. We also hold a 20% equity stake in Sistem Penyuraian Trafik KL Barat Sdn Bhd (“SPRINT”), which is the concession holder of the 26.5 kilometre Sprint Highway.

BUSINESS TRANSFORMATION PLAN 2016

In 2016, Perangsang Selangor embarked on a Business Transformation Plan (“BTP”), a growth agenda that seeks to reposition Perangsang Selangor’s brand in the market and break away from the confines of the utilities sector as well as centrality on Selangor-based business.

Since the onset of the BTP, Perangsang Selangor has explored a new horizon of business opportunities, canvassing the market locally, regionally and even globally for immediate earnings-accretive acquisitions to expedite growth. We have embarked on a new journey, acquiring new and matured companies that meet our investment criteria.

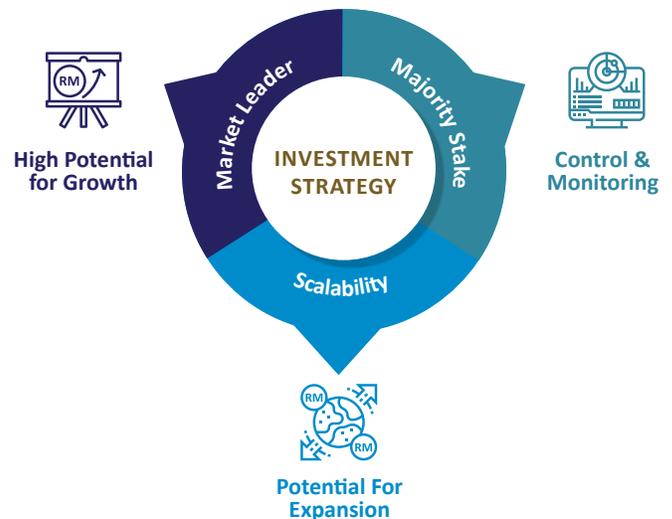
The investment criteria, which take into account long-term sector potential, comprise three broad approaches. Firstly, we will only invest in companies that are already or have the potential to be market leaders with high potential for growth. Secondly, we ensure they possess the scalability and management capability to expand in domestic and global markets. Thirdly, we will hold majority stake in the companies to ensure governance and control over their business decisions and operations.

OVERVIEW OF THE GROUP’S BUSINESS AND OPERATIONS

Within the manufacturing sphere, we have operations in integrated packaging solutions, integrated plastic injection moulding as well as mattress production, which are represented by Century Bond Bhd (“CBB”), CPI (Penang) Sdn Bhd (“CPI”) and King Koil Manufacturing West, LLC (“KKMW”) respectively.

In the trading sector, the Group via Aqua-Flo Sdn Bhd (“Aqua-Flo”), is in the business of trading water chemicals to water, waste and sewage treatment plants. Through King Koil Licensing Company Inc. (“KKLC”), we own the King Koil global brand. Finally, we continue to explore our position in the infrastructure sector via Smartpipe Technology Sdn Bhd (“Smartpipe”) and KPS-HCM Sdn Bhd (“KPS-HCM”), which are in the water pipe replacement and rehabilitation business and general civil engineering and infrastructure works respectively.

INVESTMENT CRITERIA



MANAGEMENT DISCUSSION **AND ANALYSIS**

BTP implementation provides the Group with the assurance that it has full control over the sustainability of its business growth. With these acquisitions and subsequent value enhancement and cost management initiatives which further provide the investee companies with organic growth, we expect to continue to generate meaningful value for our shareholders. Ultimately, this is intended to safeguard the Group’s ability to generate sustainable returns for its shareholders. As part of the BTP, we expect to sustain a strong investment focus on the core businesses. In addition to allowing for greater synergies within the Group, a sustained stronger focus helps optimise the utilisation of management’s time and resources.

On this note, on 29 October 2018, Prestige Packages Sdn Bhd, a wholly-owned subsidiary of CBB, disposed its entire 100% equity stake in Cengreen Global Sdn Bhd, whose principal activity is in multi-level marketing. In addition, on 29 October 2018, the Group, via its wholly-owned subsidiary Perangsang Telco Sdn Bhd, disposed of its 34.4% equity stake in Ceres Telecom Sdn Bhd, marking the Group’s exit from the telecommunications sector.

**SPLASH AND THE CONSOLIDATION OF THE WATER INDUSTRY**

As part of the consolidation and restructuring of the water industry in Selangor, Kuala Lumpur and Putrajaya by the state and federal governments, Pengurusan Air Selangor Sdn Bhd (“Air Selangor”) made an offer to Syarikat Pengeluar Air Selangor Holdings Berhad (“SPLASH Holdings”), a 30% associate company of Perangsang Selangor to fully acquire SPLASH for RM2.55 billion. On 9 August 2018, via SPLASH Holdings, Perangsang Selangor accepted the takeover offer of the stake in SPLASH from Air Selangor for RM765.0 million.

Upon completion of the divestment, Perangsang Selangor stands to receive RM570.0 million cash in addition to nine annual instalments totalling to RM195.0 million. The cash proceeds will be utilised for paring down debts, financing future acquisitions and distributing dividends to shareholders. We are positive on the potential upside from the acquisition of SPLASH by Air Selangor. Strategically, the conclusion of our investment in SPLASH marks a step closer to enhancing Perangsang Selangor’s focus on growing the core businesses into becoming industry powerhouses.

**OUR BUSINESS TODAY**

Having shifted from the previous focus on the utilities sector, the Group continues to harness the core competencies of its high-growth investee companies. The business acquisitions that we have made so far represent a clear evolution of the Group’s business.



MANAGEMENT DISCUSSION **A N D** **A N A L Y S I S**

CPI's headquarters at Bayan Lepas Industrial Zone, Penang.



CBB's integrated packaging factory in Nilai, Negeri Sembilan.

**MACROECONOMIC TRENDS LED TO CHALLENGING OPERATING ENVIRONMENT IN 2018**

In 2018, the global economy grew at 3.7% (2017: 3.7%). Although the growth momentum was maintained, the downside risks to global growth have risen and the potential for upside surprises has receded in the past six months. (Source: International Monetary Fund ("IMF"))

The United States of America ("the US") recorded an encouraging Gross Domestic Product ("GDP") growth of 2.9% (2017: 2.2%), assisted by fiscal stimuli that led to strong domestic demand and higher job creation in the manufacturing sector. GDP growth in the euro areas such as France and Germany were marked down, collectively moderated to 2.0% (2017: 2.4%) given the softer external demand and lower industrial production. Experiencing a similar outcome, economic activities in the UK also weakened to 1.4% (2017: 1.8%), weighed down by the anticipation of trade barriers from the euro areas following Brexit. (Source: Bloomberg & Ministry of Finance Economic Outlook 2019)

Economic activities in the emerging markets were mixed. India led the pace, posting 7.3% growth on the back of infrastructure project roll-outs as well as higher consumer spending especially on electrical and electronics ("E&E") goods. In China, however, growth eased slightly to 6.6% (2017: 6.9%) as a result of softening external demand and exports, which were impeded by the US' imposition of trade tariffs on machinery, E&E and plastic products. (Source: Bloomberg)

Impacted by the downside risks emanating from the less upbeat global growth, Malaysia turned in a lower growth figure. Cushioned mainly by resilient domestic demand and private sector expenditure, the GDP growth relented at 4.7% (2017: 5.9%). The local manufacturing and construction sectors also experienced the same fate, growing at much lower paces of 4.9% and 4.5% respectively (2017: 6.0% and 6.7% respectively). (Source: DOSM & Ministry of Finance Economic Outlook 2019)

MANAGEMENT DISCUSSION **A N D A N A L Y S I S**

REVIEW OF FINANCIAL PERFORMANCE

Revenue

Despite the challenging operating environment, the Group has taken strategic and operational measures to mitigate the impact of the less favourable economic setting. As a result, the Group generated a strong revenue of RM582.3 million in 2018 as compared to RM361.5 million in 2017, posting a significant increase of 61.1%. We attribute this achievement to the implementation of the BTP, which embeds continuous value creation plans to enable us to rise above the challenges that were present in the operating environment.

The manufacturing businesses more than doubled their revenue contribution to RM357.5 million. CBB led the revenue contribution with RM189.9 million on higher traction from its paper, carton and plastic divisions. Based on a nine-month consolidated contribution, CPI boosted the Group’s revenue by RM127.3 million on steady growth from its Plastics Division. Next, KKMW contributed RM40.3 million with the commissioning of its mattress manufacturing plant in Arizona in May 2018. This was based on an eight-month consolidated contribution. With higher concentration in the manufacturing sector, our manufacturing businesses contributed 61.4% to the Group’s revenue.

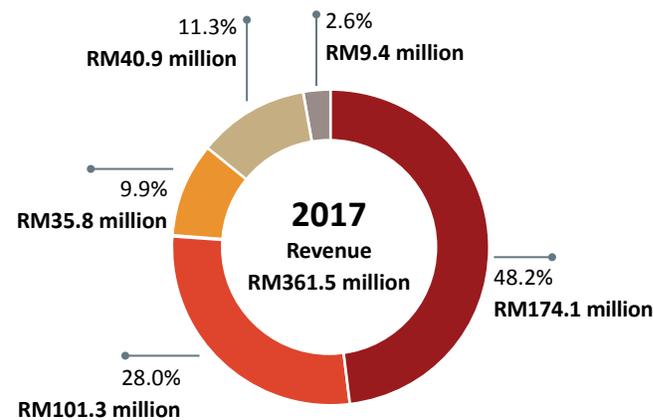
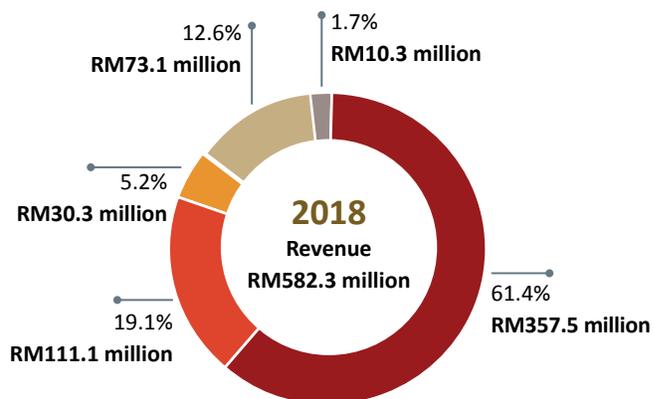
Further contribution was derived from the trading business with Aqua-Flo returning a modestly higher revenue of RM111.1 million in 2018 from RM101.3 million posted in 2017. The growth was driven by stronger sales of water chemicals resulting from higher contracts awarded as well as sustained sales from miscellaneous projects. Our trading business contributed 19.1% to the Group’s revenue.

Revenue contribution from the licensing business via KKLC dropped by 15.6% to RM30.3 million in 2018 from RM35.8 million in 2017, due to lower contribution from corporate sales. The licensing business contributed 5.2% to the Group’s revenue.

Having adjusted for inter-group sales, revenue contribution from the infrastructure businesses increased to RM73.1 million in 2018, almost double the RM40.9 million achieved in 2017. This was mainly due to the full year contribution from KPS-HCM as opposed to only six months the year before. This business segment, which also comprises Smartpipe, contributed 12.6% to the Group’s revenue.

The sectoral breakdown of the Group’s revenue is summarised below:

SECTORAL REVENUE BREAKDOWN



MANAGEMENT DISCUSSION **A N D A N A L Y S I S****Operating Profit**

The Group made a marked improvement in the operating performance, registering operating profit of RM51.5 million in 2018 as compared to an operating loss of RM8.7 million in 2017. This was mainly attributed to higher revenue contribution from the subsidiary companies as well as other income recorded during the year.

**Finance Costs**

Finance costs of RM33.5 million in 2018 were higher by RM17.4 million from RM16.1 million recorded in 2017. This was primarily due to finance costs incurred for the new loan undertaken to acquire CPI and KPS-HCM's project financing costs for the infrastructure development of Phase 3C, Pulau Indah Industrial Park.

Holding a long-term view of its investments, the Management of Perangsang Selangor believes that the healthy cashflow and earnings visibility of the subsidiary companies would allow the Group to meet its future financial obligations.

**Loss Attributable to Owners of the Parent**

The loss attributable to owners of the parent came in at RM205.5 million in 2018 as compared to a profit of RM58.8 million in 2017.

This was due to the RM197.6 million share of loss from associates recorded in 2018 as opposed to RM94.7 million share of profit registered in 2017. The share of loss was mainly attributable to our 30%-owned SPLASH Holdings, which saw a one-off and non-cash impairment recognised on the intangible assets and receivables recorded by its subsidiary company, SPLASH.

**REVIEW OF FINANCIAL POSITION****Asset Size**

The Group's total assets grew to RM2.2 billion in 2018 as compared to RM1.9 billion in 2017. The increase was mainly due to the acquisition of CPI in March 2018. However, net assets per share was lower at 2.11 sen in 2018 from 2.73 sen in 2017, contributed by the loss recorded during the year.

**Gearing, Liquidity and Capital Expenditure**

Additional borrowings secured for the acquisition of CPI, project financing undertaken by KPS-HCM and larger working capital requirements from the core businesses resulted in much higher borrowings of RM611.1 million as at 31 December 2018, as compared to RM307.7 million the year before. As our business was still in expansionary mode, the gearing ratio of the Group (calculated as total debt divided by shareholders' equity) increased substantially, yet remained manageable at 0.54 times as at 31 December 2018, as compared to 0.23 times the year before.

In relation to this, the Group on 10 December 2018 proposed to raise up to RM500.0 million via the Islamic Medium-Term Note Programme ("the Programme"). The issuance is in line with the strategic direction of proactive cashflow management and financial prudence.

On 30 January 2019, we drew down RM300.0 million from the Programme to refinance the Group's existing borrowings as well as defray the expenses for general corporate purposes. The objective of the refinancing is to reap savings arising from relatively lower financing costs as well as to optimise the cashflow management of Perangsang Selangor due to elongation of the principal repayment.

Cash and cash equivalents of the Group increased to RM166.4 million as at 31 December 2018 as compared to RM79.0 million the year before. This was due to higher cash balances at CPI and KPS-HCM.

The Group incurred an additional RM45.4 million of capital expenditure in 2018, which was attributable mainly to the purchase of new machineries and equipment by CPI, CBB and KKMW, coupled with the redevelopment works at Plaza Perangsang building.

MANAGEMENT DISCUSSION **A N D A N A L Y S I S**

REVIEW OF OPERATING ACTIVITIES AND STRATEGIC INITIATIVES



**MANUFACTURING**



**(i) CENTURY BOND BHD**

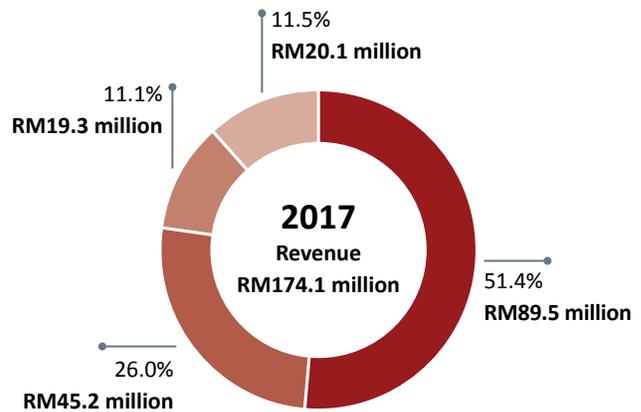
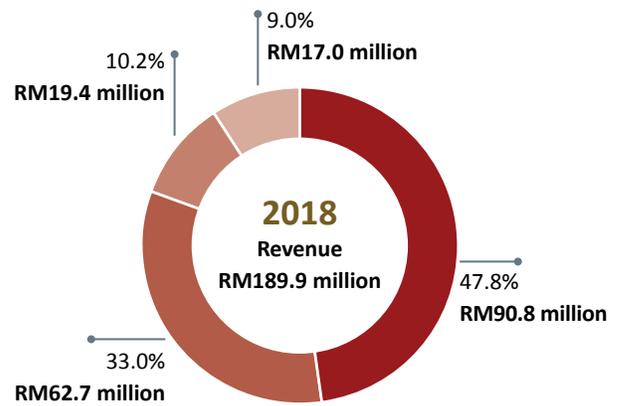
As an integrated packaging solutions provider, CBB’s business is driven by four divisions, namely paper bags, carton boxes, plastics and original equipment manufacturer (“OEM”) for consumer products. The paper bags division operates from three plants which are located in Ipoh and Senai in Malaysia, and Medan in Indonesia. The carton boxes division runs at its plants in Nilai and Senai. The other two divisions, plastics and OEM, operate from CBB’s plant in Senai.

As growth in the cement industry decelerated due to the on-going review of mega infrastructure projects during the year, demand for cement bags dwindled. To counter the impact, CBB channelled its marketing efforts to focus on the dry-mix packaging segment which caters to the renovation market. CBB’s paper bag division in Indonesia also mobilised another value creation initiative, targeting mid-size cement players to firm up demand for cement bags.



*Paper bag tubing machine at CBB, Senai, Johor Bahru.*

*CBB: Revenue by Division*



- Paper Bags
- Carton Boxes
- Plastics
- Consumer



MANAGEMENT DISCUSSION AND ANALYSIS

To extend its product range of carton boxes, on 9 April 2018, CBB via its subsidiary Pro Pulp Packages Sdn Bhd formed a Joint Venture ("JV") with Shenzhen-based Hongda Printing Holdings Limited ("Hongda Printing"). Hongda Printing is a printing, packaging and design solutions provider having clients in China, Malaysia, Vietnam and the US. The JV combines the expertise of two companies in the downstream production of carton boxes and the upstream services of design and printing. It enhances CBB's capabilities by extending the product range into offset carton box production.

Hongda Printing's existing supply contracts to customers in Malaysia will be transferred to the JV Company, Hongda Century Packing & Printing Sdn Bhd ("Hongda Century"), which operates within CBB's premises in Senai. This augurs well for Hongda Century as it will have cost advantage over its peers by leveraging on CBB's expertise in producing raw materials for carton box production. With the additional production capacity, CBB is poised to further expand its carton business beyond the present clientele.

Hongda Century's plant in Senai has a built-up area of 18,000 square feet with a total production capacity of 10 million pieces of offset carton boxes annually.

Within the plastics division, CBB invested in a new shrink film machine to maintain an optimum production capacity for shrink film production as well as capture future growth in the product segment, which commands higher margin. The OEM division successfully launched new products, such as hand wash and shower gel, which are marketed to leading retailers.

Finally, in line with the Group's strategic direction of having greater business focus on core activities, on 29 October 2018, CBB divested the MLM business, Cengreen Global Sdn Bhd, to a non-related party.

During the year, CBB grew the revenue contribution to the Group to RM189.9 million from RM174.1 million previously.

Moving forward, Perangsang Selangor will continue to execute business initiatives to further enlarge CBB's footprint in the non-cement sector in Malaysia as well as capture growth opportunities in the Southeast Asia cement market, such as Medan in Indonesia. Based on the current utilisation rate of between 60% and 70%, the plants in Johor and Indonesia have ample capacities to grow the paper, carton and plastic divisions further.



Carton box high speed printing machine at CBB, Nilai, Negeri Sembilan.



Corrugated carton boxes production line at CBB, Nilai, Negeri Sembilan.



Produces

**10** Million Pieces of Carton Boxes annually



Launched

**New Products** such as hand wash and shower gel

MANAGEMENT DISCUSSION **A N D A N A L Y S I S**

**CPI**

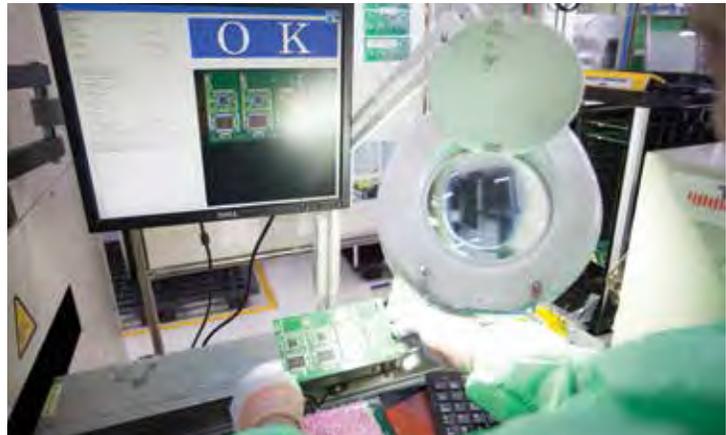
**(ii) CPI (PENANG) SDN BHD**

As an integrated plastic injection moulding company, CPI is well positioned for the expanding E&E global market, providing its customers with end-to-end plastic injection moulding services, from product design conceptualisation, tool fabrication and production, to complete box-build solutions. Essentially, CPI is a contract manufacturer which manufactures products tailored to the specific requirements of its customers.

While the plastic injection moulding (“Plastics Division”) is the main business segment, the Electronics Division continues to play a supporting role to the Plastics Division. In 2018, the Plastics Division contributed RM110.1 million, or 86.5%, to CPI revenue. The Electronics Division complemented this with a revenue of RM17.2 million, or 13.5%.

On 17 July 2018, CPI had announced its acquisition of a 4.5-acre land in Bayan Lepas, for expansion purposes. The land acquisition shall be vital in supporting CPI’s growth by expanding its production capacity as it serves a larger clientele base.

CPI prides itself in securing a long-term clientele of over 90 corporations worldwide, most of whom are market leaders and multinational companies from the automotive, medical and telecommunications as well as electronics manufacturers. In 2018, sales from the automotive sector contributed the biggest chunk to revenue with RM43.3 million, or 34.0%. The next largest contributors were the telecommunications and medical sectors, adding another RM39.0 million, or 30.7%, and RM30.2 million, or 23.7%, respectively. The remaining contribution of RM14.8 million, or 11.6%, was from customers from other sectors.



*Stringent quality control is of utmost importance at each level of CPI’s production processes.*



*Fully automated spray painting process at CPI’s plastic injection moulding plant.*

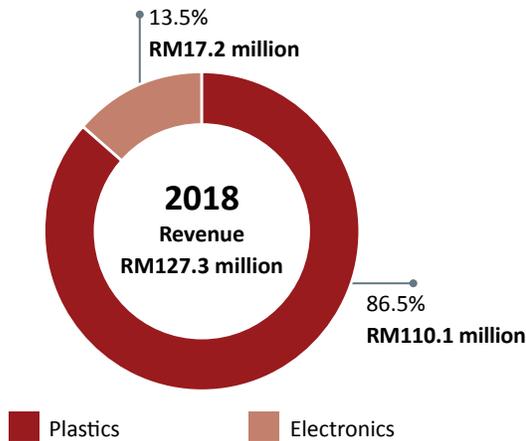


*CPI also possesses the capability to undertake secondary processes such as printing.*

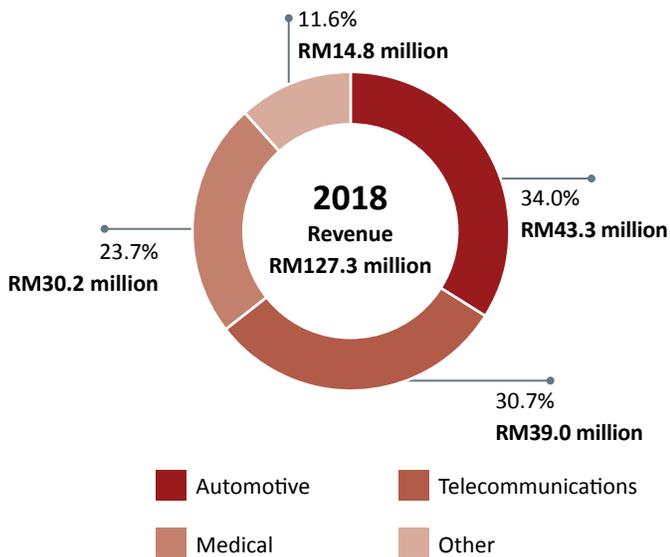


## MANAGEMENT DISCUSSION AND ANALYSIS

CPI: Revenue by Division



CPI: Revenue by Sector



For 2018, CPI made a nine-month revenue contribution to the Group amounting to RM127.3 million, upon it becoming a wholly-owned subsidiary of the Group from April 2018.

Moving forward, CPI's strategy for growth is three-pronged. For the Plastics Division, CPI targets to expand its earnings base by focussing on higher margin customers as well as venturing into a new market segment. The Electronics Division will continue to support the Plastics Division with more aggressive efforts in securing new customers.



## (iii) KING KOIL MANUFACTURING WEST

Given the changing dynamics of the bedding industry in the US, the Group announced on 11 January 2018 a new strategy for KKLC to reposition its mattress business in the US market. The new direction entails KKLC gradually taking over product distribution throughout the US upon expiry of the current license agreements over the next three years, while embarking on in-house manufacturing for control over product standards.

Subsequently, on 22 January 2018, KKMW was formed to undertake the production, sale and distribution of mattresses and related bedding and sleep products. Soon after in May 2018, KKMW achieved a significant milestone with the commissioning of its first manufacturing plant in Phoenix, Arizona. With an almost 90,000 square-foot production space, the plant is capable of manufacturing 250 mattresses per day, based on single 8-hour shifts. With increasing capacity utilisation of almost 50% for 2018, KKMW is poised to enjoy a larger revenue base given the direct-to-retailer business model, while at the same time having greater control over the quality and distribution of King Koil mattresses.

In addition, the Arizona plant provides KKMW with greater scale in manufacturing bedding products to serve unlicensed territories in the West Coast. It has since supplied to retailers in California, Nevada, Washington and Texas. Not only has retaining oversight of the manufacturing processes allowed KKMW to have greater control over product quality, but it has also helped ensure the satisfaction of KKMW's retail partners in the US as well as those in the export markets.

In 2018, housing sales, disposable income, new household formations and employment improved significantly in the US, resulting in a feel-good factor to create increased demand for mattresses. The strength in demand for premium mattresses and sleep products in the US came mostly from the mature consumer segment which places high importance on comfort and health. KKMW is well positioned in this segment as King Koil mattresses are accredited by the International Chiropractor Association.

During the year, KKMW made an eight-month revenue contribution to the Group amounting to RM40.3 million.

Moving forward, KKMW looks to stabilise the Arizona plant by ramping up efficiency and readiness for sales growth. Next, it plans to increase the plant's utilisation rate when marketing efforts and sales forces are enhanced to capture bigger opportunities with more retailers. Other value creation initiatives being looked at include improvements in mattress design and increased focus on premium products.



MANAGEMENT DISCUSSION AND ANALYSIS



TRADING



AQUA-FLO SDN BHD

Demand for water treatment chemicals and monitoring equipment products has increased given the rise in consumers' awareness on a steady and sustainable supply of treated water. Rising water quality standards, expanding access to safe drinking water in underserved areas and the shift toward higher value chemicals with improved environmental profiles have also driven the demand for water chemicals and related products.

Aqua-Flo is in the business of supplying water treatment chemicals such as Liquid Chlorine, Liquid Alum and Poly Aluminum Chloride to the water, waste and sewage treatment industries. It is well positioned to benefit from the increasing demand for water chemicals, which results from more stringent regulatory requirements on the standard and quality of water supply in the country. Although most of its sales were generated from asset owners and operators in Selangor, Aqua-Flo also extended its services to water operators in six other states.

On 18 May 2018, Aqua-Flo secured a contract extension worth RM25.1 million for the supply and delivery of chemicals to PNSB Water Sdn Bhd, Konsortium ABASS Sdn Bhd and Konsortium Air Selangor Sdn Bhd. The supply contract was extended until 31 October 2018.

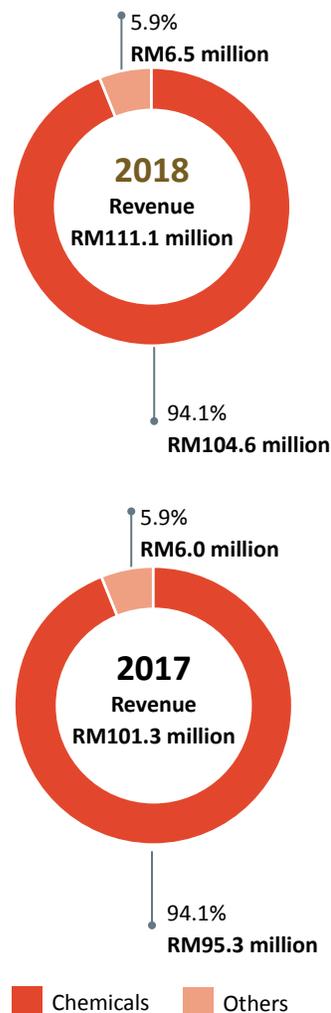
Backed by its excellent track record in providing quality products at competitive prices, Aqua-Flo bagged another contract win on 17 October 2018 from Air Selangor. Won through an open tender process, the contract is to supply and deliver water chemicals to water treatment plants in the state of Selangor, and the Federal Territories of Kuala Lumpur and Putrajaya for a period of two years beginning 1 November 2018. Worth RM162.5 million, the contract is expected to contribute positively to the Group for the financial years ending 31 December 2018 until 2020.

At the same time, Aqua-Flo had also actively participated in tender bids for the supply and delivery of water treatment chemicals in other states in order to further improve its market share in the water treatment industry. During the year, Aqua-Flo grew its revenue contribution to the Group to RM111.1 million from RM101.3 million previously. Moving forward, Aqua-Flo targets to achieve higher chemical sales to drinking water treatment plants. This plan is supported by the anticipated commissioning of the Langat 2, Semenyih 2 and Labohan Dagang treatment plants in 2019.



Chemical handling at Aqua-Flo's warehouse.

Aqua-Flo: Revenue by Product



A technician conducting jar testing at Aqua-Flo's in-house laboratory.



## MANAGEMENT DISCUSSION AND ANALYSIS



## LICENSING



## KING KOIL LICENSING COMPANY INC

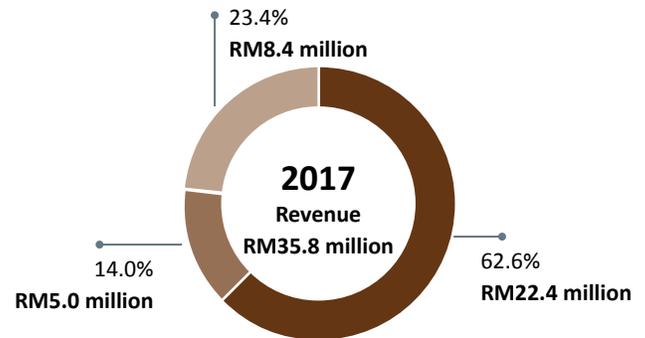
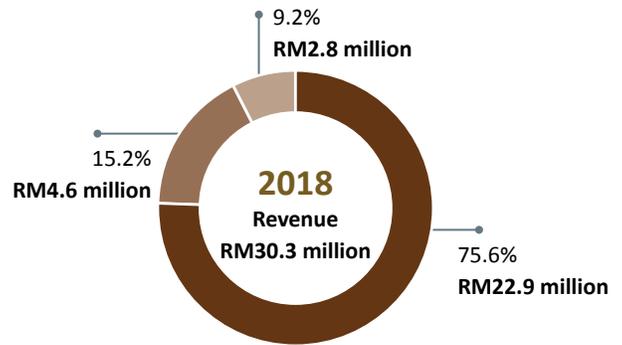
World consumption of mattresses and sleep products was estimated at USD27 billion in 2018. The consumption has been increasing by an average 4% yearly in the past decade. The main consuming regions are Asia and the Pacific, followed by North America and Europe. At country level however, about 70% share of world mattress consumption takes place in the US, China, Brazil, India and Germany (*Source: 2018 World Mattress Industry Report*).

As the licensor, KKLC owns the King Koil brand and operates the licensing of the brand worldwide. It generates income from royalty payments of between 2% and 3% of sales from the use of the trademark by its licensees, who are either contract manufacturers or retailers of mattresses and related bedding and sleep products. In 2018, KKLC added two new licensees from Vietnam and Thailand. With these new additions, KKLC has 28 licensees under its belt, covering more than 90 countries.

Out of these 28 licensees, 26 of them are international licensees from outside the US. Among the international licensees, top contributors in terms of royalty payments are from Australia, China, Indonesia, the United Arab Emirates and Russia. Licensees from Argentina, Ireland, Malaysia and Turkey also made significant contributions to the royalty payments. In 2018, KKLC continued methodical expansion efforts to enhance King Koil's presence and brand recognition worldwide, seeking capable and credible partners in all markets.

In line with the change in business strategy set out by the Group for the licensing business in the US to improve its market position, KKLC has gradually taken over product distribution throughout the country upon expiry of its current license agreements. Currently, there remains two active licensees in the US, one of which is Blue Bell Mattress ("Blue Bell"). Blue Bell is a contract manufacturer and KKLC's top licensee having strong marketing influence in the Northeast region.

KKLC: Revenue by Division



During the year, KKLC contributed RM30.3 million to the Group's revenue, down from RM35.8 million contributed in the previous year. This was mainly due to lower corporate sales - which is not a cause for concern - as the production of mattresses was shifted to KKMW's Arizona plant.

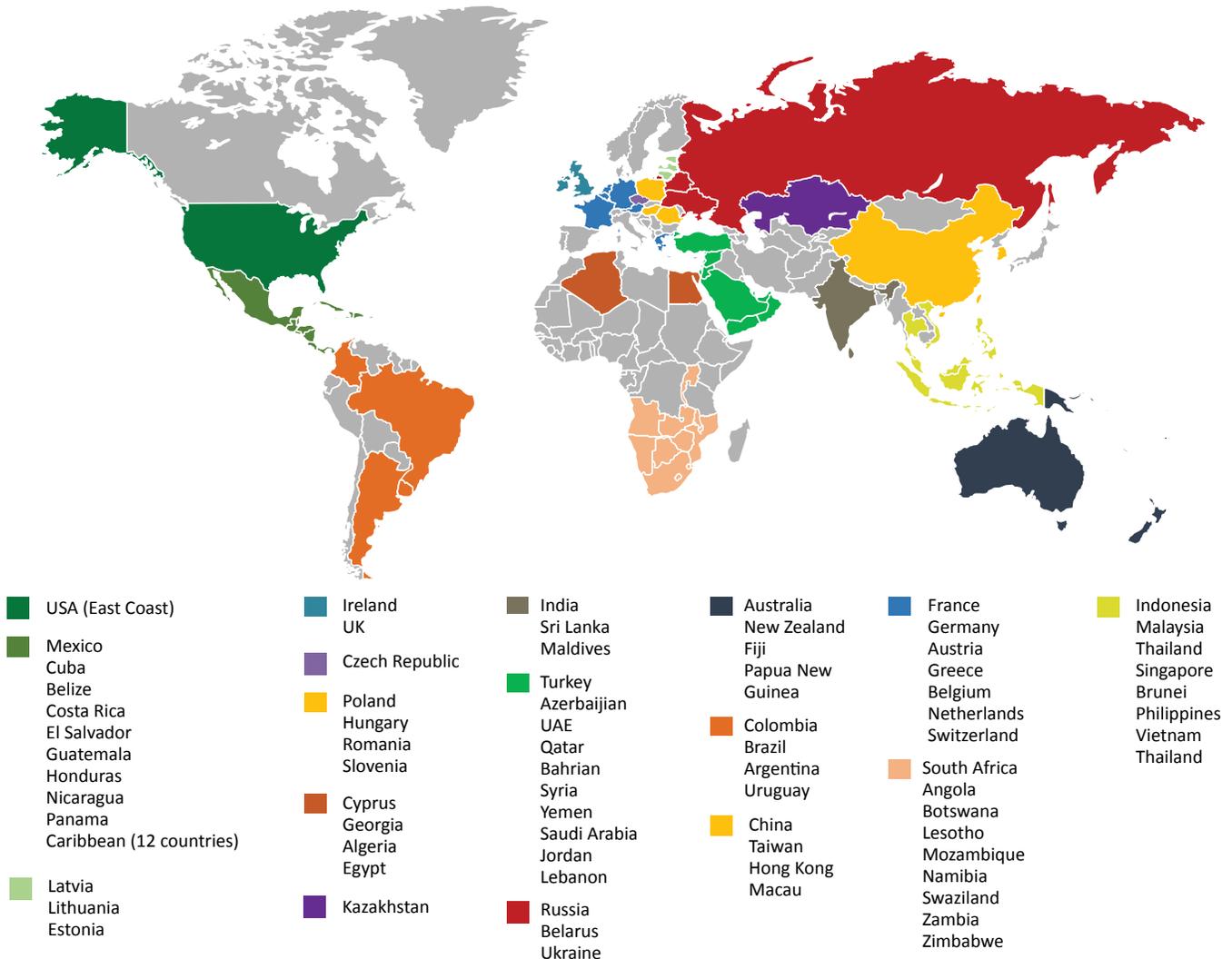
MANAGEMENT DISCUSSION **AND ANALYSIS**

Royalty contribution from the international market improved slightly to RM22.9 million in 2018, as compared to RM22.4 million in 2017. Conversely, royalty contribution from the US market dipped slightly to RM4.6 million in 2018, as compared to RM5.0 million in 2017. To reiterate, KKLC has gradually been taking over product distribution throughout the US upon expiry of its current license agreements, which is in line with the Group’s overall strategy with respect to King Koil operations in the US market.

To create future value, KKLC recently inked a strategic partnership with Blue Bell with the long-term objective of enhancing KKLC’s distribution capabilities throughout the US. From its own manufacturing plant in Arizona, and Blue Bell’s two plants in the Midwest and Northeast regions, King Koil is now capable of supplying the best quality mattresses to furniture and bedding specialty retailers from coast to coast.



**Geographical Presence of King Koil Licensing Business: Total Licensees Issued: 28. 2 Licensees in the US, 26 Internationally.**





MANAGEMENT DISCUSSION AND ANALYSIS



INFRASTRUCTURE



Installation of fiberglass-reinforced polymer railing at Phase 3C, Pulau Indah Industrial Park.

**KPS-HCM Sdn. Bhd.**

(i) KPS-HCM SDN BHD

The economic momentum in the construction sector turned sluggish in 2018, growing at only 4.5% as compared to 6.7% in 2017 (Source: Ministry of Finance Economic Outlook 2019). The slower growth was due to the Government’s review of several mega projects and overhang in the non-residential sector.

Having broadened the scope of its services in providing general civil engineering works, building construction and maintenance works to the private sector, KPS-HCM’s revenue was derived from the infrastructure works undertaken at the Pulau Indah Industrial Park, which KPS-HCM had secured in 2017. Slated for completion in July 2019, the 18-month infrastructure works contributed positively to the Group’s 2018 performance.

KPS-HCM made a 12-month contribution to Group revenue amounting to RM72.2 million in 2018, as compared to a six-month contribution of RM36.7 million in 2017.



Revenue  
**RM72.2** million  
(FY2017: RM36.7 million)

MANAGEMENT DISCUSSION **A N D A N A L Y S I S**



**(ii) SMARTPIPE TECHNOLOGY SDN BHD**

Smartpipe’s capability in executing pipe replacement projects using the conventional method was recognised on 2 July 2018 when it was awarded a RM20.0 million pipe replacement contract by Air Selangor. Estimated to be completed within 15 months, the project covers 16.3 kilometres of pipeline, spanning seven areas, namely Jalan Cheras-Kajang, Hulu Langat, Taman Segar in Cheras, Bangsar Ville, Jalan Jintan at Taman Supreme, Sri Hartamas and Kampung Seri Delima.

While the acceptance of the trenchless method with minimal excavation is still low in Malaysia, Smartpipe persevered in marking its presence in this area of expertise. It extended its reach, showcasing the trenchless method using the Netherlands-based Wavin Compact Pipe® technology to two state water agencies. In 2018, Smartpipe completed two pilot projects using Compact Pipe® (“CP”) technology.

The first pilot project was executed for Air Selangor and took place on 11 July 2018 at Taman Bukit Anggerik, Cheras, in Kuala Lumpur. The demonstration showcased Malaysia’s first ever trenchless, close-fit CP solution. Via this pilot project, Smartpipe was able to showcase one of CP’s advantages, which is the minimal excavation works required for its installation, making it suitable for environments with limited amount of space.

The second pilot project took place on 17 October 2018 on Jalan Dato’ Hj Ahmad Said in Butterworth, Penang, which was demonstrated to representatives from the Perbadanan Bekalan Air Pulau Pinang Sdn Bhd.

In 2018, Smartpipe contributed RM20.2 million to Group revenue, up by 381.0% from just RM4.2 million in 2017.



**Revenue**  
**RM20.2** million  
 (FY2017: RM4.2 million)



*The compact pipe is made of polyethylene (“PE”) 80 or PE 100 with pipe diameters ranging from 100 mm to 500 mm.*

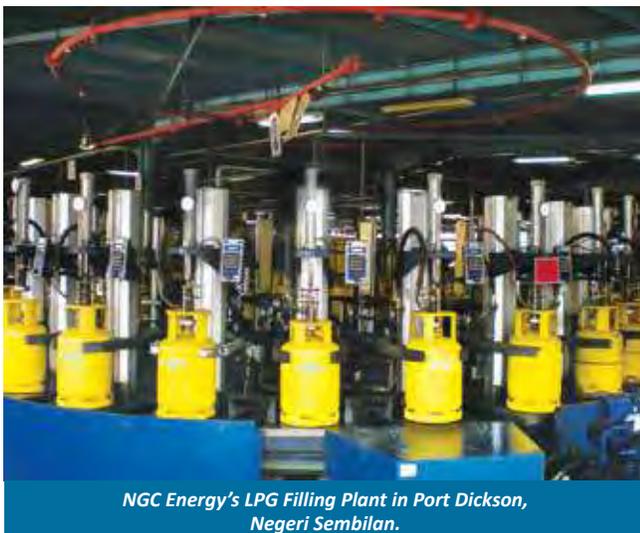
MANAGEMENT DISCUSSION **AND ANALYSIS****(iii) SISTEM PENYURAIAN TRAFIK KL BARAT SDN BHD**

SPRINT is one of the main expressway networks in the Klang Valley, which was built to disperse traffic congestion from the western suburbs of Petaling Jaya, Damansara and from the surrounding areas. Also known as the Western Dispersal Link Scheme, the 26.5 km expressway is divided into three sections: the Kerinchi Link, Damansara Link and Penchala Link. Perangsang Selangor has a 20% stake in SPRINT.

In 2018, the Group's share of loss from the associate company was RM1.4 million, lower as compared to RM3.8 million in 2017.

**OIL & GAS****NGC ENERGY SDN BHD**

Our 40% associate company, NGC Energy, is in the business of supplying LPG to residential, commercial and industrial customers. It remained profitable in 2018, thanks to the expansion initiatives that targeted a higher mix of the industrial and commercial customer segment. In 2018, the Group's share of profit was RM12.1 million, slightly higher as compared to RM11.2 million in 2017.

**MANAGING RISKS**

Perangsang Selangor continues to demonstrate its resilience amid the increasingly competitive business environment. With business sustainability in mind, assessments on the overall risk profiles were carried out and reported quarterly at the Group and subsidiary levels.

The Group has in place an Enterprise Risk Management framework that is based on the ISO 31000:2018 International Standard of Risk Management to proactively identify, evaluate and manage key risks to an optimal level. In line with the Group's commitment to deliver sustainable value to all stakeholders, the framework aims to provide an integrated and organised approach to risk.

Identified key risk areas, key mitigating actions and key risk indicators are documented and monitored on a quarterly basis. Further details on our Risk Management are provided in the Statement of Risk Management and Internal Controls on pages 155 through 165 of this Annual Report.

**STRATEGIES FOR CONTINUED SUCCESS**

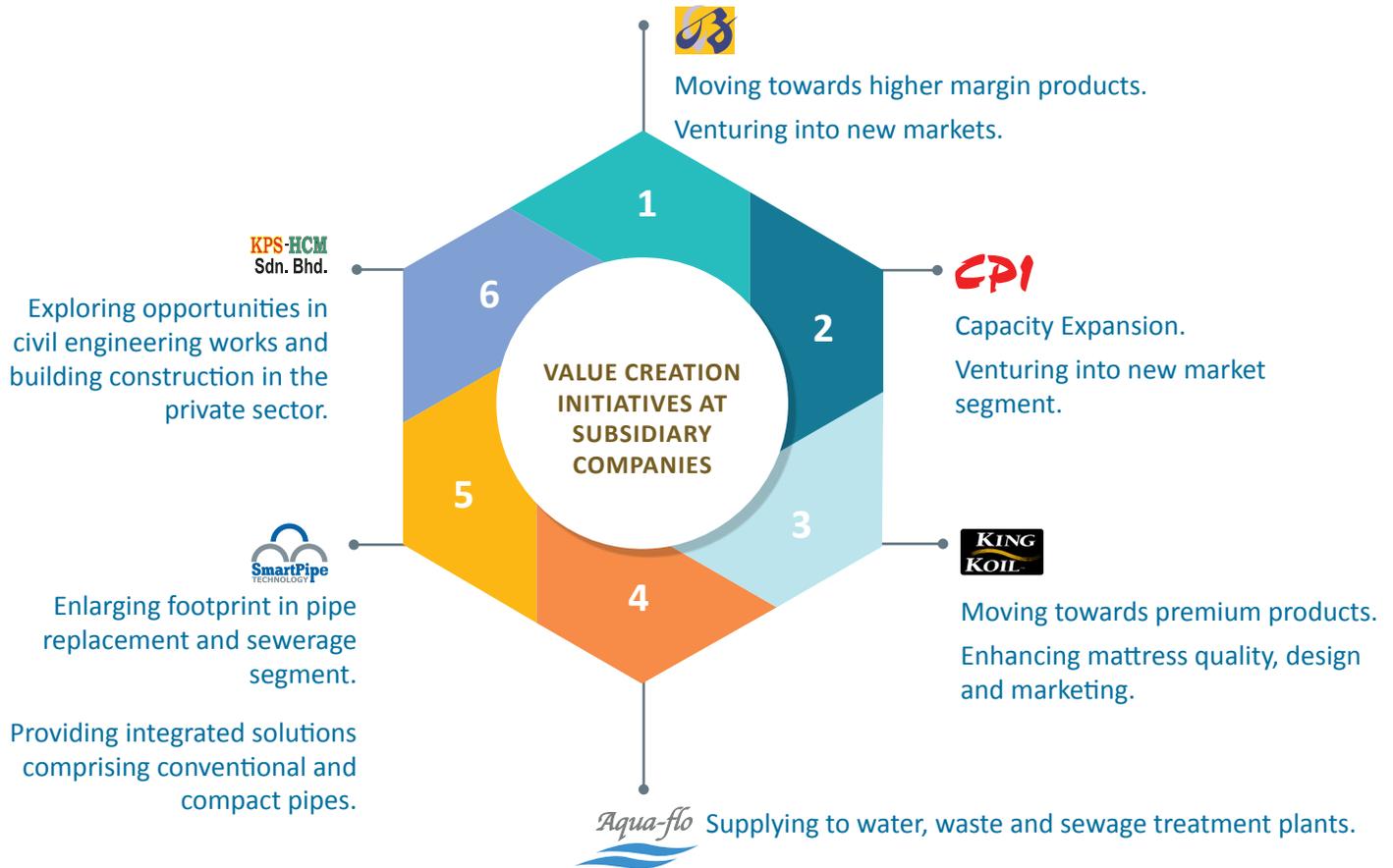
As a responsible investment holding company in this competitive business environment, we often ask ourselves whether we are the company we need to be in order to succeed in the future.

The answer is yes.

Three years into the BTP, we have developed a sharper focus on key growth catalysts, which are positioning us well to grow, compete and stay ahead in the industry. The continued agenda for sustainable growth will see us further harnessing growth potential from our existing core businesses or creating future growth drivers from new investment opportunities that can be integrated with the existing businesses. This way, we can continue to deliver on the fundamentals which our business is built upon.

MANAGEMENT DISCUSSION **A N D A N A L Y S I S**

Various value creation initiatives have been laid out for our core businesses going forward:



**CAPITAL MANAGEMENT**

To support these initiatives, the Group is allocating between RM60.0 million and RM70.0 million in capital expenditure in 2019.

At the beginning of the BTP, the Group’s focus was on immediate revenue generation which necessitated a high gearing level to finance the acquisition of new companies. This strategy has proven to be successful based on the aggressive revenue growth we have registered to date. Going forward, the Group is looking to optimise its capital structure, cost and liquidity management, with the goal to enhance its profitability.

The Company’s view on capital management is centred on safeguarding its ability to continue as a going concern and maintaining an optimum capital structure while providing shareholder’s return. In this respect, Perangsang Selangor strives to maintain a conservative approach in allotting dividend payment, as it strikes an important balance between ensuring availability of funds to support the Group’s growth plans and offering reasonable returns to its shareholders.

With respect to the financial year ended 31 December 2018 and subject to shareholders’ approval at the 42<sup>nd</sup> Annual General Meeting, we recommend a final cash dividend of 4.25 sen per ordinary share.

MANAGEMENT DISCUSSION **A N D** **A N A L Y S I S****LOOKING AHEAD**

The prospect for the Group's businesses, to some extent, will trail the economic outlook, which is expected to remain challenging. Growth in the global economy is forecast to remain flat at 3.7%, on sustained downside risks arising from most economies. (Source: IMF)

Growth in the US is expected to moderate as a result of the recently adopted trade restrictive policies against China. On lower domestic demand and exports, growth in the Euro area is likely to ease further. Low business confidence due to the uncertainties of the outcome of Brexit negotiations is anticipated to take a toll on GDP growth in the UK. Narrowing down to Asia, economic activities in China are theorised to remain affected by the trade war imposed by the US. Churning the sustained external uncertainties, risks to economic growth in Malaysia is expected to persist, with consensus GDP forecast settling at below 5% level. (Source: Maybank IB Research)

The ensuing year will yet again reflect our ability and agility to navigate the internal and external operating environments on the back of our ongoing BTP and continuous value creation initiatives within the Group. While aware of both challenges and opportunities that are in store for us, we welcome 2019 with optimism, staying committed towards achieving our business aspirations while delivering greater value to our shareholders and other stakeholders.

**ACKNOWLEDGMENT**

Many parties have contributed to the Group's sustainable growth and I am sincerely appreciative of their roles. I wish to convey my gratitude to the members of the Board for their wise counsel and astute insight in steering the Group's direction, and guiding us through the challenges and opportunities in running the business; to Government agencies and authorities for their unwavering assistance and cooperation; and to our loyal customers from diverse industries and sectors as well as all our other stakeholders for their continued support and trust in the Perangsang Selangor brand.

Equally important, I am truly honoured to have worked together with the very dedicated Management team and our employees, the Group's greatest assets, who remained committed and steadfast in discharging their duties and responsibilities. My special thanks for their unrelenting support, as a result of which has brought the Group one step closer to achieving our vision to be the leading corporation stimulating economic growth in Selangor and beyond.

**AHMAD FARIZ BIN HASSAN**  
Managing Director/Group CEO

“ Three years into the BTP, we have developed a sharper focus on key growth catalysts, which are positioning us well to grow, compete and stay ahead in the industry.

The continued agenda for sustainable growth will see us further harnessing growth potential from our existing core businesses or creating future growth drivers from new investment opportunities that can be integrated with the existing businesses.”





*Workers assembling mattress foundation at the King Koil plant in Arizona, the US.*



## BOARD OF DIRECTORS' PROFILES

### YM RAJA SHAHREEN BIN RAJA OTHMAN

Chairman, Non-Independent Non-Executive Director  
Male, Age 52, Malaysian

Date Appointed to the Board: 31 March 2015

#### QUALIFICATIONS

- Harvard Senior Management Development Programme organised by the Harvard Business School
- Bachelor Degree in Accounting, La Trobe University, Melbourne Australia

#### MEMBERSHIP OF BOARD COMMITTEES

- Member of the Nomination and Remuneration Committee
- Member of Audit Committee
- Member of the Board Investment Review Committee

#### MEMBERSHIP OF ASSOCIATIONS

- Member of Australia Society of Certified Practising Accountants
- Member of the Malaysian Institute of Accountants

#### DATE OF LAST RE-ELECTION

- 25 May 2017

#### WORKING EXPERIENCE AND CURRENT ENGAGEMENT

YM Raja Shahreen bin Raja Othman began his career with Ernst & Young in 1989 before assuming the position of Director in 2000. He then assumed the position of Chief Financial Officer at Pos Malaysia Berhad from 2004 until August 2007 before pursuing his career as General Manager cum Chief Financial Officer/Company Secretary at Oman Oil Marketing Company SAOG from November 2007 to 2013. Prior to joining Menteri Besar Selangor (Incorporated) ("MBI"), he was the Chief Financial Officer in an Oil & Gas Company. Currently, YM Raja Shahreen holds the position of Chief Executive Officer of MBI since 1 December 2014.



#### PRESENT DIRECTORSHIPS:

Listed Entity

- None

Other Public Companies

- Kumpulan Darul Ehsan Berhad
- Permodalan Negeri Selangor Berhad
- Kumpulan Hartanah Selangor Berhad  
(Alternate Director to Encik Soffan Affendi bin Aminudin)

#### INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 14 March 2019)

- None

#### NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR 2018

- 8 out of 8 Board meetings held

BOARD OF DIRECTORS' **PROFILES****YBHG DATO' KAMARUL BAHARIN  
BIN ABBAS, DSSA**

Independent Director

Male, Age 72, Malaysian

Date Appointed to the Board: 16 June 2010

**QUALIFICATIONS**

- Diploma in Marketing, UK
- Diploma in Business Studies, Universiti Teknologi MARA

**MEMBERSHIP OF BOARD COMMITTEES**

- Chairman of the Sustainability Board Committee
- Member of the Nomination and Remuneration Committee
- Member of the Board Risk Management Committee

**MEMBERSHIP OF ASSOCIATIONS**

- Member of Institute of Marketing, UK

**DATE OF LAST RE-ELECTION**

- 24 May 2018

**WORKING EXPERIENCE AND CURRENT ENGAGEMENT**

Dato' Kamarul Baharin bin Abbas began his career in 1968 as a Marketing Executive at Nestle Products (M) Ltd. In 1971 to 1974, he was a Sales Manager at Pernas Trading Sdn Bhd. From thereon, he was involved in construction and property development. He was appointed as Executive Chairman of Tenaga Ehsan Sdn Bhd in 1987 up to this day and is responsible for developing Taman Ehsan in Kepong, and Taman Samudra in Batu Caves, Selangor, consisting of more than 5,000 units of houses/apartments/shop houses. He was previously a two-term Member of Parliament for Telok Kemang, Negeri Sembilan and also a two-term Member of Public Accounts Committee (PAC).

**PRESENT DIRECTORSHIPS:**

Listed Entity

- None

Other Public Companies

- Century Bond Bhd

**INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES  
(as at 14 March 2019)**

- 5 units shares in Kumpulan Perangsang Selangor Berhad

**NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL  
YEAR 2018**

- 6 out of 8 Board meetings held



## BOARD OF DIRECTORS' PROFILES

### ENCIK SUHAIMI BIN KAMARALZAMAN

Non-Independent Non-Executive Director

Male, Age 51, Malaysian

Date Appointed to the Board: 14 April 2011

#### QUALIFICATIONS

- Bachelor of Arts in Accounting and Management Science, University of Kent, UK
- Associate Chartered Accountant, Institute of Chartered Accountants in England and Wales (ICAEW)

#### MEMBERSHIP OF BOARD COMMITTEES

- Chairman of the Tender Board Committee
- Member of the Board Investment Review Committee

#### MEMBERSHIP OF ASSOCIATIONS

- Member of the Malaysian Institute of Accountants

#### DATE OF LAST RE-ELECTION

- 27 May 2016

#### WORKING EXPERIENCE AND CURRENT ENGAGEMENT

Suhaimi bin Kamaralzaman holds the position as President of Kumpulan Darul Ehsan Berhad ("KDEB"), the immediate holding company of Perangsang Selangor, since 10 May 2011.

He was previously the Group Chief Executive Officer/Managing Director of Perangsang Selangor Group, a position he held until 1 September 2015 where he was re-designated to Non-Independent Non-Executive Director on the even date. He is also the Chief Executive Officer of Pengurusan Air Selangor Sdn Bhd, a wholly owned subsidiary of KDEB. Prior to joining the KDEB group of companies, Suhaimi was the MD/CEO of Melewar Industrial Group ("MIG") from March 2010 until May 2011. Prior to his appointment as the MD/CEO of MIG, he was the Deputy Chief Executive Officer of MIG from July 2009.

From 1 January 2007 to 30 June 2009, Suhaimi was the Chief Executive Officer of Pengurusan Aset Air Berhad ("PAAB"). During his tenure at PAAB, he successfully signed the acquisition of the water assets for Melaka, Negeri Sembilan and Johor.

From August 2000 to December 2006, Suhaimi was the Chief Executive Officer of Indah Water Konsortium Sdn Bhd ("IWK"). In 2005, Malaysian Water Association awarded IWK the Malaysian Water Award for Management Excellence in total water management and operational efficiencies.



In 1998, he was an Accountant to the National Economic Action Council ("NEAC"). Before joining NEAC, he was with Arthur Andersen, Malaysia from 1996 to 1998 and also Malaysia's national oil corporation, PETRONAS between 1994 and 1996. He started his career with Blick Rothenberg Chartered Accountants as an auditor from 1991 to 1994.

#### PRESENT DIRECTORSHIPS:

Listed Entity

- None

Other Public Companies

- Kumpulan Darul Ehsan Berhad

#### INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 14 March 2019)

- 10,769 shares in Kumpulan Perangsang Selangor Berhad

#### NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR 2018

- 6 out of 8 Board meetings held

BOARD OF DIRECTORS' **PROFILES****YBHG DATO' MOHAMED ROSS  
BIN MOHD DIN, DSIS**

Independent Non-Executive Director

Male, Age 67, Malaysian

Date Appointed to the Board: 10 May 2011

**QUALIFICATIONS**

- Banking Diploma (Part 1), The Institute of Bankers, UK

**MEMBERSHIP OF BOARD COMMITTEES**

- Chairman of the Board Risk Management Committee
- Chairman of the Nomination and Remuneration Committee
- Member of the Audit Committee
- Member of the Board Investment Review Committee

**MEMBERSHIP OF ASSOCIATIONS**

- None

**DATE OF LAST RE-ELECTION**

- 27 May 2016

**WORKING EXPERIENCE CURRENT ENGAGEMENT**

Dato' Mohamed Ross bin Mohd Din joined HSBC Bank Malaysia Berhad in 1972 and served in various capacities ranging from Corporate and Retail Banking, Branch Banking, Area Management, Head of Treasury & Foreign Exchange and was also Head of Group Audit Malaysia. In his last appointment, he was Managing Director of the HSBC Amanah onshore business franchise in Malaysia.

On retirement, he was appointed as Senior Advisor and Executive Director of HSBC Amanah Takaful (Malaysia) Sendirian Berhad until 31 December 2008. Concurrently in 2008 he was also appointed an Independent Non-Executive Director of HSBC Amanah Malaysia Berhad where he chaired the Risk Committee and also sat on the Audit and Nomination Committees. He retired in April 2016.

He then joined the CIMB Group Holdings Berhad Board/CIMB Islamic Bank Berhad Board in April 2016 as an Independent Non-Executive Director. In April 2017 he was made Chairman of CIMB Islamic Bank Berhad.

Currently he also sits on an Advisory Board overseeing a Private Equity Fund (Ekuinas OFM Program) as an independent member. He is also a member of the Board of Trustees of Lembaga Zakat Selangor and an Independent Non-Executive Director on the Board of an Asset Management Company.

**PRESENT DIRECTORSHIPS:**

Listed Entity

- CIMB Group Holdings Berhad

Other Public Companies

- CIMB Islamic Bank Berhad

**INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES  
(as at 14 March 2019)**

- 11,113 shares in Kumpulan Perangsang Selangor Berhad

**NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL  
YEAR 2018**

- 8 out of 8 Board meetings held



## BOARD OF DIRECTORS' **PROFILES**

### YBHG DATO' IDRIS BIN MD TAHIR, DIMP

Independent Non-Executive Director

Male, Age 65, Malaysian

Date Appointed to the Board: 15 August 2013

#### QUALIFICATIONS

- Graduated from The Chartered Institute of Management Accountants (CIMA), UK and subsequently admitted to fellowship in 1995.

#### MEMBERSHIP OF BOARD COMMITTEES

- Chairman of the Audit Committee
- Member of the Nomination and Remuneration Committee
- Member of the Tender Board Committee

#### MEMBERSHIP OF ASSOCIATIONS

- Council Member of the Malaysia CIMA Division from 2007 to 2012
- Member of the Malaysian Institute of Accountants
- Former member of the Institute of Internal Auditors

#### DATE OF LAST RE-ELECTION

- 25 May 2017

#### WORKING EXPERIENCE AND CURRENT ENGAGEMENT

Dato' Idris bin Md Tahir started his career with Bank Negara Malaysia (Central Bank of Malaysia) as an Executive Officer of the Investment Department from 1978 until 1983, before joining Bank Islam Malaysia Berhad ("BIMB") as one of the pioneer group in establishing the first Islamic Bank in Malaysia. In his 29 years of service with BIMB Group of Companies, he held various senior managerial and Chief Internal Auditor posts involving various Islamic Financial activities which include Islamic banking, Takaful (Islamic Insurance), Ijarah (Islamic Leasing), Wakallah (Islamic Nominees), Islamic Asset Management and Islamic Stockbroking. His last post was as an Executive Director/Chief Executive Officer of BIMB Securities Sdn Berhad, an Islamic stockbroking company, before his retirement in 2012.



#### PRESENT DIRECTORSHIPS:

Listed Entity

- None

Other Public Companies

- Syarikat Pengeluar Air Selangor Holdings Berhad

#### INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 14 March 2019)

- None

#### NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR 2018

- 8 out of 8 Board meetings held

BOARD OF DIRECTORS' **PROFILES****YBHG DATO' IKMAL HIJAZ  
BIN HASHIM, DIMP**

Independent Non-Executive Director

Male, Age 65, Malaysian

Date Appointed to the Board: 1 January 2018

**QUALIFICATIONS**

- Bachelor of Arts with Honours, University Malaya
- MPhil. in Land Management, University of Reading, UK

**MEMBERSHIP OF BOARD COMMITTEES**

- Chairman of the Board Investment Review Committee
- Member of the Board Risk Management Committee
- Member of the Tender Board Committee

**MEMBERSHIP OF ASSOCIATIONS**

- None

**DATE OF LAST RE-ELECTION**

- 24 May 2018

**WORKING EXPERIENCE AND CURRENT ENGAGEMENT**

Dato' Ikmal Hijaz bin Hashim began his career in the Administrative and Diplomatic Service of the Government of Malaysia in 1976. In late 1991, he left the government services and joined United Engineers (M) Berhad as General Manager of the Malaysia-Singapore Second Crossing project.

In 1993, he became the Chief Operating Officer of Projek Lebuh raya Utara-Selatan Berhad ("PLUS") and in 1995, he was promoted as the company's Managing Director.

In 1999, he was then appointed as the Managing Director of Prolink Development Sdn Bhd ("Prolink") and concurrently assumed the position of President for the Property Division of the Group. He was subsequently appointed as Managing Director of Renong Berhad from 2002 until 2003.

In November 2003, Dato' Ikmal was seconded to Pos Malaysia Berhad as the Chief Executive Officer/Managing Director as well as the Group Managing Director of Pos Malaysia and Services Holdings Berhad. In November 2007, he was appointed as Chief Executive of Iskandar Regional Development Authority ("IRDA") until February 2009. He then became the Chairman of Faber Group Berhad from 1 March 2009 until June 2014. During the said period, he was also appointed as Independent Non-Executive Director of UEM Land Berhad.

**PRESENT DIRECTORSHIPS:**

Listed Entity

- EP Manufacturing Bhd
- MB World Group Berhad

Other Public Companies

- Nadayu Properties Berhad
- Century Bond Bhd

**INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES  
(as at 14 March 2019)**

- None

**NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL  
YEAR 2018**

- 8 out of 8 Board meetings held



## BOARD OF DIRECTORS' PROFILES

### PUAN RITA BENOY BUSHON

Independent Non-Executive Director

Female, Age 59, Malaysian

Date Appointed to the Board: 6 April 2018

#### QUALIFICATIONS

- Master of Business Administration, Henley Management College
- Bachelor of Economics (Hon) – Statistics, University Kebangsaan Malaysia

#### MEMBERSHIP OF BOARD COMMITTEES

- Member of the Audit Committee
- Member of the Board Risk Management Committee
- Member of the Sustainability Board Committee

#### MEMBERSHIP OF ASSOCIATIONS

- None

#### DATE OF LAST RE-ELECTION

- 24 May 2018

#### WORKING EXPERIENCE AND CURRENT ENGAGEMENT

Rita Benoy Bushon was the CEO of Minority Shareholder Watchdog Group (“MSWG”) from 2009 to December 2016 and founder director from 2002 until March 2017. She was the Council Member for the Institutional Investor Council of Malaysia in 2015-2016. She had authored many publications in the Economics, Investment and Governance areas.

Currently, she is the Managing Partner of RAA Capital Partners Sdn Bhd which is a consultancy and advisory company.

Rita Benoy served at the Employees Provident Fund (“EPF”) for 23 years since 1984. Up to her optional retirement in October 2007, she had held various senior positions in EPF’s investment and planning departments such as Head of Equity Research, Head of External Portfolio Management, Head of Private Equity, Head of Corporate Surveillance as well as Head of Corporate Planning.

Rita Benoy was a non-independent non-executive director of Land & General Bhd between 2002 and 2006, before she became the property firm’s executive director between 2006 and 2008. She was also a non-independent non-executive director of fast-food operator KFC Holdings (M) Bhd from 2003 to 2007.

Rita Benoy was also active outside Malaysia. Between 2011 and 2013, she co-chaired the Shareholder Responsibilities Committee and Diversity Working Committee of the International Corporate Governance Network (“ICGN”), an international investor-led global organisation responsible for promoting corporate governance.



She served as a director of a US-listed Electronic Sensor Technology Inc. from 2007 and 2008. She is currently an action member of the ICGN.

In 2011, Rita Benoy was awarded the Brand Laureate Brand ICON Leadership Award for Transformation Leadership by the Asia-Pacific Brands Foundation. Three years later, she received the Women of Excellence Awards for “Outstanding Achievement” under the Quasi Government Category supported by the Ministry of Women, Family and Community Development for women development.

#### PRESENT DIRECTORSHIPS:

Listed Entity

- None

Other Public Companies

- None

#### INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 14 March 2019)

- None

#### NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR 2018

- 5 out of 5 Board meetings held (appointed on 6 April 2018)

BOARD OF DIRECTORS' **PROFILES****PUAN NORLIZA BINTI KAMARUDDIN**

Independent Non-Executive Director

Female, Age 55, Malaysian

Date Appointed to the Board: 6 April 2018

**QUALIFICATIONS**

- Bachelor in Arts and Design, Universiti Teknologi MARA
- Professional Certificate in Corporate Public Affairs (CPA) from The Center of Corporate Public Affairs, Melbourne Business School, Australia

**MEMBERSHIP OF BOARD COMMITTEES**

- Member of the Tender Board Committee
- Member of the Sustainability Board Committee

**MEMBERSHIP OF ASSOCIATIONS**

- None

**DATE OF LAST RE-ELECTION**

- 24 May 2018

**WORKING EXPERIENCE AND CURRENT ENGAGEMENT**

Norliza binti Kamaruddin is a senior communications specialist with more than 25 years of experience in Malaysia and other international markets. Specialising in a variety of sectors including energy, finance, banking, aviation, telecommunications and hospitality, she has more than 25 years of experience in various communications practices particularly reputation management, communications strategy, strategic planning, corporate and government stakeholder management, crisis communications, corporate social responsibility, branding, media relations and internal communications. Norliza has helped organisations within ASEAN, the Middle East and America's to develop and execute communications strategies.

Norliza is recognised as one of Malaysia's leading communication strategists with a deep understanding of the geopolitical landscape and a track record in developing sophisticated reputation campaigns for major organisations. She is also recognised for her presentation skills, speaking in many local and international conferences; sharing her experience and expertise with the global PR fraternity.

Currently, Norliza is the Managing Director in the Strategic Communications practice at FTI Consulting, Inc and is based in Kuala Lumpur, Malaysia. FTI Consulting, Inc is a global, public listed (NYSE) business advisory firm based in New York. Previously, she was the Global Head of Strategic Communications for PETRONAS. She was responsible for the company's overall communications strategy, corporate branding and reputation management in more than 30 countries. Prior to joining PETRONAS, Norliza was the Country Head of Corporate Affairs at Standard Chartered Bank.



Norliza is the only Malaysian to be recognised in the world's three most prestigious PR and marketing awards. She was named as one of 'Top 500 Most Influential PR Professional in PR Week Power Book 2014 and 2015' by the global PR Week magazine and included in the 'Power List 2014 - Top 50 Most Influential People in PR' by PR Week Asia. The Internationalist, New York also named Norliza as 'The Internationalist of the Year 2014'.

Norliza is currently serving as the Industrial Advisory Panel for Strategic Communications at Multimedia University Malaysia. She also sits on the Board of Trustees for Standard Chartered Foundation since 2010 and had served as the Chairman of the Prime Minister's Hibiscus Award and the President of the Business Council for Sustainability Responsibility Malaysia for the 2011-2013 term.

**PRESENT DIRECTORSHIPS:**

Listed Entity

- None

Other Public Companies

- None

**INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 15 March 2019)**

- None

**NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR 2018**

- 5 out of 5 Board meetings held (*appointed on 6 April 2018*)



## BOARD OF DIRECTORS' PROFILES

### ENCIK KOAY LI ONN (LEON)

Independent Non-Executive Director

Male, Age 48, Malaysian

Date Appointed to the Board: 1 January 2019

#### QUALIFICATIONS

- Executive Education Programme, University of Oxford, Saïd Business School
- Masters in Law, Harvard Law School, USA
- Bachelor of Laws, International Islamic University, Malaysia

#### MEMBERSHIP OF BOARD COMMITTEES

- Member of the Audit Committee
- Member of the Board Investment Review Committee
- Member of the Sustainability Board Committee

#### MEMBERSHIP OF ASSOCIATIONS

- Registered Attorney, New York State Bar

#### DATE OF LAST RE-ELECTION

- None

#### WORKING EXPERIENCE AND CURRENT ENGAGEMENT

Leon Koay has more than 22 years of experience in law, banking, corporate & structured finance, and treasury & markets. He has won multiple industry awards over the years for innovative structures and landmark transactions in Malaysia and the region. He was admitted to the Malaysian Bar and the New York State Bar, and practised law in Kuala Lumpur, before entering banking in 2002 with Standard Chartered Bank. He served in various roles with Standard Chartered and was based in Singapore between 2005 and 2011, covering different parts of the Asian region including North/NE Asia, SE Asia and India for corporate/structured finance. He returned to Malaysia in 2011 as Managing Director & Head, Financial Markets, and Co-Head, Wholesale Banking (for conventional & Islamic businesses) for Standard Chartered Bank Malaysia Berhad. He served on the Main Committee of the Financial Markets Association of Malaysia (2012-2015) and the Capital Markets Committee of the Association of Banks Malaysia (2012-2015).



Leon is currently Managing Director of Bangsawan Group, which provides corporate, financial and strategic consulting in Singapore and Malaysia. Leon also currently serves as a consultant to a Malaysian regulatory organization, is a member of the Malaysia Digital Economy Corporation's ("MDEC") mentor programme for Malaysian start-ups, and an advisor/working partner for a Singapore-based P2P lending & financial solutions platform.

#### PRESENT DIRECTORSHIPS:

Listed Entity

- None

Other Public Companies

- None

#### INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 14 March 2019)

- None

#### NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR 2018

- Not applicable (*appointed on 1 January 2019*)

BOARD OF DIRECTORS' **PROFILES****ENCIK AHMAD FARIZ BIN HASSAN**

Managing Director/Group Chief Executive Officer

Male, Age 42, Malaysian

Date Appointed to the Company as Managing Director/  
Group Chief Executive Officer: 1 January 2019**QUALIFICATIONS**

- Bachelor Degree in Accountancy, Universiti Teknologi MARA

**MEMBERSHIP OF BOARD COMMITTEES**

- None

**MEMBERSHIP OF ASSOCIATIONS**

- None

**DATE OF LAST RE-ELECTION**

- None

**WORKING EXPERIENCE AND CURRENT ENGAGEMENT**

Ahmad Fariz bin Hassan was appointed to the Board as Managing Director and simultaneously assumed the role of Group Chief Executive Officer on 1 January 2019. Prior to his appointment, Ahmad Fariz was Perangsang Selangor's Chief Executive Officer, a position he had held since 1 May 2016. Backed by 19 years of experience in investment and business management which was honed through his wide-ranging career that spans across banking, consumer and property development sectors, Ahmad Fariz is entrusted to steer the corporate direction and lead the growth of the Group.

At the advent of his career, he built his competencies in internal audit and risk management with MK Land Holdings Berhad, and in corporate governance with Malaysian Resources Corporation Berhad. Subsequently, he embarked on his banking career, starting with the Treasury Operation Division of CIMB Investment Bank, followed by the tenure in CIMB Private Equity, one of the largest private equity houses in Southeast Asia at that time. During his tenure with CIMB Private Equity, he accumulated his expertise in a wide spectrum of private equity activities, ranging from fund raising and investment evaluation to structuring of transactions and post-investment monitoring. Thereafter, he joined Ekuiti Nasional Berhad ("Ekuinas") where he was involved in the acquisitions of food and beverage companies under Integrated Food Group.

He was later seconded to Cosmo Restaurants Sdn Bhd, the franchise owner of the Burger King restaurants, as its Chief Operating Officer, where he was instrumental in enhancing the brand equity of Burger King and expanding its presence in Malaysia. Consequently, he joined Khazanah Nasional Berhad as Senior Vice President (Investment).

He joined Perangsang Selangor as Head of Strategic Planning and Investment in 2015. In 2016, in the capacity of Chief Executive Officer, he demonstrated a successful and impactful leadership, orchestrating strategic measures that harnessed a more aggressive yet sustainable growth agenda for the Group.



Ahmad Fariz steered a new business direction for the Group, one which aims for sustainably strong business growth, optimising shareholders' return as well as repositioning Perangsang Selangor's brand in the market. Perangsang Selangor has since evolved as an investment holding company, focused on core assets in the manufacturing, trading, licensing and infrastructure sectors.

**PRESENT DIRECTORSHIPS:**

Listed Entity

- None

Other Public Companies

- Century Bond Bhd
- Cash Band (M) Berhad

**INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 14 March 2019)**

- None

**NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR 2018**

- Not applicable (*appointed on 1 January 2019*)

**NOTES:**

Declaration by the Board:

- Family Relationship with Director and/or Major Shareholder of Perangsang Selangor: None of the Directors has any family relationship with any Director and/or Major Shareholder of Perangsang Selangor.
- Conflict of interest with Perangsang Selangor: None of the Directors has any conflict of interest with Perangsang Selangor.
- Other than traffic offences, conviction for offences within the past five (5) years and public sanction or penalty imposed by relevant regulatory bodies during the Financial Year under review: Other than traffic offences, none of the Directors has been convicted for any offences within the past five (5) years nor has been imposed of any public sanction or penalty by the relevant regulatory bodies during the Financial Year under review.



## KEY SENIOR MANAGEMENT PROFILES

### PUAN SUZILA BINTI KHAIRUDDIN

Deputy Chief Executive Officer (Operations)

Female, Age 43, Malaysian

Date Appointed to the Company as Deputy Chief Executive Officer (Operations): 1 January 2019

#### QUALIFICATIONS

- Bachelor of Science (Hons) in Finance and Accounting, University of Salford, UK
- Chartered Certified Accountant, the Association of Chartered Certified Accountants

#### MEMBERSHIP OF ASSOCIATIONS

- Member of Malaysian Institute of Accountants (MIA)
- Member of Association of Chartered Certified Accountants (ACCA)

#### PRESENT DIRECTORSHIPS:

Listed Entity

- None

Other Public Companies

- Cash Band (M) Berhad

#### INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 14 March 2019)

- 32,307 shares in Kumpulan Perangsang Selangor Berhad

#### WORKING EXPERIENCE AND CURRENT ENGAGEMENT

Suzila binti Khairuddin was appointed Deputy Chief Executive Officer (Operations) (“DCEOO”) of Perangsang Selangor on 1 January 2019. In this capacity, she works closely with the Managing Director/Group Chief Executive Officer (“MDGCEO”) in developing corporate policies, strategies, goals and long-term objectives for consideration, adoption and implementation at the Group level. As DCEOO, she provides leadership and develop revenue opportunities that result in sustainable corporate growth.

Prior to her current position, Suzila assumed the roles of Chief Operating Officer (“COO”) and Chief Financial Officer (“CFO”). As the COO, she was instrumental in overseeing the Group’s ongoing operations, maintaining control over myriad businesses within the Group. As the CFO of Perangsang Selangor, she led the strategic development of financial and operational strategies, in ensuring that the administrative, financial and risk management operations as well as the respective monitoring of control systems preserve the Company’s financial position.



She joined Perangsang Selangor as Finance Manager on 15 December 2003, was later promoted to Senior Manager of Finance on 1 January 2008 and subsequently to Assistant General Manager of Finance on 1 January 2009. She was appointed Acting General Manager Finance and Administration on 1 November 2013 and was subsequently promoted to General Manager Finance and Administration on 1 October 2014. Prior to joining Perangsang Selangor, Suzila had four years’ experience in Audit during her tenure with PricewaterhouseCoopers Malaysia, where she was involved in statutory and special audits of public listed companies, multinational corporations and private companies in various industries.

Suzila has proven her ability to secure the functionality of the Group’s businesses, one which contributed tremendously to the Group’s aggressive and sustainable growth.

KEY SENIOR MANAGEMENT **PROFILES****ENCIK AZLAN BIN ABDUL JALIL**

Deputy Chief Executive Officer (Strategy &amp; Investments)

Male, Age 42, Malaysian

Date Appointed to the Company as Deputy Chief Executive Officer (Strategy &amp; Investments): 1 January 2019

**QUALIFICATIONS**

- Bachelors of Science (Hons) in Accounting, University of Wales, Cardiff, UK

**MEMBERSHIP OF ASSOCIATIONS**

- None

**PRESENT DIRECTORSHIPS:**

Listed Entity

- None

Other Public Companies

- Century Bond Bhd

**INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 14 March 2019)**

- None

**WORKING EXPERIENCE AND CURRENT ENGAGEMENT**

Azlan bin Abdul Jalil was appointed as Deputy Chief Executive Officer (Strategy & Investments) of Perangsang Selangor on 1 January 2019. Prior to that, he had served as Chief Investment Officer since 1 July 2017 and Director of Strategic Planning and Investment in June 2016. In his capacity as Deputy Chief Executive Officer (Strategy & Investments), Azlan is responsible for leading the end to end matters pertinent to Investments and Strategic Planning. He has played a vital role in spearheading Perangsang Selangor's various mergers and acquisitions transactions ever since Perangsang Selangor first embarked on its Business Transformation Plan. He has displayed tremendous leadership qualities in welcoming these new companies into the bigger Perangsang Selangor family, as well as guiding, nurturing and finally transforming them into high performance culture companies.

Prior to joining Perangsang Selangor, Azlan was with Hong Leong Islamic Bank Berhad where he led and managed the bank's Islamic corporate banking end, comprising debt capital market transactions; financing syndication and financing restructuring exercises, servicing numerous clients encompassing government, GLCs, corporations and SMEs. His last position there was Head of Wholesale Banking.



Azlan has extensively developed his experience in banking, finance, investment and capital markets for over 18 years, starting from CIMB Investment Bank Berhad, Kuwait Finance House, Saudi-Arabian based Siraaj Capital Limited, Bursa Malaysia Berhad and HSBC Bank (Malaysia) Berhad. Notably, during his tenure at Bursa Malaysia Berhad, he led the business development arm driving the Islamic finance initiatives to greater heights, enhancing market awareness of the Malaysian Islamic finance initiatives and successfully increased participation of global financial institution players when he was the Head of Sales and Market Development there. He started his career as an Associate with PricewaterhouseCoopers in Audit and Business Advisory specialising in the banking sector.



## KEY SENIOR MANAGEMENT PROFILES

### ENCIK ZAIN AZRAI BIN ZAINAL ABIDIN

Chief Financial Officer

Male, Age 45, Malaysian

Date Appointed to the Company as Chief Financial Officer:  
1 April 2017

#### QUALIFICATIONS

- Bachelor of Science in Accountancy, University of East Anglia, UK
- Certified Public Accountant, The Malaysian Institute of Certified Public Accountants

#### MEMBERSHIP OF ASSOCIATIONS

- Member of Malaysian Institute of Accountants (MIA)
- Member of The Malaysian Institute of Certified Public Accountants (MICPA)

#### PRESENT DIRECTORSHIPS:

Listed Entity

- None

Other Public Companies

- Cash Band (M) Berhad

#### INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 14 March 2019)

- None

#### WORKING EXPERIENCE AND CURRENT ENGAGEMENT

Zain Azrai bin Zainal Abidin was appointed as Chief Financial Officer (“CFO”) of Perangsang Selangor on 1 April 2017. In his capacity as CFO, Zain Azrai manages Perangsang Selangor’s finances and is responsible for financial reporting and taxation, treasury matters, monitoring of financial risks and opportunities as well as supervising the Group Finance. Assisting with high-level decisions about policy and strategy, he also leads the setting and tracking of the Group’s financial goals, objectives, budgets and financial metrics, whilst ensuring that financial and regulatory documents are filed and in compliance with laws and regulations.

He started his career at PricewaterhouseCoopers (“PwC”) in 1997 specialising in the utilities, media and plantation sectors. Zain Azrai was seconded to PwC United Kingdom for a two-year period from 2004 to carry out the Sarbanes-Oxley Act review and continued serving the firm until 2008.



In January 2009, Zain Azrai joined Sapura Technology Sdn Bhd as General Manager, Finance and Accounts and from October 2009, was the CFO of Sapura Resources Berhad and Sapura Holdings Sdn Bhd where he led and managed the financial reporting, tax compliances, procurement and funding exercises. In March 2013, he joined Celcom Services Sdn Bhd and successfully built up the finance team and rolled out the Financial System and Policies for this newly created tower company under Axiata Group Berhad.

Zain Azrai joined PETRONAS in September 2013 as Head, Assessments & Audit (Gas & Power). In this role, he was responsible for the implementation of an integrated audit for the Gas & Power Division. In July 2014, he was seconded to PETRONAS Lubricants International Sdn Bhd (“PLI”) as its Regional Financial Controller, Asia Pacific. During his tenure at PLI he successfully led the financial operations, performance and working capital management exercises with focus on improving EBITDA and governance.

HEADS OF **S U B S I D I A R I E S****ENCIK LIM LAI CHIN**

Chief Executive Officer

Male, Age 49, Malaysian

Date Appointed as Chief Executive Officer of CPI (Penang) Sdn Bhd: 4 January 1990 (Founder)

**MEMBERSHIP OF ASSOCIATIONS**

- None

**PRESENT DIRECTORSHIPS:**

Listed Entity

- None

Other Public Companies

- None

**INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 14 March 2019)**

- None

**WORKING EXPERIENCE AND CURRENT ENGAGEMENT**

Lim Lai Chin was appointed as the Chief Executive Officer of CPI (Penang) Sdn Bhd (“CPI”), at the inception of the company in 1990. CPI is now an indirect subsidiary of Perangsang Selangor. Subsequent to Perangsang Selangor’s acquisition of CPI in March 2018, his continuation as the CEO of CPI was further reaffirmed. Lim who was also the founder of CPI brings along with him over 30 years of experience in the plastic injection moulding and electrical/electronic industries. His extensive knowledge from having served these industries throughout the years, coupled with his passion had enabled him to steer CPI into becoming a name to be reckoned with in the global market.

He started his career working in a manufacturing facility in Singapore. Through continuous dedication and interest in the manufacturing industry, he then founded CPI in 1990 having only six injection moulding machines to serve a single customer at that point of time.

In 2001, Lim had further responded to the increasing market demand and had taken CPI to the next level by establishing a new manufacturing facility to expand his plastic injection moulding capabilities.



Subsequently, riding on the growth of the electrical/electronics industry, he ventured into the manufacturing of printed circuit boards (“PCB”) and assembly in 2007.

Today, the same facility houses 84 high-precision plastic injection moulding machines, equipped with robotic automation in order to be ready to embrace future advancement.

His focus on precision and delivering high-quality products has made it possible for CPI to establish long-lasting relationships with over 90 corporations globally, encompassing market leaders and multinational companies from the automotive, medical, telecommunications as well as electronics industries. In addition to his well-proven technical skills and industry know-how, Lim’s strong interpersonal skills combined with his charismatic leadership has allowed him to effectively and continuously manage stakeholders of every level from employees, customers, suppliers and even competitors, thus bringing CPI to where it is today.



## HEADS OF **S U B S I D I A R I E S**

### ENCIK TAN CHEE KIT

Chief Executive Officer

Male, Age 64, Malaysian

Date Appointed as Chief Executive Officer of Aqua-Flo Sdn Bhd: 1 January 2019

#### QUALIFICATIONS

- Bachelor of Science (Hons) in Chemistry, University of Malaya
- Diploma in Marketing, C.I.M., UK

#### MEMBERSHIP OF ASSOCIATIONS

- Member of Malaysian Institute of Chemistry
- Member of Malaysian Water Association

#### PRESENT DIRECTORSHIPS:

Listed Entity

- None

Other Public Companies

- None

#### INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 14 March 2019)

- None

#### WORKING EXPERIENCE AND CURRENT ENGAGEMENT

Tan Chee Kit started his career at Perbadanan Kilang Felda in 1978 as a Quality Control Chemist prior to joining a leading American water treatment company. Thereafter, in 1985, he joined a British multinational company. In 1995, he assisted in setting up Aqua-Flo Sdn Bhd. Throughout his career, he has been involved in many water treatment projects, in particular, water quality control and marketing of water treatment chemicals. As the Chief Executive Officer of Aqua-Flo Sdn Bhd, he brings with him more than 38 years of water treatment experience to the company.



#### NOTES:

##### Declaration by the Key Senior Management:

- Family Relationship with Director and/or Major Shareholder of Perangsang Selangor:**  
None of the Key Senior Management has any family relationship with any Director and/or Major Shareholder of Perangsang Selangor.
- Conflict of interest with Perangsang Selangor:**  
None of the Key Senior Management has any conflict of interest with Perangsang Selangor.
- Other than traffic offences, conviction for offences within the past five (5) years and public sanction or penalty imposed by relevant regulatory bodies during the Financial Year under review:**  
Other than traffic offences, none of the Key Senior Management has been convicted for any offences within the past five (5) years nor has been imposed of any public sanction or penalty by the relevant regulatory bodies during the Financial Year under review.



HEADS OF DEPARTMENTS



*Sitting:*

**AHMAD FARIZ BIN HASSAN**  
Managing Director/Group Chief Executive Officer

*Standing: left to right*

**ZAIN AZRAI BIN ZAINAL ABIDIN**  
Chief Financial Officer

**SUZILA BINTI KHAIRUDDIN**  
Deputy Chief Executive Officer (Operations)

**AZLAN BIN ABDUL JALIL**  
Deputy Chief Executive Officer (Strategy & Investments)

**HASHIMAH BINTI MOHD ISA**  
Company Secretary



*Sitting: left to right*

**MOHD SHAHARI BIN IDRIS**  
Director, Risk Management

**SUKMAN SUZZAK BIN ZAKARIA**  
Director, Internal Audit

**NORSHAM BINTI ISHAK**  
Director, Legal

*Standing: left to right*

**ZULKIFLI BIN MAWARDI**  
Director, Investor Relations & Strategic Communication

**AHMAD ROSLY BIN AHAR**  
Director, Human Resource Development

## CALENDAR OF **E V E N T S**

### 2018 WINTER MARKET IN LAS VEGAS, NEVADA

Perangsang Selangor’s subsidiary, King Koil Licensing Company Inc, welcomed its licensees as well as retail buyers from all over the world to its showroom during the 2018 Winter Market at the World Market Center in Las Vegas, Nevada in the US.

28-31 JANUARY 2018



29 JANUARY 2018



### KING KOIL SIGNS MEMBERSHIP AGREEMENT FOR FIRST MANUFACTURING FACILITY IN THE US

Perangsang Selangor’s subsidiary, Kyco Industries Inc, the holding company for the US-based King Koil Group of Companies entered into a Membership Agreement with Nevada Sleep King, LLC. Perangsang Selangor’s Deputy Chief Executive Officer (Operations), Suzila Khairuddin executed the Agreement for and on behalf of Kyco as one of its directors at the recent 2018 Winter Market in Las Vegas, Nevada.

The Agreement governs the terms of the joint investment in King Koil Manufacturing West, LLC, which will own and operate King Koil’s first manufacturing facility in the US, based in the Greater Phoenix area in Arizona.

CALENDAR OF **E V E N T S**

14 FEBRUARY 2018



**ACQUISITION OF CPI (PENANG) SDN BHD SIGNING CEREMONY**

Held at Level 17, Plaza Perangsang, the share sales agreement was signed by YM Raja Dato' Idris Raja Kamarudin, former Chairman of Perangsang Selangor; Tee Chee Kiong, Director of HK Resources Sdn Bhd and Lim Lai Chin, Director of TCS Resources Sdn Bhd. The ceremony was witnessed by Ahmad Fariz Hassan and Hashimah Mohd Isa, Perangsang Selangor's Chief Executive Officer and Company Secretary respectively.

24 APRIL 2018



**PERANGSANG SELANGOR AWARDED 2017 JURY AWARD BY SELANGOR STATE SPORTS COUNCIL**

Perangsang Selangor was named winner of the 2017 Jury Award by the Selangor State Sports Council at the State Sports Awards Dinner 2017.

The award was bestowed on Perangsang Selangor in recognition of its success in organising various sports development programmes, especially at the grassroots level across the State of Selangor through the implementation of the Sports For All programme.

CALENDAR OF **E V E N T S**



24 MAY 2018

**PERANGSANG SELANGOR'S 41<sup>ST</sup> ANNUAL GENERAL MEETING**

Perangsang Selangor's 41<sup>st</sup> Annual General Meeting was held at Shah Alam Convention Centre, Shah Alam.



1 JUNE 2018

**PERANGSANG SELANGOR NAMED AS RECIPIENT OF ASIA RESPONSIBLE ENTERPRISE AWARD 2018**

Perangsang Selangor was named recipient of the Asia Responsible Enterprise Awards 2018 under the Health Promotion category organised by Enterprise Asia for its contribution and execution of sound as well as effective CSR programmes.



11 JULY 2018

**SMARTPIPE PILOT PROJECT SITE VISIT AND PRODUCT DEMONSTRATION**

A total of 30 Pengurusan Air Selangor Sdn Bhd officers visited Smartpipe Technology Sdn Bhd's pilot project site located at Taman Bukit Angerik, Cheras. The team witnessed the first ever trenchless pipe rehabilitation system, the Compact Pipe® system, being demonstrated in Malaysia.

CALENDAR OF **E V E N T S**



**BEST COMPANY TO WORK FOR IN ASIA**

Perangsang Selangor received an award for creating workplace excellence and promoting greater employee engagement under the Malaysia edition of the Best Companies to Work for in Asia category at the 2018 Human Resources Asia Award ceremony.



**COMPACT PIPE INSTALLATION DEMONSTRATION FOR PERBADANAN BEKALAN AIR PULAU PINANG SDN BHD**

Smartpipe Technology Sdn Bhd demonstrated the installation of the Compact Pipe® system to a team of 20 Perbadanan Bekalan Air Pulau Pinang Sdn Bhd's officers in the presence of Perangsang Selangor's Board of Directors and Senior Management team.



**PERANGSANG SELANGOR CLINCHES SILVER AWARD AS EMPLOYER OF CHOICE BY MIHRM FOR TWO CONSECUTIVE YEARS**

For the second time, Perangsang Selangor won the Silver Award under the Employer of Choice category (Private Sector) by the Malaysian Institute of Human Resource Management at the 18<sup>th</sup> Malaysia-International HR Awards 2018 ceremony.

AWARDS AND ACCOLADES



**SILVER AWARD : EMPLOYER OF CHOICE (PRIVATE SECTOR) 2018**  
Malaysian Institute of Human Resource Management



**HR ASIA  
BEST COMPANIES  
TO WORK FOR IN ASIA 2018**



**ASIA RESPONSIBLE ENTERPRISE  
AWARD 2018  
(Health Promotion category)**



**2017 PLEXUS VALUED SUPPLIER AWARD**

AWARDS AND **A C C O L A D E S**



**2017 JURY AWARD**  
Selangor Sports Council



**SILVER AWARD : EMPLOYER OF CHOICE (PRIVATE SECTOR) 2017**  
Malaysian Institute of Human Resource Management



**CHAMPION**  
**2016 RISK MANAGER OF THE YEAR**  
Malaysian Association of Risk and Insurance Management



**ASIA RESPONSIBLE ENTREPRENEURSHIP AWARD 2015**  
Social Empowerment Award (Asia)



**SECOND RUNNER-UP**  
**2015 RISK MANAGER OF THE YEAR**  
Malaysian Association of Risk and Insurance Management



**ASIA RESPONSIBLE ENTREPRENEURSHIP AWARD 2013**  
Social Empowerment Award (Southeast Asia)



MEDIA HIGHLIGHTS

**Beli tanah di Bayan Lepas**



Perwakilan Kumpulan Perangsang Selangor Berhad (KPS) menghadiri mesyuarat pembelian tanah di Bayan Lepas, Pulau Pinang. (Dua orang di atas) ialah Pengerusi Kumpulan Perangsang Selangor Berhad, Datuk Seri Dr. Mohd. Yusoff Yusoff, dan Pengerusi Syarikat Perangsang Air Selangor Berhad (SPLASH), Datuk Seri Dr. Yusoff Yusoff. (Dua orang di bawah) ialah Pengerusi Syarikat Perangsang Air Selangor Berhad (SPLASH), Datuk Seri Dr. Yusoff Yusoff, dan Pengerusi Kumpulan Perangsang Selangor Berhad, Datuk Seri Dr. Mohd. Yusoff Yusoff.

**SELANGOR**

**Kumpulan Perangsang Selangor catat untung**

**KUALA LUMPUR** - Kumpulan Perangsang Selangor Berhad (KPS) mencatat keuntungan bersih sebanyak RM1.1 bilion untuk tempoh tiga bulan berakhir 30 Jun 2018, berbanding RM1.03 bilion untuk tempoh yang sama tahun sebelumnya.

Menyumbang kepada keuntungan itu adalah hasil daripada peningkatan pendapatan operasi, peningkatan keuntungan sebelum cukai, dan peningkatan keuntungan selepas cukai.

KPS mencatat keuntungan bersih sebanyak RM1.1 bilion untuk tempoh tiga bulan berakhir 30 Jun 2018, berbanding RM1.03 bilion untuk tempoh yang sama tahun sebelumnya.

**Air Selangor's RM2.55bil offer gets mixed response**

**KUALA LUMPUR** - Air Selangor Berhad (ASB) has received mixed responses to its RM2.55 billion offer to acquire a 30 per cent stake in Syarikat Perangsang Air Selangor Berhad (SPLASH) from its employees. The offer, which is subject to regulatory approvals, has received mixed responses from employees, with some expressing support and others expressing concerns.

The offer is part of a broader strategy to improve the company's financial performance and to provide a better return to shareholders. The company has received mixed responses from employees, with some expressing support and others expressing concerns.



**KPS terima tawaran Air Selangor beli SPLASH**

**KUALA LUMPUR** - Kumpulan Perangsang Selangor Berhad (KPS) menerima tawaran pembelian 30 peratus syarikat Perangsang Air Selangor Berhad (SPLASH) daripada pihak Air Selangor Berhad (ASB) pada 14 September 2018.

Tawaran pembelian ini adalah sebahagian daripada perjanjian pembelian bersama antara KPS dan ASB. Perjanjian ini akan membolehkan KPS dan ASB bekerjasama untuk meningkatkan prestasi operasi dan perkhidmatan kepada pelanggan.

Perjanjian pembelian ini yang ditandatangani pada 3 Ogos 2018, membolehkan Air Selangor membeli 30 peratus saham SPLASH pada harga pembelian per saham sebanyak RM2.55 bilion.

KPS akan menyerahkan SPLASH kepada Air Selangor Berhad pada 14 September 2018.



**PERANGSANG SELANGOR AWARDED AS EMPLOYER OF CHOICE FOR TWO CONSECUTIVE YEARS**



Perwakilan Kumpulan Perangsang Selangor Berhad (KPS) menerima anugerah sebagai 'Employer of Choice' untuk dua tahun berturut-turut (2017 dan 2018) oleh Institut Penyelidikan dan Penyelidikan Malaysia (IPM) dalam anugerah HR Asia 2018.

IPM adalah badan penyelidikan dan penyelidikan bebas untuk Human Resource Management (HRM) yang ditubuhkan pada tahun 1997. IPM adalah badan penyelidikan dan penyelidikan bebas untuk Human Resource Management (HRM) yang ditubuhkan pada tahun 1997.

Chief Executive Officer of Perangsang Selangor, Ahmad Fadzil Hassan, expressed, "We are very honoured and proud to be recognised for two consecutive years for our commitment to developing human talents. This recognition is a testament of the effective efforts we have put in place in aligning the HR strategies and practices with Management aspirations and the Group's vision and mission."

**KPS moving on without SPLASH**

**KUALA LUMPUR** - Kumpulan Perangsang Selangor Berhad (KPS) is moving forward without SPLASH, as the company's financial performance remains strong. The company has received mixed responses from employees, with some expressing support and others expressing concerns.

The company has received mixed responses from employees, with some expressing support and others expressing concerns. The company has received mixed responses from employees, with some expressing support and others expressing concerns.

**theSundaily**

**Gamuda, KPS enter into agreements with Air Selangor for Splash disposal**

**KUALA LUMPUR** - Gamuda Berhad (GAMUDA) and Kumpulan Perangsang Selangor Berhad (KPS) have entered into agreements with Air Selangor Berhad (ASB) for the disposal of SPLASH. The agreements are part of a broader strategy to improve the company's financial performance and to provide a better return to shareholders.

The agreements are part of a broader strategy to improve the company's financial performance and to provide a better return to shareholders. The agreements are part of a broader strategy to improve the company's financial performance and to provide a better return to shareholders.

**BedTimes**

**Blue Bell Mattress Welcomes Big Changes**

**KUALA LUMPUR** - Blue Bell Mattress is welcoming big changes as part of its expansion strategy. The company has received mixed responses from employees, with some expressing support and others expressing concerns.

The company has received mixed responses from employees, with some expressing support and others expressing concerns. The company has received mixed responses from employees, with some expressing support and others expressing concerns.

**KUMPULAN PERANGSANG TO RAISE RM500M VIA SUKUK**

**KUALA LUMPUR** - Kumpulan Perangsang Selangor Berhad (KPS) has announced plans to raise RM500 million via sukuk. The company has received mixed responses from employees, with some expressing support and others expressing concerns.

The company has received mixed responses from employees, with some expressing support and others expressing concerns. The company has received mixed responses from employees, with some expressing support and others expressing concerns.

**SELANGOR**

**KPS rangkul Anugerah HR Asia 2018**



Perwakilan Kumpulan Perangsang Selangor Berhad (KPS) menerima anugerah sebagai 'Employer of Choice' untuk dua tahun berturut-turut (2017 dan 2018) oleh Institut Penyelidikan dan Penyelidikan Malaysia (IPM) dalam anugerah HR Asia 2018.

**theSundaily**

**Kumpulan Perangsang Selangor unit bagi RM162.5m deal from Air Selangor**

**KUALA LUMPUR** - Kumpulan Perangsang Selangor Berhad (KPS) has received a RM162.5 million deal from Air Selangor Berhad (ASB). The deal is part of a broader strategy to improve the company's financial performance and to provide a better return to shareholders.

The deal is part of a broader strategy to improve the company's financial performance and to provide a better return to shareholders. The deal is part of a broader strategy to improve the company's financial performance and to provide a better return to shareholders.

**KPS indirect unit to buy Penang land for RM28mil**

**KUALA LUMPUR** - An indirect unit of Kumpulan Perangsang Selangor Berhad (KPS) has announced plans to buy land in Penang for RM28 million. The company has received mixed responses from employees, with some expressing support and others expressing concerns.

The company has received mixed responses from employees, with some expressing support and others expressing concerns. The company has received mixed responses from employees, with some expressing support and others expressing concerns.



**KUMPULAN PERANGSANG SELANGOR - BEST COMPANY TO WORK FOR IN ASIA**



Perwakilan Kumpulan Perangsang Selangor Berhad (KPS) menerima anugerah sebagai 'Best Company to Work For in Asia' untuk dua tahun berturut-turut (2017 dan 2018) oleh Institut Penyelidikan dan Penyelidikan Malaysia (IPM) dalam anugerah HR Asia 2018.

**Malaysian Reserve**

**KPS gets RM765m for 30% stake disposal in Splash**

**KUALA LUMPUR** - Kumpulan Perangsang Selangor Berhad (KPS) has received RM765 million for the disposal of a 30 per cent stake in Syarikat Perangsang Air Selangor Berhad (SPLASH). The company has received mixed responses from employees, with some expressing support and others expressing concerns.

The company has received mixed responses from employees, with some expressing support and others expressing concerns. The company has received mixed responses from employees, with some expressing support and others expressing concerns.





*Aqua-Flo has its own in-house laboratory to conduct various water quality tests.*

# SUSTAINABILITY STATEMENT

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SUSTAINABILITY **S T A T E M E N T**

**SUSTAINABILITY AT PERANGSANG SELANGOR**



**WHAT'S INSIDE**

This Sustainability Statement (“the Statement”) outlines our efforts in embedding sustainable development practices within our business activities. It highlights our efforts in addressing issues under the three core sustainability pillars prescribed by Bursa Malaysia Securities (“Bursa Malaysia”) Sustainability Reporting Guide (“Bursa Sustainability Guideline”) and in compliance with Bursa Malaysia’s Main Market Listing Requirement (“MMLR”) Practice Note 9 Paragraph 6.

The **Economic** section outlines our efforts in ensuring business sustainability via well defined strategies, the ensuing action plans and long-term value creation plans. This section also elaborates on how these efforts directly or indirectly contribute towards developing the local economy and our interaction with the economic system. In the **Environment** section, we share our initiatives in minimising the intensity of our environmental footprint. The **Social** section outlines our engagement with the diverse group of stakeholders, narrating how these approaches help us achieve a far greater positive impact on our stakeholder network.

We are identifying and taking proactive steps to align ourselves with the following selected United Nations Sustainability Development Goals (“UN SDG”), which will be disclosed in the Statement for the next financial year.



This Statement is to be read together with other sections of the Annual Report 2018, which highlights financial and other non-financial aspects of our business operations.



**SCOPE AND BOUNDARY**

This year, Kumpulan Perangsang Selangor Berhad (“Perangsang Selangor” or “the Group”) continues to report its achievements and progress on its sustainability journey. This marks the second year of disclosure on our continued efforts, enhancements and management of Economic, Environment and Social (“EES”) impacts arising from our business operations.

This Statement includes quantitative and qualitative information on sustainability efforts at Perangsang Selangor as well as its subsidiary companies.

**REPORTING PERIOD** : 1 January 2018 to 31 December 2018

**REPORTING CYCLE** : Annually

**PRINCIPLE GUIDELINES** : Bursa Sustainability Guideline  
Bursa Securities’ Main Market Listing Requirement Practice Note 9 Paragraph 6



**FEEDBACK**

We welcome feedback on our sustainability conduct as well as recommendations on how to improve our implementation and reporting on sustainability. Please direct all enquiries or suggestions to:

**Investor Relations & Strategic Communication Department**



**603-5524 8400**

**General Information email address**



**info@kps.com.my**

SUSTAINABILITY **S T A T E M E N T**

**EMBRACING SUSTAINABILITY**

**SUSTAINABILITY PHILOSOPHY**

Being a responsible corporate citizen by promoting our business aspirations while addressing the **Economic, Environment** and **Social** needs of our stakeholders.



As an investment holding company which is focused on the manufacturing, trading, licensing and infrastructure sectors, we seek to embed sustainability in our business by operating responsibly through the integration of EES considerations.

We have recently adopted a Sustainability Policy which shall guide us to:

- Ensure that the Group’s activities create long-term value for all stakeholders via sustainable development practices; and
- Execute the Group strategy in a manner that addresses the EES risks and opportunities in achieving business and operational excellence.

The objectives of the Sustainability Policy are:

- 1** Aiming to be a responsible corporate citizen.
- 2** Upholding the highest standards of governance and ethics.
- 3** Promoting sustainable business practices.
- 4** Limiting the negative impact of our business on the environment.
- 5** Building and maintaining strong relationships with stakeholders.

**DRIVING SUSTAINABILITY**

A well-defined governance structure is in place to spearhead, manage and coordinate sustainability-related planning and implementation efforts across the Group. The Board of Directors (“the Board”) is ultimately accountable for the oversight and management of sustainability matters and responsible for infusing sustainability-related strategies into the Group’s business operations. The Board is assisted by the Sustainability Board Committee (“SBC”), which is mandated to oversee the implementation of sustainability strategies, based on the direction set by the Board.

The SBC undertakes the role of advising the Management in delivering these responsibilities, sharpening the focus on strategic sustainability issues and deepening the understanding of external and internal stakeholder needs.

SUSTAINABILITY **S T A T E M E N T**

**GOVERNANCE STRUCTURE**



**BOARD OF DIRECTORS**

The Board is ultimately accountable for overseeing the management of sustainability matters. Its oversight is central in gaining the trust and confidence of our shareholders and stakeholders in the organisation’s future performance.



**SUSTAINABILITY BOARD COMMITTEE**

The SBC comprises selected members from the Board. It oversees the Group’s sustainability strategies and makes recommendations to the Board.



**CORPORATE SUSTAINABILITY CHAMPIONS**

Corporate Sustainability Champions (“CSC”) was established as a working committee to identify significant EES risks and opportunities which may impact the long-term prospects of our business.

This cross-functional committee that spreads across all departments, allows for a diversity of views and perspectives. This is to ensure any decisions or plans formulated are comprehensive. During the year, the CSC met on two occasions, on 22 January and 14 March 2018, to deliberate on the Management’s approach to sustainability issues and materiality matters.

SUSTAINABILITY STATEMENT

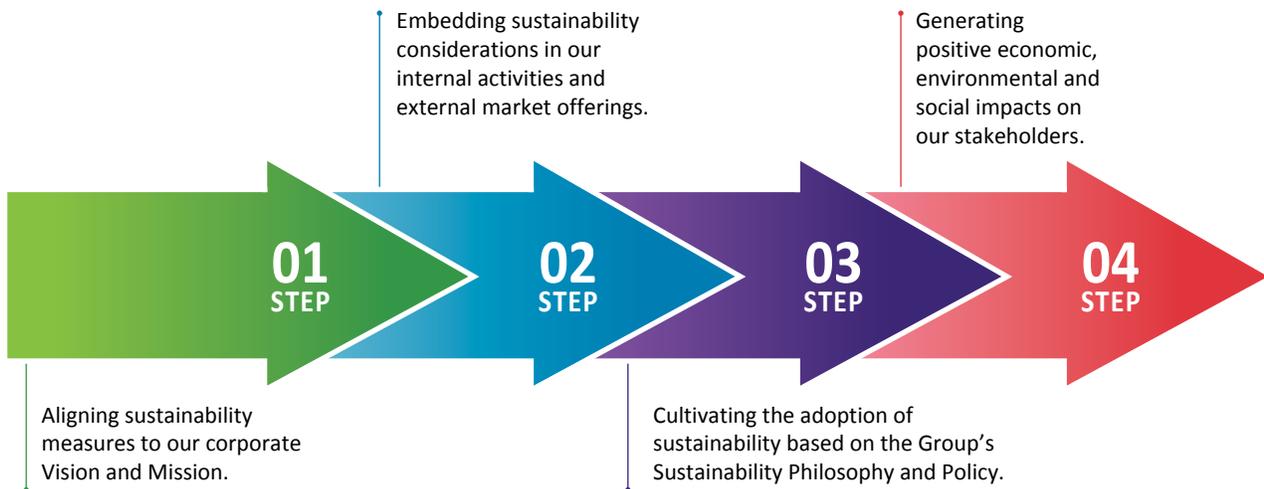
OUR APPROACH TOWARDS SUSTAINABLE DEVELOPMENT

At Perangsang Selangor, we have realistic and clear plans to earn trust among our stakeholders. At the same time, we also monitor conditions that might affect our performance as a business entity and ensure our choices are aligned with our Vision and Mission.

<p><b>VISION</b></p> <p>To be the leading corporation, stimulating economic growth in Selangor and beyond.</p>	<p><b>MISSION</b></p> <ul style="list-style-type: none"> <li>To venture into business activities that create value for our stakeholders.</li> <li>To have a leading regional presence.</li> <li>To ensure sustainable financial performance with optimum returns to shareholders.</li> <li>To achieve quality standards surpassing customers' expectations.</li> <li>To enhance quality of life by being a caring, community-oriented and environment-friendly organisation.</li> </ul>
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We have crafted an approach to pave the way forward in our journey towards sustainable development.

SUSTAINABILITY APPROACH



## SUSTAINABILITY STATEMENT

## STAKEHOLDER ENGAGEMENT

The Group has a long history of stakeholder engagement where we continuously communicate with various stakeholder groups, each of whom has different areas of concern. We understand that the realities of stakeholder expectations have changed as they are increasingly interested in understanding the approach the Company takes in managing EES risks and opportunities. Our customers, investors, regulators and business partners, as well as the community in which we operate, have become more aware of the impact our businesses have on them. We believe that the best way to meet the expectations of our stakeholders is by continuously engaging with them. In this context, we regularly keep in contact with our stakeholders through various methods and channels.

### ENGAGING OUR STAKEHOLDERS

STAKEHOLDER GROUPS	AREAS OF INTEREST	ENGAGEMENT CHANNELS
<b>Employees</b> 	<ul style="list-style-type: none"> <li>• Training &amp; Career Development.</li> <li>• Diverse &amp; inclusive workplace.</li> <li>• Employee well-being, health and safety.</li> </ul>	<ul style="list-style-type: none"> <li>• Structured training programmes.</li> <li>• Talent development programmes.</li> <li>• Induction exercise for new employees.</li> <li>• Breakfast with the Managing Director/Group Chief Executive Officer (“MD/GCEO”).</li> <li>• Better and improved working environment.</li> <li>• Town Hall meetings.</li> <li>• Lunch and Learn programmes.</li> <li>• Social, sports, health and wellness activities.</li> <li>• Annual Dinner.</li> <li>• Circulation of Human Resource Policies.</li> </ul>
<b>Certification Bodies</b> 	<ul style="list-style-type: none"> <li>• Adherence to International Organisation for Standardisation (“ISO”) 9001, DOSH, NIOSH, SIRIM and OHSAS 18001 Standards.</li> </ul>	<ul style="list-style-type: none"> <li>• On-site inspections.</li> <li>• Regular meetings.</li> <li>• Submission of regulatory documentation.</li> <li>• Internal and external audit exercises.</li> </ul>
<b>Investors/ Shareholders</b> 	<ul style="list-style-type: none"> <li>• Group’s business direction &amp; key corporate developments.</li> <li>• Financial Performance.</li> </ul>	<ul style="list-style-type: none"> <li>• Annual General Meeting.</li> <li>• Announcements of Quarterly Results.</li> <li>• Dedicated “Investor Relations” section in the Company’s website.</li> <li>• Analysts briefing sessions.</li> <li>• Annual Report.</li> </ul>
<b>Regulators</b> 	<ul style="list-style-type: none"> <li>• Compliance to regulatory requirements of Bursa Malaysia Securities Berhad, Companies Commission of Malaysia and other reporting guidelines.</li> </ul>	<ul style="list-style-type: none"> <li>• Regular discussions and meetings with authorities.</li> <li>• Public Consultations with local authorities.</li> <li>• Site inspections.</li> <li>• Seminars, briefings and trainings.</li> </ul>
<b>Community</b> 	<ul style="list-style-type: none"> <li>• Environmental and social impacts.</li> <li>• Community engagement.</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Social Responsibility (“CSR”) activities &amp; outreach through career, education and sports development programmes.</li> <li>• Environmental initiatives.</li> <li>• Philanthropy &amp; donations.</li> </ul>
<b>Customers</b> 	<ul style="list-style-type: none"> <li>• Product and service quality.</li> <li>• Marketing and promotions.</li> </ul>	<ul style="list-style-type: none"> <li>• Marketing and promotional content.</li> <li>• Website/Social Media.</li> <li>• Customer Feedback Surveys.</li> <li>• Events/Roadshows.</li> </ul>
<b>Vendors/Suppliers</b> 	<ul style="list-style-type: none"> <li>• Product and service quality.</li> <li>• Service scope and payment schedule.</li> </ul>	<ul style="list-style-type: none"> <li>• Vendor/Supplier Registration.</li> <li>• Procurement Policies.</li> <li>• Performance evaluation.</li> <li>• Site visits and meetings.</li> </ul>
<b>Media</b> 	<ul style="list-style-type: none"> <li>• Brand positioning, image and credibility.</li> </ul>	<ul style="list-style-type: none"> <li>• Media interviews, briefing sessions and press conferences.</li> <li>• Press Releases.</li> </ul>

SUSTAINABILITY **S T A T E M E N T**

**MATERIALITY MATTERS**

In 2018, we undertook a sustainability materiality survey to identify the EES risks and opportunities that were most material to the Group. The survey was administered by an independent survey provider to ensure impartiality and anonymity. The materiality survey evaluated 21 sustainability areas under the EES pillars, with the intention of striking a balance between external stakeholders’ perspectives and the strategic vision of the Board. Based on the analysis of the results generated, materiality matters were then prioritised.

**MATERIALITY ASSESSMENT**

21 sustainability areas were identified from Bursa Malaysia’s Sustainability Reporting Guide to best reflect the nature of our business.

**MATERIALITY AREAS**



1. Economic and Business Performance
2. Sustainable Procurement and Supplier Assessment
3. Nation Building
4. Eliminating Bribery and Corruption



1. Energy Efficiency
2. Water Usage Efficiency
3. Waste Reduction and Environmental Initiatives



**Labour Practices and Decent Work**

1. Protecting the Safety and Health of Workers
2. Providing a Diverse and Inclusive Workplace
3. Training and Career Development
4. Employee Benefits
5. Employee Engagement and Satisfaction

**Human Rights**

6. Preventing Discrimination in the Workplace
7. Maintaining Good Employee-Management Relationship
8. Providing Platform for Employees to Exercise their Rights

**Society**

9. Engaging Local Communities
10. Providing Wider Benefits to Local Communities
11. Supporting Volunteerism and Charities

**Product Responsibility**

12. Customer Satisfaction and Feedback
13. Active and Responsible Marketing
14. Quality Control Procedures

SUSTAINABILITY **S T A T E M E N T**

**THE SURVEY**

The survey was carried out from December 2018 until January 2019, which was disseminated to various stakeholder groups. It was extended to 393 prospective respondents, with 285 submitting responses (73% of the total sent out). Of the submitted responses, 219 (77% of responses) were complete and used for analysis.

Respondents were asked to indicate how important each materiality area was to them, from a 5-point Likert scale of “very unimportant” (1) to “very important” (5), with (3) being neutral. All stakeholders were well represented in the survey. Views of each stakeholder group were given equal weight in the calculations.

Members of the Board also participated in the survey. Responses from the Board were used to indicate how relevant each materiality area was to the Group.



**77%** of the sustainability materiality survey participants submitted complete responses.



**ANALYSIS OF RESULTS**

Results of the survey were compiled and collated on 18 January 2019. The survey responses from different stakeholder groups were then analysed, following which the scores for each materiality area were compared to the ratings provided by the Board. The results of the materiality survey are depicted in the chart on the following page. The topics mapped in the rightmost quadrant of the chart were most important to the stakeholders and relevant to the Group.

SUSTAINABILITY STATEMENT

MATERIALITY MATRIX: DETERMINING WHAT MATTERS MOST



 ECONOMIC

 ENVIRONMENTAL

 SOCIAL

- |  |   |   |
|--|---|---|
| 1. Providing Wider Benefits to Local Communities | 8. Water Usage Efficiency                                     | 16. Training and Career Development                   |
| 2. Supporting Volunteerism and Charities         | 9. Energy Efficiency  | 17. Preventing Discrimination in the Workplace        |
| 3. Engaging Local Communities                    | 10. Providing Platform for Employees to Exercise Their Rights | 18. Maintaining Good Employee-Management Relationship |
| 4. Providing a Diverse and Inclusive Workplace   | 11. Employee Benefits   | 19. Eliminating Bribery and Corruption                |
| 5. Quality Control Procedures                    | 12. Nation Building   | 20. Protecting the Safety and Health of Workers       |
| 6. Employee Engagement and Satisfaction          | 13. Waste Reduction and Environmental Initiatives             | 21. Economic and Business Performance                 |
| 7. Active and Responsible Marketing              | 14. Customer Satisfaction and Feedback                        |   |
|  | 15. Sustainable Procurement and Supplier Assessment           |   |

ANALYSIS OF THE TOP FIVE MATERIAL MATTERS

The Group’s stakeholders placed high importance on materiality matters which are related to the economic impact of our business operations. Both stakeholders and the Board selected **Economic and Business Performance** as their most material matter, indicating their priority on Perangsang Selangor’s ability to contribute towards the economic ecosystem, stimulating growth not only at Group level but also beyond.

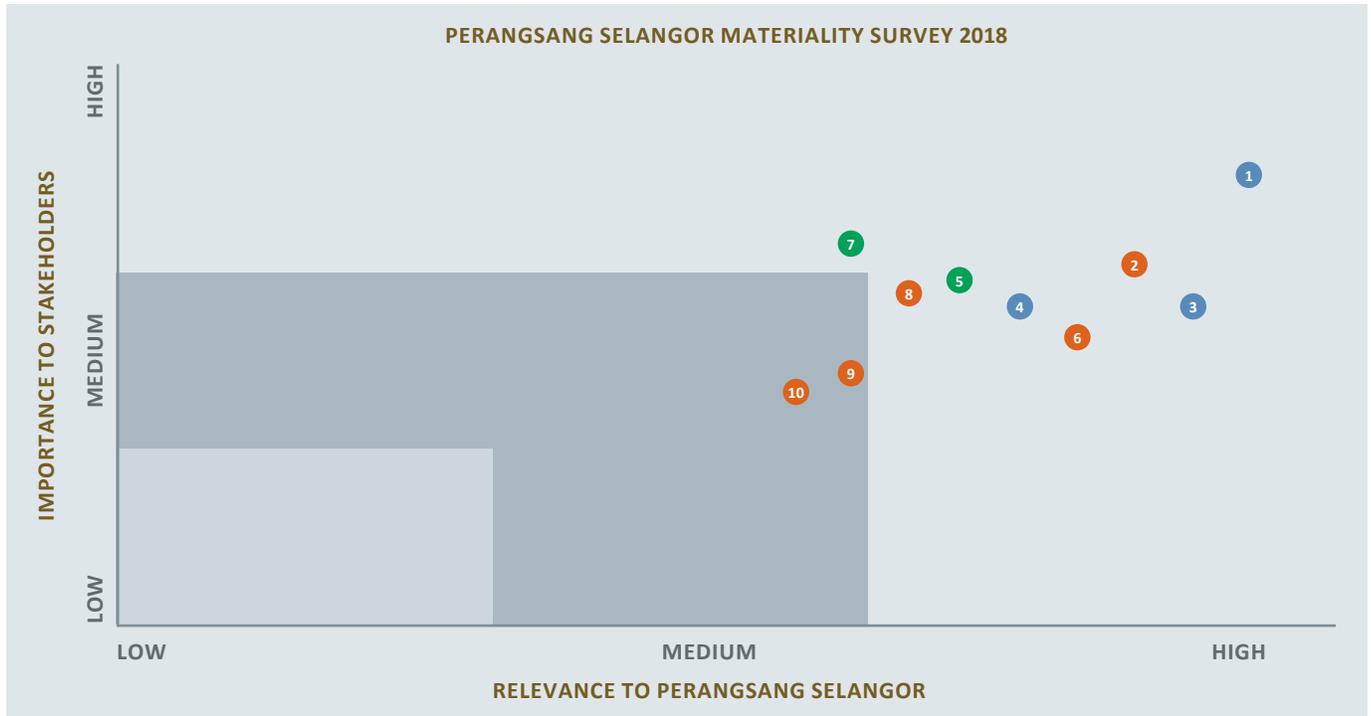
The other high-scoring Economic material matters were **Sustainable Procurement and Supplier Assessment** and **Eliminating Bribery and Corruption**. The Board, in particular, signalled its commitment to prevent any form of illegal enrichment practices.

Along with those under the Economic Pillar, **Waste Reduction and Environmental Initiatives (Environment Pillar)**, **Protecting the Safety and Health of Workers (Social Pillar: Labour Practices and Decent Work)** and **Customer Satisfaction and Feedback (Social Pillar: Product Responsibility)** were the common most material matters selected by both stakeholders and the Board.

SUSTAINABILITY **S T A T E M E N T**

**10 MOST MATERIAL MATTERS**

In addition to the top five material matters, we are also highlighting another five material matters that are deemed to have a wider and deeper impact which benefits key stakeholder groups. The list of 10 Material Matters for which disclosure is made in the Statement are as follows:



Material Matters	Sustainability Pillars		
	 Economic	 Environment	 Social
1. Economic and Business Performance	✓		
2. Protecting the Safety and Health of Workers			✓ (Labour Practices and Decent Work)
3. Eliminating Bribery and Corruption	✓		
4. Sustainable Procurement and Supplier Assessment	✓		
5. Waste Reduction and Environmental Initiatives		✓	
6. Training and Career Development			✓ (Labour Practices and Decent Work)
7. Energy Efficiency		✓	
8. Stringent Quality Control Procedures			✓ (Product Responsibility)
9. Providing Diverse and Inclusive Workplace			✓ (Labour Practices and Decent Work)
10. Engaging Local Communities			✓ (Society)

SUSTAINABILITY STATEMENT



ECONOMIC

Economic and Business Performance (Material Matter)

- Contributing to the Country’s Economic Growth and Business Sustainability
- Creating Job Opportunities
- Generating Economic Value in the Communities

Sustainable Procurement and Supplier Assessments (Material Matter)

- Procurement and Supplier Sustainability Plan

Eliminating Bribery and Corruption (Material Matter)

- Policies and Procedures
- Core Values

There exists a synergy between the respective businesses within the Group. Leveraging on each other’s strengths and resources, these business units actively seek to embed sustainability in areas of the business undertakings. This provides the impetus for the Group to continuously create economic value and contribute to healthy ecosystems for sustainable development. This section describes how our business activities play a part in influencing the economic condition of the country and provides insights into our interactions with the economic ecosystem.



SUSTAINABILITY **S T A T E M E N T**

**ECONOMIC AND BUSINESS PERFORMANCE  
(MATERIAL MATTER)**

**Contributing to the Country's Economic Growth and Business Sustainability**

Manufacturing and manufacturing-related activities have been the backbone of the Malaysian economy for decades and have been instrumental in turning the nation into an industrialised economy as well as a major player in the global value chain. To date, its growth has created numerous business opportunities in downstream activities and the related services sector. Manufacturing is an important economic sector, which has contributed approximately 22% to the national GDP for the last five years.

At Perangsang Selangor, our vision is in line with this aspect of the national agenda.

Since 2016, we have been gradually increasing our business focus on the manufacturing sector via acquisitions of businesses whose primary functions lead to the growth of the manufacturing industry. Currently, our direct exposure in the local manufacturing sector is via two subsidiary companies, namely, Century Bond Bhd ("CBB") and CPI (Penang) Sdn Bhd ("CPI").

Embedding sustainability in our business strategy has indeed led to the Group's enhancing its focus on value creation. By acquiring these manufacturing companies, we are on track with driving our business performance ahead to ensure the steady growth of our Group's business.

However, our efforts in ensuring business sustainability are not contained within the manufacturing sector only. Through our investment strategy, we also identify companies from other sectors which are value-accretive and growth-focused.

**Our Local Manufacturing Business**



Integrated Packaging Solutions Provider



Integrated Plastic Injection Moulding Company

**Business Strategy**

**Acquisition of Strategic Assets**

- Majority Stake
- Mature/Market Leader
- Financially Stable
- Ability to Expand to either be a Regional or Global Player

**Creating Value in Subsidiary Companies**

- Setting Value Creation Plans for Pre and Post Acquisition
- Active Participation via EXCO and Board

**Human Resource ("HR") Development**

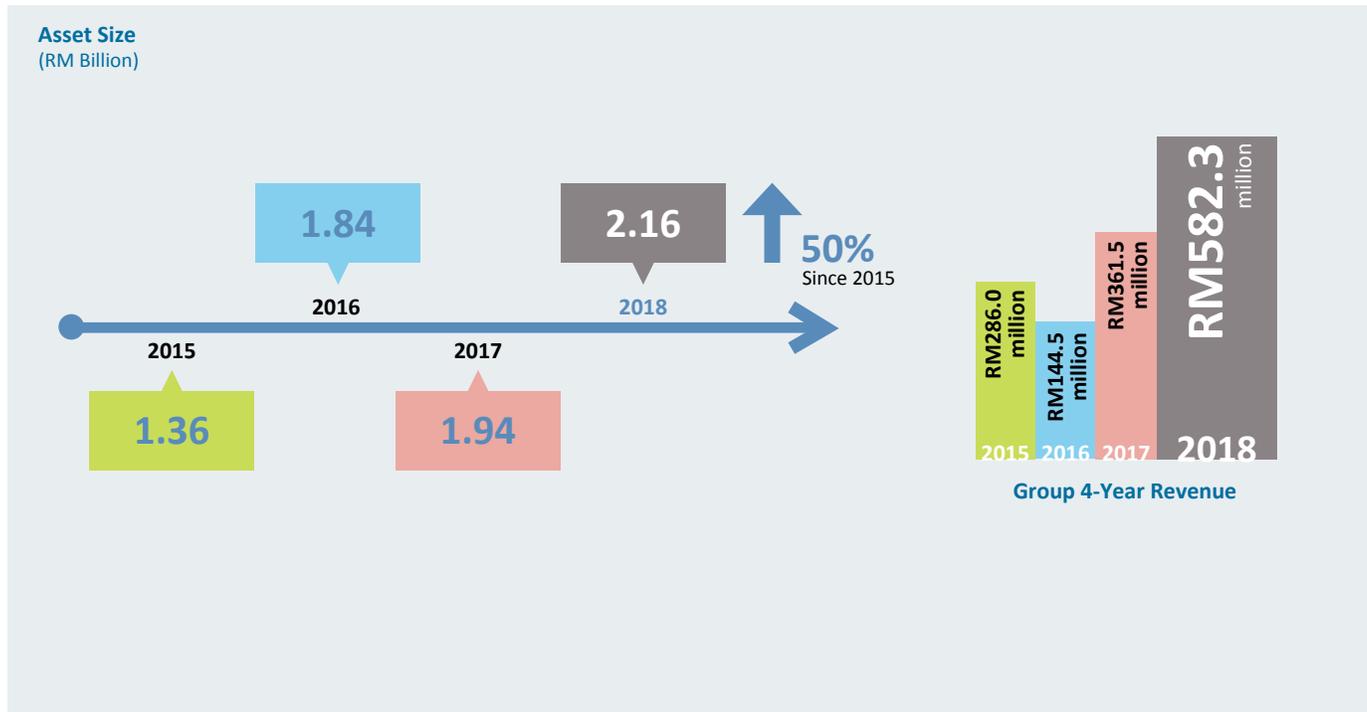
- HR Process Improvement
- Inculcating High Performance Culture

**Institutionalising the Subsidiaries**

- Focus on Improving Efficiency and Optimising Cost
- Reviewing Processes of Departments and Adopting Best Practices

SUSTAINABILITY **S T A T E M E N T**

As an investment holding company, our investments are focused on four core sectors, namely, manufacturing, trading, licensing and infrastructure. These investments collectively help us grow our asset size. Growth in asset size in turn, enlarges the Group’s revenue base as the subsidiary companies enhance value creation at their respective operations.



**Creating Job Opportunities**

The aspect of employment and job creation is critical to the socio-economic status of the community and the wider economy by providing income and boosting domestic consumption.

Job creation can do much more than just providing an income and facilitating consumption. It allows families to have better access to amenities such as safe water and reliable energy as well as improved health and quality education.

In a virtuous circle, this leads to a new generation of educated and aspirational young people, who are equipped to take advantage of new opportunities. Therefore, creating sustainable jobs can go on to change the lives of the community and, on a larger scale, underpin social cohesion across the country.

This makes investments in sustainable job creation a cost-effective way to deliver long term, positive development impacts. Perangsang Selangor plays a major role in this area. In 2018, we created 123 new job opportunities within the Group. As at the end of FY2018, we have 1,214 employees at Group level as compared with 429 in 2017.



**123**  
new job opportunities in 2018.  
(2017: 176 new job opportunities)



**1,214**  
total number of employees at Group level in 2018.  
(2017: 429 total employees)

SUSTAINABILITY STATEMENT



**Generating Economic Value in the Community**

As a responsible corporate entity, Perangsang Selangor has always been in the forefront when it comes to improving the livelihood of the community in which we operate through our planned Corporate Social Responsibility (“CSR”) programmes. We continue to prioritise community engagement as part of our outreach strategy to seed positive impact in the community where we operate.

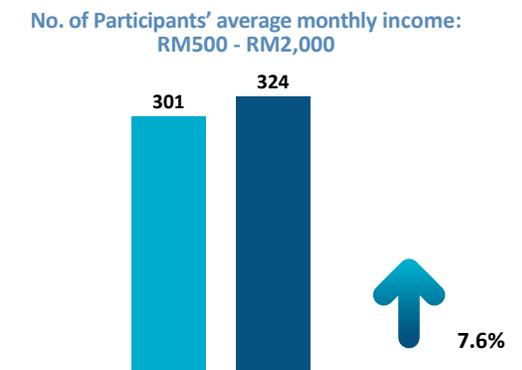
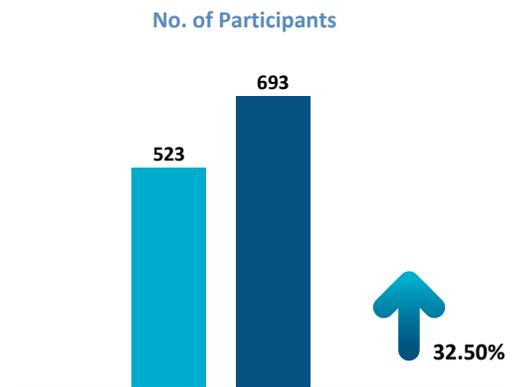
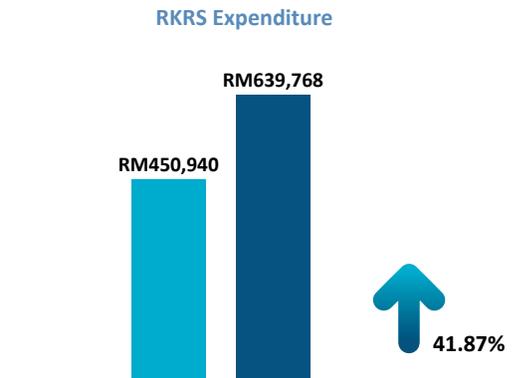
According to the Department of Statistics Malaysia, the unemployment rate in 2018 was 3.4% nationwide and 2.8% in Selangor. Unemployment invariably leads to issues that could disrupt the fabric of society and foment social ill within the communities.

One of our successful pioneering CSR programmes, *Program Rangsangan Kerjaya Rakyat Selangor (“RKRS”)* or Selangor People Career Stimulus Programme was implemented to address the unemployment issue by improving the socio-economic status of low-income earners. It targets those who are without any source of income, from the lower-income group or who live below the poverty line of RM1,500 per household per month. Since we started this programme in 2011, we have helped transform the lives of many low-income earners, especially in the state of Selangor. To date, more than 3,000 participants in this programme have witnessed a change in their socio-economic status.

Essentially, RKRS is an entrepreneurial training programme with a focus on the areas of livestock breeding, traditional post-maternity care, tailoring, flash stamp printing and flower decoration. The RKRS programme encourages participants to hone their entrepreneurial skills, start up small businesses or improve their competitiveness in their existing business.

A comprehensive framework has been put in place to ensure the programme achieves its objectives. The framework includes a thorough participant selection process, which is governed and monitored not only by the training providers, but also by the Perangsang Selangor CSR team.

In FY2018, we invested RM639,768 in the RKRS Programme which attracted 693 participants from all nine districts in Selangor. More participants recorded improvements in their socio-economic status after enrolling in the programme and registered an income of between RM500 and RM2,000 per month.



2017 2018

SUSTAINABILITY **S T A T E M E N T**

**SUSTAINABLE PROCUREMENT AND SUPPLIER ASSESSMENT (MATERIAL MATTER)**

As vendors and suppliers form part of an extended value chain of our business operations and services, the Group understands the importance of having a strong and supportive relationship with third party contractors, suppliers and vendors.

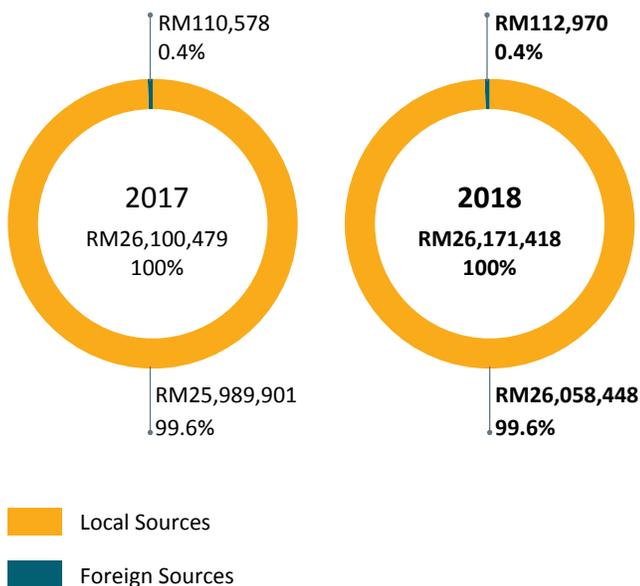
Being committed to the highest standards of ethical conduct, the Group has put in place stringent and sustainable procurement practices. In this regard, we carry out responsible sourcing of products and services by procuring from the local community, which also boosts the domestic economy.

By retaining value within the local supply chain, sourcing from domestic businesses supports the community. At the same time, it also ensures that we have greater control over supply costs and reliability of service delivery.



Perangsang Selangor is committed to extending the emphasis on local sourcing as well as business standards and ethics across the entire Group.

**Products and Services**



Adherence to the Procurement Policy and Standard Operating Procedures (“SOP”) across the Group ensures ethical conduct and best practices. The Policy and SOPs cover issues of fair prices, reliable service delivery, inventory responsibilities, shipping terms, return policies and other value-added provisions, which include contractual obligations.

In 2018, Perangsang Selangor implemented improvements in the procurement processes by developing an integrated system between the Procurement and Finance departments. This was done by upgrading the IFCA system that incorporates the e-Business management solution, which better facilitates and expedites our procurement planning, monitoring and accounting processes.



**Procurement and Supplier Management System**

Our subsidiary company, CPI, offers integrated plastic injection moulding services to a global clientele who demands high quality products and services. CPI serves customers across diverse industries, which spans across the automotive, healthcare and electronics industries. As such, engaging with suppliers of calibre who are able to comply with our stringent requirements are of paramount importance.

Supplier relationships are guided by a Supplier Management System, which ensures fair treatment of suppliers, free of all forms of exploitation. CPI also practices responsible procurement and supplier assessments, which take into account the critical aspects of quality and lead time, help control costs and meet the expectations of our quality-conscious customers.

CPI expects its suppliers to consider their environmental performance and safety aspects, by maintaining the compliance obligations which are related to environmental matters in this supplier-purchaser business relations.

Stringent supplier assessments and conditions are in place to ensure the best sources and quality services are achieved. The Purchasing and Supplier Policy was established to reduce cost and time, and to further improve the quality of our products.

SUSTAINABILITY **S T A T E M E N T**

**ELIMINATING BRIBERY AND CORRUPTION  
(MATERIAL MATTER)**

Ethical business practices are critical to business sustainability as it promotes social and economic growth. Unethical business practices, such as corruption and bribery, adversely affect the economy by distorting fair competition and raising the cost of procurement contracts and that of doing business. For example, they can impact on quality and cost efficiency in cases where third-party procurement results in inferior materials or supplies at artificially-inflated prices. They are also detrimental to the reputation of the Company.

Because in all its form, corruption poses a real business risk to the Group, here at Perangsang Selangor we are committed to doing business with integrity. To further prevent such incidences, the Group places a high priority on ethical and responsible practices and behaviour in our business and corporate dealings. All Board members, key Management personnel and employees are expected to adhere to business ethics in order to protect and preserve individual as well as corporate integrity. In 2018, there were no incidences of bribery and corruption reported within the Group.

**Policies and Procedures**

The Group has adopted several policies and guidelines, and formed a review board to govern responsible business practices and guidelines for ethical behaviour while deterring unethical conduct, which includes:

- Policy on Conflict of Interest;
- Policy and standard operating procedures for Corporate Governance;
- Guidelines on good business practices, ethics and conduct;
- Independent Board of Directors to protect shareholders' interest; and
- Procedures for whistleblowing and providing proper channels for disclosure of improper conduct.



**Core Values**

In 2018, Perangsang Selangor established its core values to encourage a high standard of ethical behaviour by all employees and its subsidiary companies. Quite aptly, one of the core values is **Integrity**. Our core values consist of five elements: **Pride, Respect, Integrity, Discipline** and **Extra-Mile**. These values provide the foundation upon which we make decisions, drive performance and manage our business operations.

<b>P</b>	<b>R</b>	<b>I</b>	<b>D</b>	<b>E</b>
				
<b>PRIDE</b>	<b>RESPECT</b>	<b>INTEGRITY</b>	<b>DISCIPLINE</b>	<b>EXTRA-MILE</b>
<p>Take pride in our jobs and Perangsang Selangor as an organisation, and commit to its success</p>	<p>Recognise the value of other people and accept differences</p>	<p>Integrity in our conduct is guided by responsibility and accountability</p>	<p>Operate with team spirit which is guided by clear rules of work, discipline and a healthy work life balance</p>	<p>Contribute to stakeholders' growth by "Going the Extra-Mile"</p>



*As per the code of conduct and discipline prescribed in the Employee Handbook, as employees, we strive towards achieving the highest standards of work ethics and professionalism. This encompasses conducting our business in a fair, ethical and legal manner, avoiding corruption in any form, including bribery, and complying with the anti-corruption and other governing laws.*

SUSTAINABILITY **S T A T E M E N T**



**ENVIRONMENT**

**Environment Initiatives and Waste Reduction (Material Matter)**

- Preserving the Environment by Embedding Sustainability in Business Strategy
- Reuse of Paper Waste from Carton Box Production
- Scheduled Waste Management Programme
- Environment-friendly Initiatives

**Energy Efficiency (Material Matter)**

- Energy Efficiency Initiatives

Environmental degradation and climate change are pressing issues in a world increasingly drained of its natural resources. This is disrupting ecological patterns on a global scale, leading to drastic and destructive changes to vital ecosystems such as the climate, ocean flow and wildlife. If left unchecked, this will progressively reduce the overall quality of life for us in the present and especially for the future generations.

At Perangsang Selangor, we accept this shared responsibility and aspire to be an agent of change towards environmental preservation.

The Group is committed to the conservation of resources and preservation of the environment. Based on this principle, our approach to environmental sustainability cuts across three fronts:

- Business activities that minimise the impact on the environment;
- Internal measures that reduce the environmental footprint of the operations; and
- Initiatives to promote an environment-friendly culture.



SUSTAINABILITY **S T A T E M E N T**

**ENVIRONMENTAL INITIATIVES AND WASTE REDUCTION (MATERIAL MATTER)**

**Preserving the Environment by Embedding Sustainability in Business Strategy**



In Malaysia, we are blessed with an abundance of rainfall and water resources. Yet, we are faced with water shortages and crises in many parts of the country.

The shortages and crises are not caused by having too little water to satisfy our needs. Rather it is caused by unsustainable management of water resources. Issues facing urban water distribution networks in the country are highly associated with ageing pipelines, frequent bursts and leakages, and overall supply interruption. Most water pipes in the distribution networks in the country – be it of mild steel, asbestos cement (“AC”), or various other types - are ageing, being between 30 and 40 years old. Due to fatigue, a high number of leak or burst incidents are recorded weekly, usually from AC pipes nearing the end of their lifespan.

The principal activity of our subsidiary, Smartpipe Technology Sdn Bhd (“Smartpipe”), is providing integrated solutions encompassing pipe rehabilitation and replacement. Its business activities will ultimately help ensure the sustainable supply of water to consumers.

In 2018, Smartpipe completed two successful pilot projects to demonstrate the Compact Pipe® (“CP”) system, which is a trenchless pipe installation system. The first pilot project, undertaken for Pengurusan Air Selangor Sdn Bhd (Air Selangor), took place at Taman Bukit Anggerik, Cheras in Kuala Lumpur. The demonstration showcased Malaysia’s first ever trenchless, close-fit CP water pipe replacement solution.



*Smartpipe demonstrated the trenchless pipe installation system to Air Selangor officers at Taman Bukit Anggerik, Cheras, Kuala Lumpur.*

SUSTAINABILITY **S T A T E M E N T**

The second pilot project was undertaken for Perbadanan Bekalan Air Pulau Pinang Sdn Bhd on Jalan Dato' Hj Ahmad Said in Butterworth, Penang. This time, Smartpipe demonstrated the technology's competitive advantage in water pipe rehabilitation solutions.

Smartpipe offers integrated solutions for saving water, managing leakages and or repairing damaged pipes in the water pipeline distribution networks using both conventional and compact pipes. On this premise, Smartpipe is well positioned to help address the Non-Revenue Water ("NRW") issue which the country is facing. Smartpipe's expertise can be tapped into to help improve the sustainability of water supply in the country.



Another subsidiary company, Aqua-Flo Sdn Bhd ("Aqua-Flo") is principally involved in the trading of water chemicals and equipment as well as providing technical services for the water, waste and sewage treatment plants. Aqua-Flo indirectly helps ensure the supply of quality water by providing chemicals such as liquid chlorine, liquid alum and poly aluminium chloride to the treatment plants. Once treated, the water is supplied to consumers.

Aqua-Flo is equipped with a modern and high-tech water laboratory to carry out analysis according to the full spectrum of parameters required by the Malaysia Drinking Water Standard and Malaysia Effluent Standard. In 2018, Aqua-Flo supplied RM111.1 million worth of water chemicals to water treatment plants, compared to RM101.3 million the year before.



**RM111.1 million**  
worth of water chemicals  
supplied to water treatment  
plants in 2018.

(FY2017: RM101.3 million)



Our King Koil plant in Arizona, the United States of America ("the US") was one of the first local businesses to be certified by the City of Avondale's Green Business Program. This certification recognises King Koil's investments and contributions which operate in an eco-friendly way beyond basic environmental requirements. As a member of the programme, King Koil will gain access to continuous green educational training to constantly improve its practices.

One of the key features of the production plant is its energy-efficient ventilation, which uses high-volume low-speed ("HVLS") gigantic fans which facilitate improved ceiling to floor and wall to wall airflow. Besides promoting energy efficiency, the usage of HVLS also creates a conducive and safe working environment for the workers and production process, which can be an issue in arid and hot Arizona, where the outside temperature can reach a high of 40 degrees Celsius. Compared to other ventilation equipment, HVLS can be up to 30% more energy efficient and has an added bonus of producing less noise.

In terms of waste management, a zero-waste target has been set. Larger materials used in production, such as foams and coils, are procured true to size, which would not produce any waste. Fabrics are where the focus is, as it requires to be cut to different mattress specifications. In addition, usable and unspoilt components of returned products are recycled to minimise wastage and save re-production cost.

We are in the process of setting baselines in order to track the performance of our waste management initiatives, given that the plant was only commissioned in May 2018.

SUSTAINABILITY **S T A T E M E N T**



*King Koil Manufacturing Facility in Arizona, in the US employs green practices in its production processes.*



*King Koil celebrated its 120<sup>th</sup> anniversary with the Limited Edition mattress collection.*

*The 120<sup>th</sup> Gold mattress collection features the exclusive Perfect Contour<sup>®</sup> Reaction coil system, pressure relieving natural talalay latex, moisture wicking tencel<sup>™</sup> fibers woven into the sleeping surface and the ICA Gold endorsement to ensure years of a healthier night's sleep.*

SUSTAINABILITY **S T A T E M E N T**



**Reuse of Paper Waste from Carton Box Production**

Usage of moulded pulp as packing materials in Malaysia is still at an early stage. But the trend towards environmental packing offers a wide range of benefits compared to traditional plastic and styrofoam packaging.

While the use of moulded pulp as a packaging material is still at an early stage in Malaysia, this trend is catching on especially in the electrical appliances, electronics, agriculture, plantation, F&B and medical industries. Multinational companies are more likely to use moulded pulp due to better environmental awareness. In Malaysia, it is essential to educate consumers to shift their mindset from conventional packing to environment-friendly ones.

We are pleased to report that for the first time in 2018, CBB Senai took a step towards achieving zero manufacturing waste where carton trim waste, averaging about 65 metric tonnes per month, was reused to produce moulded pulp casings. These casings are heavily used in the electronics and beverage industries and provide excellent bracing, blocking and cushioning protection.

Another added benefit which the processing of moulded pulp packaging offers is that no wastewater is discharged as all water evaporates or is reused in the pulping process.

On-going global awareness campaigns targetting consumers are already driving many multinational corporations towards eco-friendly materials as opposed to traditional packaging.

Pro Pulp Packages Sdn Bhd, a CBB subsidiary, generated sales of RM1.4 million in 2018 for this moulded pulp product.



*Above and below: CBB Senai leads the way in producing moulded pulp casings in Malaysia, utilising 100% post-industrial raw materials.*

SUSTAINABILITY **S T A T E M E N T**



**Scheduled Waste Management Programme**

Throughout 2018, under its Environment Management Programme, CPI continued to monitor Scheduled Waste (“SW”) disposal at each department as well as the frequency of scheduled waste disposal from the point of generation to the centralised Scheduled Waste Storage area.

At its Plastics Division, Paint Sludge (SW 416), Contaminated Rags & Filters (SW 410) and Empty Waste Containers (SW 409) were the major contributors in SW generated.

Paint Sludge (SW 416) constitutes a major fraction of the hazardous waste from the automotive industry. As part of its waste reduction initiatives, the Plastics Division installed a filtration system to reduce the high generation of paint sludge. In 2018, a total of 13,230.20 kg of paint sludge waste was recorded compared with 18,056.58 kg the previous year. This was a reduction of 4,826.38 kg of paint sludge in 2018.

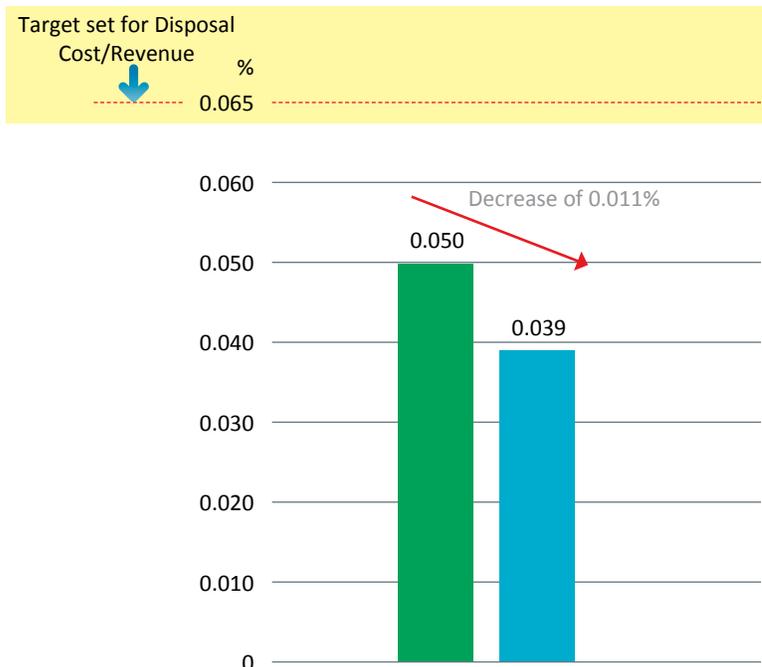
In 2018, Contaminated Rags & Filters (SW 410) registered lower waste generation at 3,384.60 kg (2017: 3,458.70) which reflects a reduction of 74.1 kg. The reduction of wet paint sludge from the filtration system also contributed to the reduction of contaminated gloves. Other items under this category were soiled wiping rags and process filters.

However, waste generated for Empty Waste Containers (SW 409) was higher in 2018 at 5,266.30 kg (2017: 4,637.40 kg), an increase of 628.9 kg. This was mainly due to the increase in the spraying process works for a new project, which the Plastics Division was contracted for involving an international motor vehicle brand.

In 2018, the Plastics Division surpassed the target set for SW reduction of less than 0.065%, registering 0.039% for total disposal cost against the total revenue. This resulted in a decrease of 0.011% from the corresponding year’s disposal cost/revenue of 0.050%.

**SCHEDULED WASTE REDUCTION PROGRAMME**  
Total Disposal Cost/Revenue (%)

**CPI Plastics**



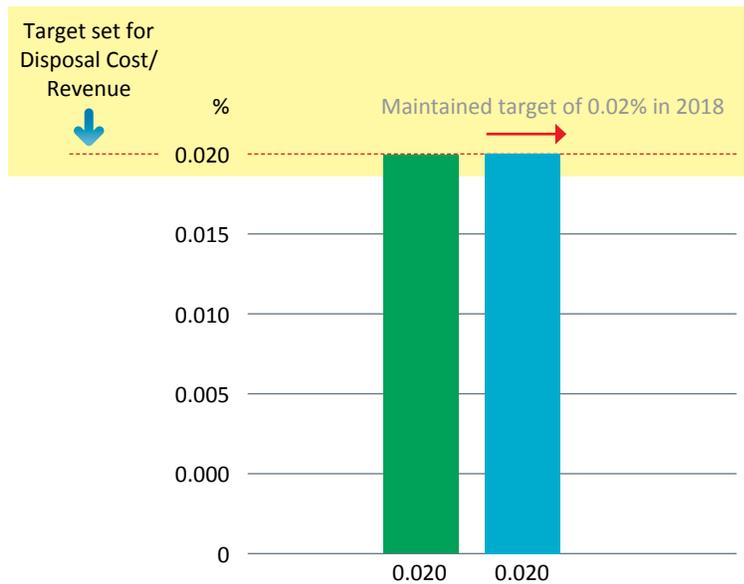
*The Plastics Division achieved an average disposal cost/revenue of 0.039, surpassing the target of less than 0.065.*

SUSTAINABILITY **S T A T E M E N T**

In 2018, the Electronics Division was awarded two new projects which resulted in higher consumption of materials required in the production processes. Inevitably, there was a marked increase in all its registered SW Categories output which more than doubled as compared with the previous year. Total SW generated during the year was 6,307.80 kg against 3,330 kg in 2017.

The percentage of total disposal cost over revenue was 0.02% which registered similar achievement the year before. Therefore, despite the increase of SW output during the year, the Electronics Division managed to maintain the set target of SW reduction of 0.02% for two consecutive years.

**SCHEDULED WASTE REDUCTION PROGRAMME**  
Disposal Cost/Revenue (%)  
**CPI Electronics Division**



*The Electronics Division achieved an average disposal cost/revenue of 0.020, meeting the target of 0.020 for two consecutive years.*

 2017  2018

SUSTAINABILITY STATEMENT



**Environment-friendly Initiatives**

Perangsang Selangor in collaboration with Sepang District Council (“MPS”), Sinar Harian, Genesis and Kampung Bagan Lalang Youth, organised a beach cleaning programme, *Hijau Bumi Tuhan* in efforts to inculcate an eco-friendly culture among the public. As part of this programme, we donated 10 large trash cans and also 10 coconut trees which were planted by the Sepang Municipal Council.

During the event, more than 100 participants joined hands to collect waste such as disposable diapers, lorry tires, plastic bags as well as plastic and glass bottles along the 200-meter beach. A total of 1,400 kg of garbage was collected in under three hours.



*Joining hands to rid the beach of garbage at Sepang District.*

**Green Information and Communications Technology (“ICT”) Practice**

At Perangsang Selangor, employees are encouraged to embrace Green ICT within the organisation. The following are some of the initiatives:



**Printing and printers**

- All printers used are to be Energy Star certified.
- Printer consolidation policy: reduce the number of single printers and apply networked multifunction devices (MFDs).
- Encourage employees to print both sides of the paper.
- Setting the default colour printer to black and white.



**Computers**

- Leverage on cloud computing for personal computers and mobile devices such as tablets and smart phones.
- Reduce energy consumption through active power management on computers (standby/ hibernate after 10 minutes of inactivity).
- Turn off computers, lighting and cooling systems when not in use.



**Energy-efficient Initiatives**

- Replacement of Fluorescent Light Bulbs to LED Lights.
- New air-conditioning system using the Inverter Technology.

SUSTAINABILITY **S T A T E M E N T**

**ENERGY EFFICIENCY (MATERIAL MATTER)**



**Energy Efficiency Initiatives**

Energy efficiency is simply the process of doing more with less. The goal is to accomplish tasks and functions while using less energy. In 2018, Perangsang Selangor carried out the following measures to enhance energy efficiency.

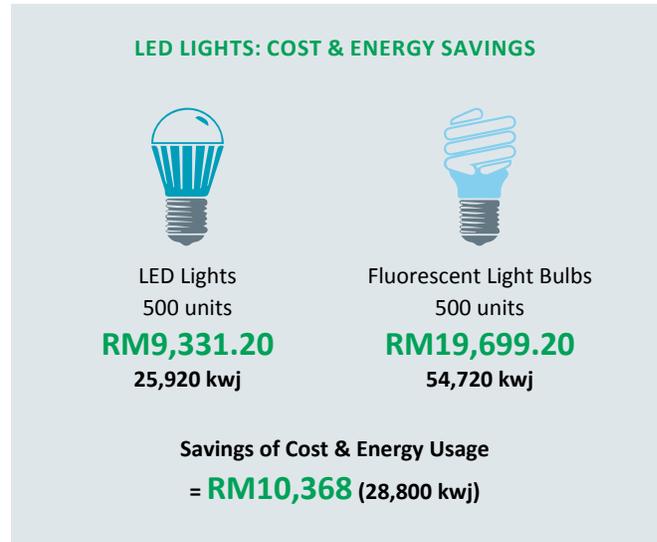
500 LED lights were installed to replace the conventional fluorescent light bulbs. This cost saving initiative recorded a reduction of RM10,368 or 52.6% to the total electricity bill for the year. The consumption of LED lights totalled RM9,331.20 (25,920 kwj) for the year as compared with RM19,699.20 (54,720 kwj) when fluorescent light bulbs were used in the previous year. This registered a cost saving of 28,800 kwj of energy use.

A new chiller for a centralised air-conditioning system was installed in 2018 to ensure energy efficiency. With this installation, we managed to reduce energy consumption by 15.9% to achieve cost savings of RM347,000 from total energy cost of RM1.842 million, compared to RM2.189 million in 2017.

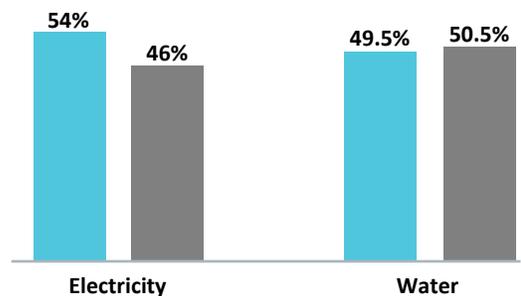
With these initiatives, we have managed to lower the electricity bill. However, there was a slight increase in water consumption due to the installation of the new chiller, which required an initial higher consumption during the testing period.



*The new chiller at our Headquarters has contributed positively to energy cost savings.*



**ENERGY & WATER CONSUMPTION**



*Reduced energy consumption by 15.9% or RM347,000 in the electricity bill.*

*Slight increase in water consumption of RM2,000.*

■ 2017 ■ 2018

SUSTAINABILITY **S T A T E M E N T**



**Energy Efficiency Initiatives**

During the year in review, CPI organised a Cost Saving Campaign where employees were encouraged to switch off computers, electrical appliances, lights and air-conditioning units during lunch break and after working hours.

Another initiative saw preventive maintenance measures undertaken on all machinery and equipment on a regular basis. Old machinery or machines encountering regular breakdowns were earmarked to be replaced with new, efficient ones.

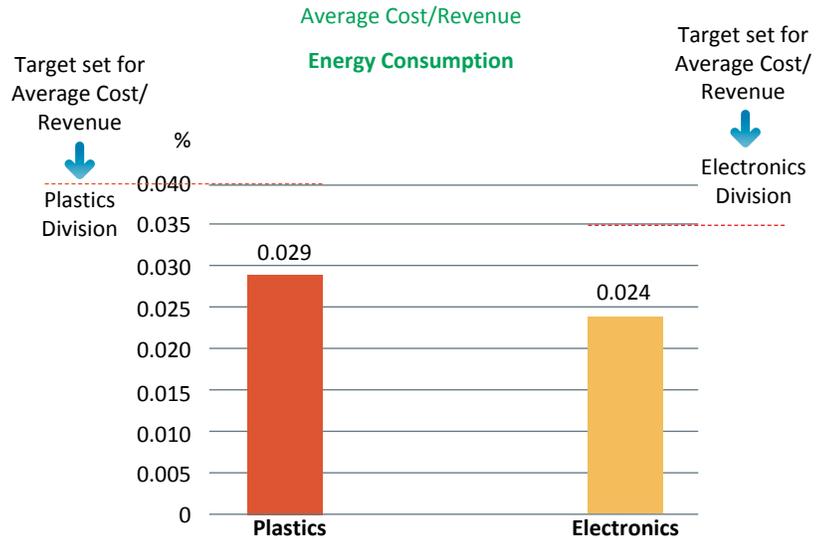
In 2018, CPI purchased 15 new engineering thermoplastic injection moulding machines. In addition to increasing capacity, the new machines were also intended to improve the overall efficiency of the production line. The Plastics Division and Electronics Division were both awarded new contracts in 2018 which saw an increase in operator headcount and overtime which caused the spike in energy consumption at both divisions.

In 2018, total energy costs at the Plastics Division and Electronics Division were higher at RM3,649,500 and RM574,980 respectively. The Plastics Division's average cost/revenue was 0.029 while the Electronics Division posted an average cost/revenue of 0.024. Both divisions surpassed the target set to reduce energy consumption, with the Plastics Division's target being below 0.040 and Electronics Division's target being below 0.035.

Water consumption at the Plastics Division averaged 0.44 litre/revenue which was below the target of 0.60 litre/revenue, and the Electronics Division averaged 0.65 litre/revenue which was moderately beyond the target of below 0.60 litre/revenue. This slight increase was due to higher operator headcount and leakage at the cooling tower water pipe, which has been repaired.

Close monitoring of the implementation of cost saving measures will continue to be enforced in order to meet all the targets which have been set to reduce both energy and water consumption in our operations.

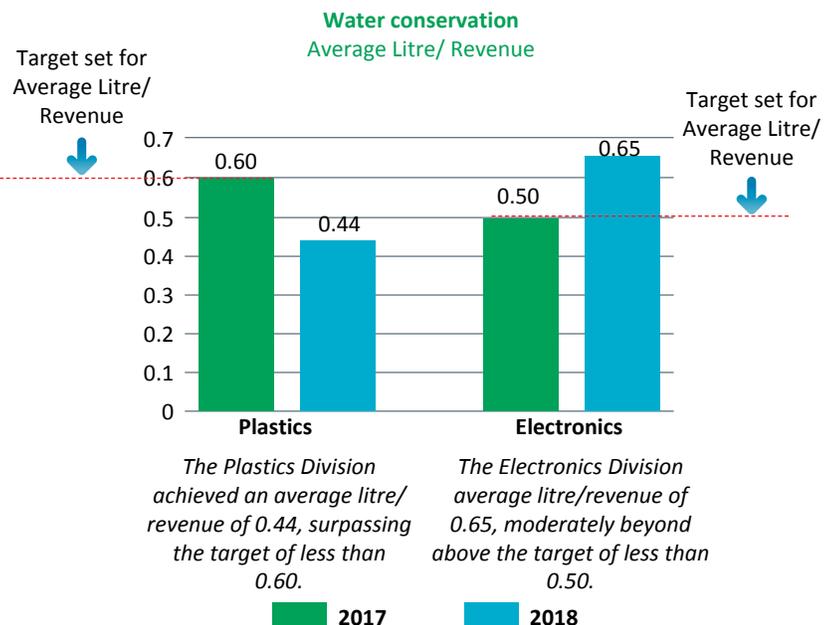
**ENERGY & WATER CONSUMPTION**



The Plastics Division achieved an average cost/revenue of 0.029, surpassing the target of less than 0.040.

The Electronics Division achieved an average cost/revenue of 0.024, surpassing the target of less than 0.035.

Note: The National Quality Assurance has recommended the changes of unit measurement in 2018 to ease the understanding and direct reflection of energy value consumption versus sales.



The Plastics Division achieved an average litre/revenue of 0.44, surpassing the target of less than 0.60.

The Electronics Division average litre/revenue of 0.65, moderately beyond above the target of less than 0.50.

SUSTAINABILITY STATEMENT



**SOCIAL**

- Labour Practices and Decent Work**
  - Protecting the Safety and Health of Workers (Material Matter)
  - Occupational Health and Safety Assessment Survey
  - Training and Career Development (Material Matter)
- Human Rights**
  - Providing Diverse and Inclusive Workplace (Material Matter)
- Product Responsibility**
  - Quality Control Procedures (Material Matter)
- Community**
  - Engaging and Empowering Local Communities (Material Matter)

As an employer, Perangsang Selangor is directly responsible for the well-being of its people. As a business, we are accountable for the safety and quality of our products as well as the reliability of services to our customers. As a responsible corporate citizen, the Company has a significant role to play in community empowerment. Therefore, building effective relationships with our key stakeholders which include employees, customers, communities and the public is indeed crucial to our success.

This section highlights our efforts in delivering our social commitment to all our stakeholders and is presented according to segments of the Social pillar of sustainability, which are Labour Practices and Decent Work, Human Rights, Product Responsibility and Society.



*Perangsang Selangor employees make time to assist and engage with members of our community regularly.*

SUSTAINABILITY **S T A T E M E N T**

**LABOUR PRACTICES AND DECENT WORK**

As an employer with diversified business interests spanning across several subsidiary companies, we are responsible for the job security, career development and health of more than 1,000 people. We provide our employees with a safe, secure and conducive working environment to boost productivity levels by creating and maintaining a happy and healthy workplace.

The Group complies with all laws and regulations, which are related to employment, place of employment, human rights and other legislative requirements, as listed below:

- Employment Act 1955 (Act 265);
- Industrial Relations Act 1967 (Act 177);
- Occupational Safety and Health Act 1994 (Act 514);
- Employees Provident Fund Act 1991 (Act 452);
- Employees’ Social Security Act 1969 (Act 4);
- Income Tax Act 1967 (Act 53);
- Employment Insurance System Act 2017 (Act 2018);
- Personal Data Protection Act 2010 (Act 709);
- Minimum Retirement Age Act 2012 (Act 753);
- National Wages Consultative Council Act 2011 (Act 732); and
- Children and Young Persons (Employment) Act 1966 (Act 350).

We comply with the requirements to contribute to the Employees Provident Fund (“EPF”) and the Social Security Organisation (“SOCSO”) in accordance with the provided Acts.

The Group is a strong advocate of employee work-life balance and towards this end, we have introduced flexible entry points for working hours, planned activities and time off during Ramadhan and other festive seasons.

**PROTECTING THE SAFETY AND HEALTH OF WORKERS (MATERIAL MATTER)**



As per our Occupational, Health and Safety (“OHS”) Policy, we are committed to conducting our business activities in a responsible manner that ensures the health and safety of our employees, business partners and the public and to further embrace environmental preservation. Reasonable and practical steps are taken to prevent the risk of occupational injury and illnesses of personnel and also damage to the environment.

At our Headquarters, we collaborated with the Fire and Rescue Department to conduct first aid programmes, a fire drill and a safety talk to improve our OHS initiatives.



*Suzila Khairuddin, Deputy Chief Executive Officer (Operations) (second from right) with Romli A Hamid (third from left), Director of Lembaga Hasil Dalam Negeri Selangor, Kartini Nordin (second from left), Appraiser of Jabatan Penilaian dan Perkhidmatan Harta Shah Alam during the opening ceremony of the Cergas Sihat programme.*

**SUSTAINABILITY STATEMENT**

**19 July 2018:** Perangsang Selangor in conjunction with *Lembaga Hasil Dalam Negeri* (Shah Alam branch) and *Jabatan Penilaian dan Perkhidmatan Harta* (Shah Alam branch) co-organised “*Cergas Sihat Perangsang Selangor*”, a wellness programme at the Plaza Perangsang Lobby. More than 300 employees and tenants of the building joined in the aerobics session which was then followed by a blood donation drive and wellness talk. The talk was presented by guest speaker, Dr Rosmawati of I-Clean Wellness Centre who elaborated on the importance of a balanced diet and healthy eating habits. In addition, the National Blood Centre collected a total of 86 pints of different blood types compared to 62 pints during the same programme in the previous year.



*Our employees listening intently to the briefing session conducted by an officer from the Fire and Rescue Department, Selangor.*

**25 October 2018:** The Building Management Services (“BMS”) Department in collaboration with IDC Global Resources and the Fire and Rescue Department of Selangor carried out the First Aid training programme at Plaza Perangsang, Shah Alam. This programme led to the formation of the Emergency Rescue Team, which was made up of 50 selected employees and tenants. Each team member received the certificate of appointment during the Health & Safety Campaign programme, which was subsequently held on 22 November 2018 at Plaza Perangsang.



*Employees learning proper first aid techniques.*

**26 October 2018:** The BMS Department, IDC Global Resources and the Fire and Rescue Department of Selangor jointly staged a fire drill exercise and rescue training at Plaza Perangsang. In accordance with the provisions of the Fire Services Act 1998 (Act 341) and Occupational Safety and Health Act 1994, the drill was intended to increase the awareness among tenants on the evacuation procedures in the event of an emergency at Plaza Perangsang. A total of 637 employees, tenants and authorities participated in the drill.



*The newly formed Emergency Rescue Team will ensure the effectiveness of the emergency response plan at Plaza Perangsang, Shah Alam.*

SUSTAINABILITY STATEMENT

Occupational Health and Safety Assessment Survey

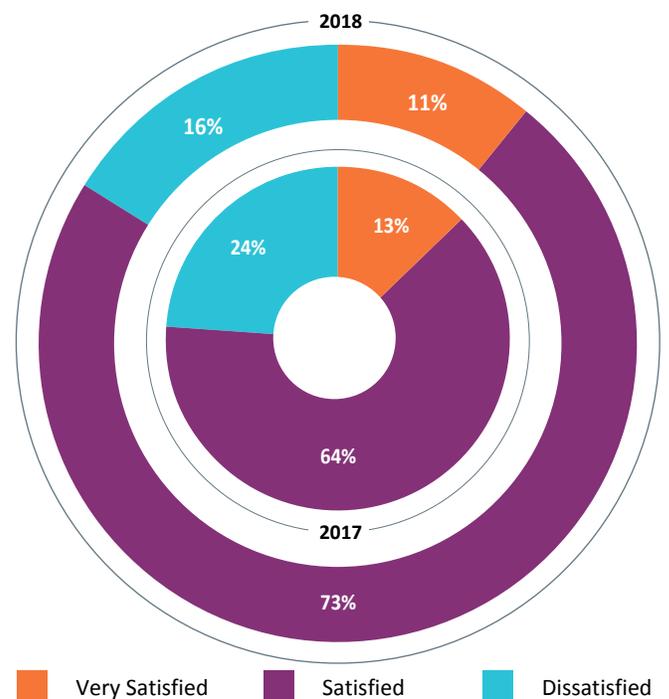


In 2018, BMS also conducted a Customer Satisfaction Survey among the tenants of Plaza Perangsang on matters relating to Occupational Health and Safety Assessment Series (“OHSAS”). 59 tenants took part in this survey, which consisted of employees from Lembaga Hasil Dalam Negeri (“LHDN”), Jabatan Penilaian & Pengurusan Harta (“JPPH”), Jabatan Belia & Sukan Selangor (“JBSS”), Jabatan Bantuan Guaman (“JBG”), Multimedia Consulting Sdn Bhd (“MCSB”), Jabatan Pembangunan Wanita (“JPW”), AKS Sepakat, KAS Consultancy and Perangsang Selangor.

Scope of OHSAS Annual Survey



Overall Results of OHSAS Annual Survey



The results of the survey, which was rolled out in 2018, indicated improvements in terms of overall satisfaction towards services rendered. The satisfaction percentage of Plaza Perangsang tenants in 2018 with respect to OHSAS increased by 9% compared to that in 2017.



We also implemented the following measures to achieve optimum safety levels at our Headquarters and all our subsidiary companies:

- Improving processes and guidelines in handling equipment and machinery;
- Compulsory use of Personal Protective Equipment (“PPE”) and safety precautions, which included:
  - Proper use of safety gear (face masks/safety boots/gloves) to protect against hazardous dust/particles/objects which were implemented by our manufacturing companies; and
  - Proper dress code and safety gear while handling chemicals and other hazardous objects.

During the year in review, only six incidents occurred within CBB factory premises and no major accidents were reported. CPI reported zero workplace accidents/incidents. This was achieved due to stringent safety measures in place.

SUSTAINABILITY **S T A T E M E N T**

**TRAINING AND CAREER DEVELOPMENT (MATERIAL MATTER)**

**Training**

The continued success of the organisation depends on the quality of our employees. Thus, we aim to provide our employees with learning and development opportunities that will equip them with the necessary skills, knowledge and motivation to enable them to perform their jobs effectively.

During the year in review, the Management and employees participated in the following programmes or courses:

PROGRAMME	TARGET AUDIENCE	BENEFITS
Islamic Financial Course	KPS Employees (30 pax)	Basic knowledge in the management of Islamic Financial Services.
TRICOR In-house Corporate Training	Board of Directors, Senior Management and Selected Departments (30 pax)	Latest amendments of the new MMLR from Bursa Malaysia.
Finance Retreat	Finance Departments of Perangsang Selangor and Subsidiaries (17 pax)	Updates on the new accounting standards, namely MFRS 15 and MFRS 9, and the potential impact to Perangsang Selangor’s financial statements. Existing Financial Policy and Procedures applicable to Perangsang Selangor Group.
RISK Awareness Session 2018	Perangsang Selangor Board of Directors, Senior Management and Head of Subsidiaries. (35 pax)	“Enterprise Risk Management-Driving Organisational Sustainability, Agility and Resilience”.
Legal Talk	Perangsang Selangor Board of Directors, Senior Management and employees (33 pax)	Highlights on several case studies which involved local organisations on “Cross Border Transactions”.

In addition to these programmes, the following training sessions and events were conducted:

- SDG X (Sustainable Development Goals) Training
- Budget Talk 2018
- GST Updates 2018
- Industry 4.0: Future of Manufacturing, Internal Audit Training
- HR Seminar 2018
- ASEAN Senior Management Programme
- IFCA Software Training

SUSTAINABILITY **S T A T E M E N T**

**Career Development**

In support of business continuity, programmes for succession planning are also in place to prepare identified successors to assume leadership roles when the opportunity for higher responsibilities arises. It is imperative that successors be given sufficient time to obtain the necessary skills and knowledge to perform their responsibilities.

These programmes have already been implemented and we have successfully identified suitable successors for all Heads of Departments at the Company level. The succession planning programme was also implemented at Senior Management level. To support the continuity of leadership within the Group, two re-designations took place recently: the roles of Chief Operating Officer and Chief Investment Officer were re-designated to Deputy Chief Executive Officer (Operations) and Deputy Chief Executive Officer (Strategy & Investments), respectively, effective 1 January 2019.

We have also identified suitable successors for all Heads of Departments at the Company level in preparing for future leadership potential within the Group. In relation to this, between 15 and 22 July 2018, two potential leaders were identified and subsequently participated in the 9<sup>th</sup> ASEAN Senior Management Development Programme, a leadership programme which was organised by the Harvard Business School Alumni Club of Malaysia at Bangi Resort Hotel.



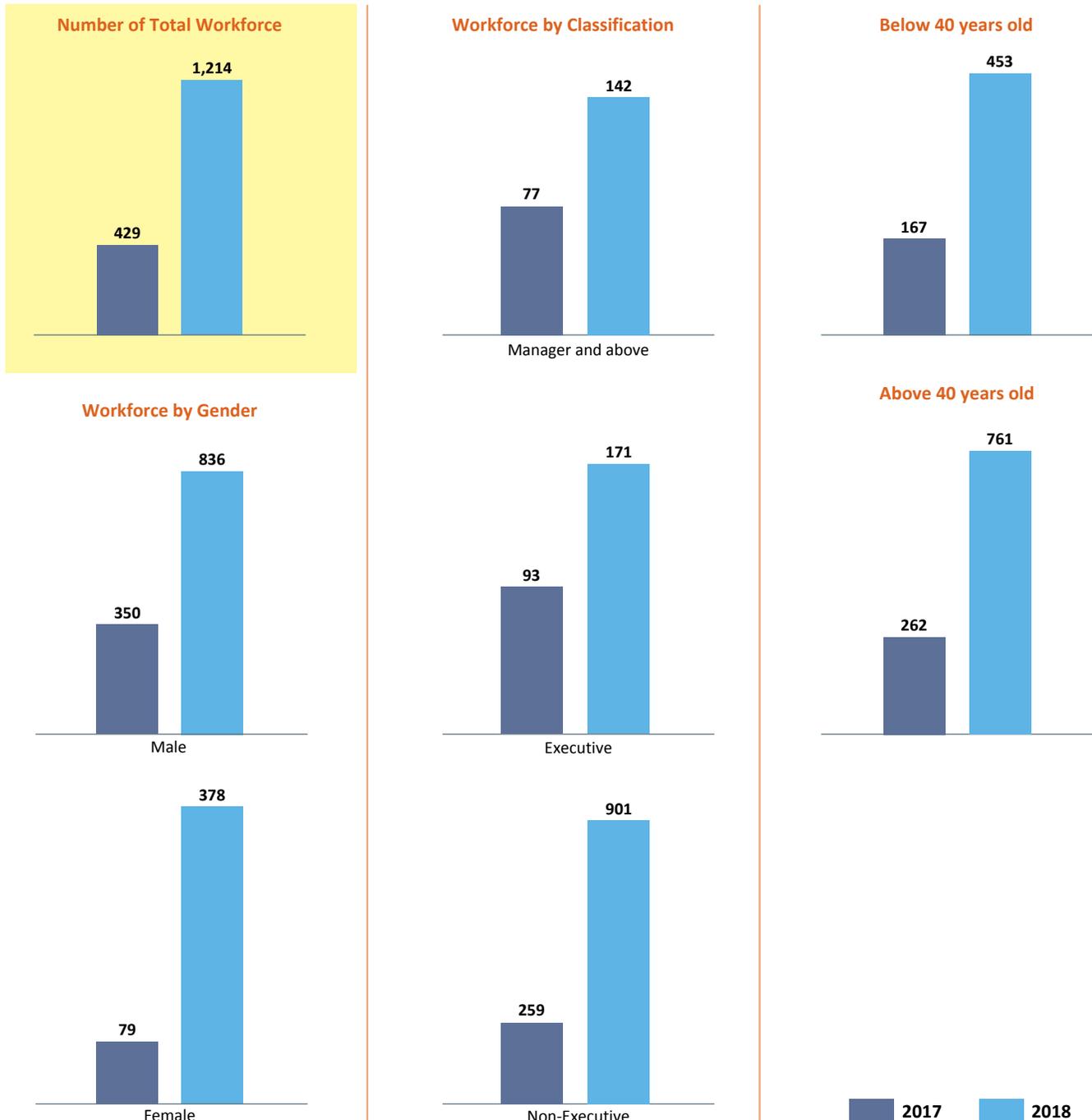
*Ensuring employees' skills and knowledge are up-to-date can grow the Group's business and boost its competitiveness in the industries in which we operate.*

SUSTAINABILITY **S T A T E M E N T**

**HUMAN RIGHTS**

**PROVIDING DIVERSE AND INCLUSIVE WORKPLACE (MATERIAL MATTER)**

At Perangsang Selangor, our commitment to diversity and inclusion is crucial to fulfilling our Group’s mission. Accordingly, we strive to attract, retain and develop a pool of talents from many dimensions and leverage on the broad range of knowledge and experience of all our employees.



SUSTAINABILITY **S T A T E M E N T**

We also engage our employees on a regular basis to build on the relationships between management and employees as well as to seek their input on building a better company. In 2018, three town hall sessions were organised, with an average of 70 employees per session who attended to share their views. Our employee engagement programmes in 2018 were:

PROGRAMME	TARGET AUDIENCE	BENEFITS
Breakfast with the MD/GCEO (Three Sessions)	Perangsang Selangor employees (39 pax)	Engagement between the MD/GCEO and Perangsang Selangor employees on various topics, which were mainly focused on business development, investment strategies and career improvement.
Lunch and Learn (Seven Sessions)	Perangsang Selangor employees (245 pax)	Face-to-face discourse with invited agencies on various workplace-related topics.
Usrah Management	Management of Perangsang Selangor (25 pax)	Religious programmes and discussions on spirituality-related topics.
<i>Qiamullail Perdana</i> (Six Sessions)	Employees and family members (100 pax for each session)	Programme to foster closer relationships among Perangsang Selangor employees and their family members.
Family Day	Perangsang Selangor employees and family members (49 employees and 142 family members)	Programme to foster closer relationships among Perangsang Selangor employees and their family members.
Annual Dinner	Perangsang Selangor employees (65 pax)	Employee appreciation to foster a harmonious working relationship between employees and the Management.
Town Hall (Seven Sessions)	Perangsang Selangor, CBB and CPI employees (183 pax)	The briefings were focused on financial performance and status updates on Key Performance Indicators as well as 2018 business plan and strategic initiatives.
Majlis Berbuka Puasa	30 Tahfiz students as well as 80 employees and family members (44 employees and 35 family members)	To foster closer relationships among Perangsang Selangor employees, the community and their family members.

SUSTAINABILITY **S T A T E M E N T**

**PRODUCT RESPONSIBILITY**

**QUALITY CONTROL PROCEDURES (MATERIAL MATTER)**

The Group consistently pursues the relevant customer satisfaction product and quality accreditations while also improving on processes and mechanisms to improve quality. In FY2018, we achieved improvements to systems, procedures and processes, as follows:



**Selection of Materials, Product Features and Quality**

As consumers become more educated on the importance of good sleep to one’s health and quality of life, King Koil is ever ready to meet their expectations by ensuring that its products are designed to offer quality sleep, which are catered to a wide range of budgets. This commitment to quality remains true, down to the selection of the various components that make a King Koil mattress.

Key characteristics of the components include:

- Hypo-allergenic: to prevent the growth of bacteria, mould and mildew by using copper-infused latex;
- Temperature-regulating: for cooler sleeping environment with the use of memory foam; and
- Reduction of motion disturbance for greater support, ideal blood circulation and muscle relaxation via the King Koil’s exclusive Perfect Contour Reaction coil system.

In addition, most King Koil mattresses for the US market are layered with eco-friendly Tencel fibres for its top fabric. The material is derived from sustainable wood sources that promote the body’s natural thermal regulating mechanism, deter bacterial growth and enhance breathability by efficiently absorbing moisture. Tencel is durable yet gentle on the skin to provide long-lasting comfort.

Furthermore, King Koil products are tested repeatedly before entering the market, and this is especially true for the Extended Life (“XL”) line, a premium-category offering which received positive acceptance in 2018. Long lasting comfort and durability of the models were tested above and beyond the industry standards. While standard testing uses 230-pound barrels with 100,000 cycles which mimic 10-year use, the XL line was tested using 350-pound barrels with 250,000 cycles equivalent to 25-year use.

**Process Improvement**

As production volume at the factory is still in a growing phase, one of the major and frequent changes made was to the production flow. These changes aim to maintain an ideal productivity measure at any production volume while maintaining a safe and healthy environment for the workers. Quality controls are embedded in each sub-process of the production line, with the final checks, right before packing.

As a customer-centric company, we are committed to the goal of ensuring customer satisfaction through the provision of safe, quality and reliable products and services as well as effective engagement with the marketplace.



*King Koil adheres to stringent measures at all levels of its manufacturing process.*

SUSTAINABILITY **S T A T E M E N T**

**Customer Satisfaction Improvement Plan**

**CPI**

At CPI, a Customer Satisfaction Survey (“CSS”) is carried out annually to assess matters concerning Quality, Delivery and Customer Service. The CSS report is studied carefully by the internal team and improvement plans are carried out based on the survey findings, so as to ensure long-lasting customer satisfaction.

The audit on the quality system is conducted periodically to ensure that the manufacturing process conforms to the quality standards. The quality system is further enhanced by external audits which are undertaken by the respective QMS Certification Bodies (ISO9001, IATF16949, ISO13485, ISO14001 and GMP).

Another measure taken to ensure customer satisfaction is the line readiness checklist. This is done whenever there is any model changeover on the Production floor. Each product will be subject to functionality, mechanical and visual cosmetic checks prior to release for shipment. Product delivery reliability testing is also carried out to identify any potential latent defects to ensure quality products are delivered.

CPI has enhanced its efforts to promote process efficiency by purchasing and installing 15 new machines for its Plastics Division. These efforts are intended to improve overall operational processes and minimise the reject rate of the products it manufactures.

Certifications
<p><b>QA-D/MYS/GMP/0008</b> Good Manufacturing Practices (WHO-GMP)</p>
<p><b>ISO 9001:2015</b> Quality Management System</p>
<p><b>EN ISO 13485:2016</b> Medical Devices Quality Management System</p>
<p><b>IATF 16949:2016</b> Quality Management System (Automotive Industry)</p>
<p><b>BS EN ISO 14001:2015</b> Environmental Management System</p>



*Industrial automation leads to increased production, quality improvement, improved efficiency and increases worker safety.*



*Quality Control checks ensure our products meet the quality standards before being shipped to customers.*

SUSTAINABILITY **S T A T E M E N T**



**Quality Control at CBB**

With a diverse array of packaging solutions, which are specifically catered to suit our customers' needs, our multi-wall bag product lines have been recognised for their unsurpassed high quality, performance and cost efficiency. Our industrial and commercial products are forged from the synergy of solid construction, reliable materials and consistent quality. Our products are utilised in many areas across different industries due to their versatility and robustness.

Certifications
<p><b>ISO 22000:2005</b> FSMS Management System</p>
<p><b>BS EN ISO 14001:2015</b> Environmental Management System</p>
<p><b>ISO 9001:2015</b> Quality Management System</p>
<p><b>HACCP (Hazard Analysis and Critical Control Points) by SGS</b> FSMS Management System</p>
<p><b>QA-D/MYS/GMP/0007</b> Good Manufacturing Practices</p>



*CBB is one of the most comprehensive industrial packaging solutions providers in Southeast Asia.*

SUSTAINABILITY STATEMENT



**Customer Satisfaction Survey**

While our manufacturing companies conduct Customer Satisfaction Surveys to mainly gauge the quality of products and service levels to remain in the forefront of competition, similarly, surveys are also conducted monthly at our Headquarters to better serve the tenants at Plaza Perangsang.

BMS conducted the Customer Satisfaction Survey among tenants at Plaza Perangsang by randomly giving out a set of questionnaires to every level (2<sup>nd</sup> Floor - 17<sup>th</sup> Floor).

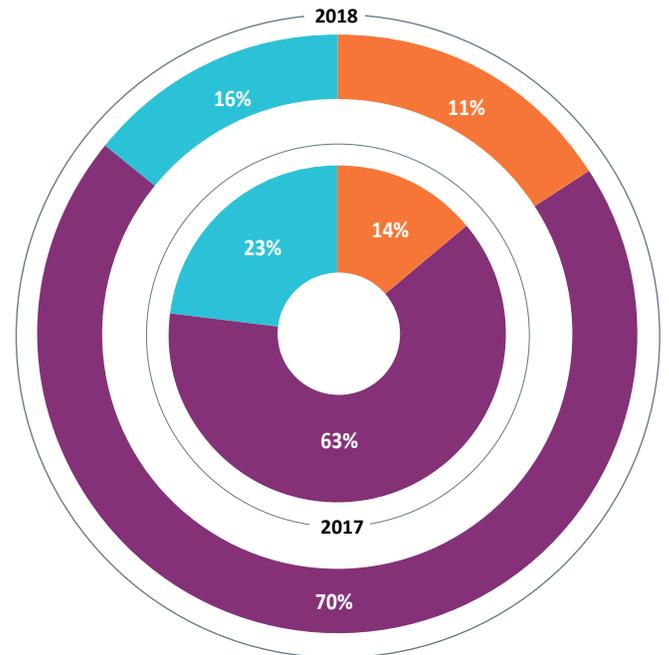
59 respondents took part in this survey which consisted of employees from LHDN, JPPH, JBSS, JBG, MMCSB, JPW, AKS Sepakat, KAS Consultancy and Perangsang Selangor.

One of the objectives of this survey was to identify the weaknesses in the services rendered by BMS and to suggest methods for further improvements of the Quality Management System ("QMS") within Plaza Perangsang.

The scope of the survey conducted was as follows:



**Overall Results of QMS Annual Survey**



Very Satisfied    Satisfied    Dissatisfied

Percentage of satisfied Plaza Perangsang tenants in 2018 with respect to QMS has increased by 7% compared to 2017.



SUSTAINABILITY **S T A T E M E N T**

**COMMUNITY**

**ENGAGING AND EMPOWERING LOCAL COMMUNITIES (MATERIAL MATTER)**

Over the years, we have been engaging and supporting the communities in which we operate. We focus on driving impactful programmes that target widespread change. The Group engages in community outreach on a consistent basis, as our belief lies in the principle of sharing our successes and paying it forward in order to grow together. Through our various programmes, we are a driving force to create and sustain community empowerment and upliftment.

**Contributing to Social Well-being**

As a responsible corporate citizen, Perangsang Selangor strives to contribute to surrounding communities by demonstrating our commitment towards improving the social well-being and livelihood of the community members in which we operate.

Guided by a strategic CSR framework, we continuously strive to make a difference for the betterment of the communities.

In 2018, we made steady progress across three Corporate Social Responsibility (“CSR”) Core Pillars in engaging and empowering local communities with a healthy figure of 33,949 recipients and participants who benefited from our community programmes, namely Selangor People Career Stimulus (“SPCS”) programme, Selangor Sports Stimulus (“SSS”) programme and Selangor Community Responsibility Stimulus (“SCRS”) programme.

Despite a lower amount of RM3,655,124 spent for Stimulus Programmes in 2018 as compared with RM4,041,081 in 2017, the number of beneficiaries increased to 33,949 (2017: 22,438), registering a 51.3% increase.



*The official launch of the Inisiatif Peduli Rakyat (IPR) Carnival at Kampung Sungai Gulang-Gulang, Tanjung Karang, Kuala Selangor.*

SUSTAINABILITY **S T A T E M E N T**

Three CSR Core Pillars

**SELANGOR PEOPLE CAREER STIMULUS PROGRAMME**

- Technical Skills Training Programmes
- Softskills Training Programmes

**693**  
BENEFICIARIES  
IN 2018

523 in 2017



UTILISATION  
**RM639,768**  
2017: RM450,940

**SELANGOR SPORTS STIMULUS PROGRAMME**

- Sports for All Programmes
  - Bowling
  - Swimming
  - Badminton
  - Cycling
  - Squash
  - Sepak Takraw
  - Archery
- HRH Raja Muda Selangor Football Cup
- Dato' Mokhtar Dahari Football Cup
- *Liga Perangasng Selangor*

**10,645**  
BENEFICIARIES  
IN 2018

8,922 in 2017



UTILISATION  
**RM1,305,478**  
2017: RM1,405,137

**SELANGOR COMMUNITY RESPONSIBILITY STIMULUS**

- IRD Religious Activities
- Event Management
- Association, NGOs, CSR Strategic Partnerships
- Donations and Contributions
- Employee Emergency Assistance Programme
- *Inisiatif Peduli Rakyat Carnival*

**22,611**  
BENEFICIARIES  
IN 2018

12,993 in 2017



UTILISATION  
**RM1,663,688**  
2017: RM2,185,004

Total Amount spent for STIMULUS PROGRAMMES **RM3,608,934** (2017: RM4,041,081)

Total Beneficiaries: **33,949** (2017: 22,438)

**SUSTAINABILITY STATEMENT**

**Selangor People Career Stimulus (“SPCS”) Programmes**

Perangsang Selangor has always been in the forefront of assisting the community to improve their socio-economic status. SPCS was one of the successful CSR programmes, which was aimed at transforming the lives of many low-income earners, some of whom had no income or were living below the poverty line.

We implemented 24 programmes under two entrepreneurial training programmes namely Technical Skills and Soft Skills to uplift and enhance the skill-sets of new and upcoming local entrepreneurs in generating sustainable income for themselves.

**Technical Skills Training Programmes**

A total of 169 participants were supported through six Technical Skills training programmes; Livestock (Ruminant and Poultry, Preparation of Business Plan and Animal Food Formulations, Halal Slaughter and Food Product), Flash Stamp Printing, Tailoring and Flower Decoration.

To ensure the effectiveness of the programmes, the Group collaborated with Yayasan Hijrah Selangor in providing successful participants with additional funding assistance through microcredit schemes. This programme benefited 135 participants which comprised youths, retirees, single mothers and underprivileged members of the society.

As a result of these programmes, 174 participants or 57% have since successfully started small businesses of their own with an earning capacity of between RM500 and RM2,000 per month.



*Participants completing their tasks during the practical training session conducted at the Flash Stamp Printing Training Programme.*

SUSTAINABILITY **S T A T E M E N T**

**Soft Skills Training Programmes**

A total of 389 new and existing entrepreneurs attended our soft-skill programmes, which were aimed at elevating their knowledge especially in marketing and financial management. Other programmes which we conducted were Online Marketing, Micro Business Simulation, Business and Financial Foundation and Entrepreneurship Mentoring Programme (Training of Trainers).

In all, 17 entrepreneurs of Mobile Post-Natal Service and Mobile Spa Service were awarded with Malaysia Skills Certificate (“MSC”) Level 3, which is accredited by the Department of Skills Development, Ministry of Human Resource.

**SPCS PROGRAMMES**



**693** beneficiaries (2017: 523)

**24** programmes



**368** participants launched small businesses

**324** entrepreneurs achieved monthly earnings of between RM500 and 2,000



*Entrepreneurs of Mobile Post-Natal and Mobile Spa Services during the MSC Level 3 briefing session.*

SUSTAINABILITY **S T A T E M E N T**

**Sports for All Programmes**

Perangsang Selangor’s Sports for All initiative represents a broad range of opportunities to promote social and health awareness, capacity building and far-reaching actions for social development across society. This programme was initiated in 2014 with the aim of inspiring a sports culture and promoting healthy lifestyles among the underprivileged in our society across Selangor. The programme aptly aligns with our corporate mission, “To enhance the quality of life among the community”.

In 2018, Perangsang Selangor spent RM1,304,038 for the implementation of Sports for All programmes, which consisted of sports clinics, workshops, safety awareness campaigns and competitions. In total, 75 Sports for All activities were implemented under the Selangor Sports Stimulus initiative across nine districts in Selangor. 8,813 beneficiaries participated in seven sports disciplines, which included bowling, badminton, swimming, cycling, squash, archery and sepak takraw.

The sporting activities received tremendous and encouraging response from the public with 127 newly identified talents who are currently being groomed to represent schools, clubs, sports associations, districts, states and the national squad in various categories. The differently abled were also not left out in this notable quest to uplift the value of sports in the country.

In addition, Perangsang Selangor supported youth football development and was the main sponsor for two major youth football championships, which are the Raja Muda of Selangor’s Cup (U-12) and the Dato’ Mokhtar Dahari Cup (U-18) with a total participation of 1,832 of young football athletes.

The main objective of the Sports for All programme is to instill a healthy lifestyle, promote sports culture and unearth new talents among the underprivileged in our community, which include youths, students, *Orang Asli* people, special needs children, orphans and senior citizens. Sports clinics were conducted under the guidance of former national athletes and professional coaches who provided hands-on training to increase participants’ basic skills, knowledge and motivation by encouraging sports development among the grassroots.

Perangsang Selangor Sports for All programme was successfully acknowledged for its community outreach efforts and the Group received two notable awards in 2018:

- Health Promotion category at the Asia Responsible Enterprise Awards 2018 in Manila, Philippines; and
- Jury Award (2017) for sports initiatives at the Selangor State Sports Award Dinner under the auspices of the Selangor State Sports Council.

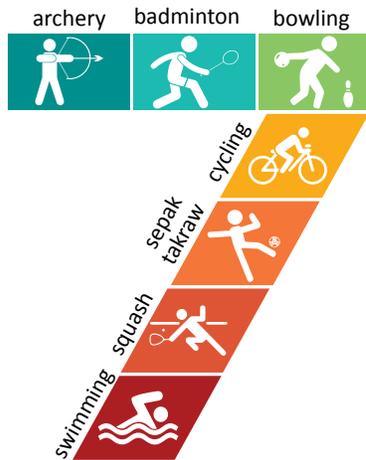
In 2017, we were nominated as the Top 10 in Asia for the Best Sports CSR Initiative of The Year in the Asia’s Sports Industry Awards.



*A whopping 8,813 people from all walks of life in Selangor enthusiastically participated in our Sports for All programmes.*

SUSTAINABILITY **S T A T E M E N T**

**Sports for All Programmes**



**10,645** participated in Sports for All Programmes

**75** events were implemented in 2018.

**21** football players who participated in the Dato' Mokhtar Dahari Cup were selected by various football clubs throughout the country.

**127** new athletes represented schools, clubs and sports association at district, state and national levels in various categories.

**Main Sponsor for 2** major youth football championships.

- Raja Muda of Selangor's Cup (U-12)
- Dato' Mokhtar Dahari Cup (U-18)

 **1,832** young footballers.

 **4,037** people participated in the Water Safety Campaign and Cardiopulmonary Resuscitation ("CPR") Training Programmes to create awareness of CPR among our employees, tenants and stakeholders (school children).

**Recognition**



**Asia Responsible Enterprise Awards 2018**  
Health Promotion category by Enterprise Asia in Manila, Philippines.

**Jury Award 2017**  
Sports for All Initiative by Selangor State Sports Council

**Benefits**



- Improving water safety skills and awareness on sports safety.
- Improving social life of special needs children.
- Inspiring and motivating youths in instilling their interests in sporting activities.
- Improving efficiency, reducing sports incident risks and increasing competitive advantage.
- Enhancing the visibility of Perangsang Selangor through sports programmes.

SUSTAINABILITY **S T A T E M E N T**

**Selangor Community Responsibility Stimulus Programmes**

**Singgah Mesra Perangsang Selangor Programme**

In collaboration with Kelab Sahabat Generasi Dinamik Malaysia (“GENESIS”) and Sinar Harian, we organised six *Singgah Mesra* Perangsang Selangor events at different locations (Kuala Selangor, Kuala Langat, Petaling, Sabak Bernam, Hulu Selangor, and Sepang). Various activities were organised which saw active participation by the local community and councils in each district. During the programmes, we contributed financial aid and school supplies to 634 underprivileged families, the underserved and orphans. We reached out to a total of 2,653 people in these initiatives.



*Perangsang Selangor employees and villagers during the gotong-royong activity at Kampung Sungai Gulang-Gulang, Kuala Selangor.*



*Perangsang Selangor Senior Management and employees celebrating Aidilfitri in a cheerful atmosphere.*

SUSTAINABILITY **S T A T E M E N T**
**Summary of Singgah Mesra Perangsang Selangor programmes:**

PROGRAMME	VENUE	ACTIVITIES	PARTICIPANTS	BENEFICIARIES
1. Hari Raya Aidilfitri	Masjid Kampung Sungai Gulang-Gulang, Tanjung Karang	<ul style="list-style-type: none"> <li>• Gotong-Royong</li> <li>• Tazkirah</li> <li>• Contributions</li> </ul>	<ul style="list-style-type: none"> <li>• 600 people</li> <li>• 15 Mosque Committee Members</li> <li>• 15 Perangsang Selangor employees</li> <li>• 10 representatives from GENESIS (NGO)</li> <li>• 2 representatives from Sinar Harian</li> </ul>	<ul style="list-style-type: none"> <li>• 40 adults</li> <li>• 50 children</li> <li>• Masjid</li> <li>• Persatuan Belia Kampung Sungai Gulang-Gulang, Tanjung Karang</li> </ul>
2. Hari Raya Aidil Adha/Qurban	Masjid Al Ehsan Kampung Sungai Lang Tengah, Banting	<ul style="list-style-type: none"> <li>• Program Qurban</li> <li>• Gotong-Royong</li> <li>• Daging Qurban contribution</li> <li>• Competition (Azan &amp; Hafazan)</li> <li>• Eco Free Market</li> <li>• Tazkirah</li> <li>• Financial contributions</li> </ul>	<ul style="list-style-type: none"> <li>• 700 people</li> <li>• 30 Perangsang Selangor employees</li> <li>• 10 representatives from GENESIS (NGO)</li> <li>• 2 Sinar Harian representatives</li> <li>• 2 Bernama TV representatives</li> <li>• 2 TV Selangor representatives</li> <li>• 1 Selangor Kini representative</li> </ul>	<ul style="list-style-type: none"> <li>• 64 adults</li> <li>• 17 children</li> <li>• Masjid Al Ehsan Kampung Sungai Lang, Banting</li> </ul>
3. Hari Kemerdekaan & Hari Malaysia	SMK Seksyen 19, Shah Alam	<ul style="list-style-type: none"> <li>• Gotong-Royong</li> <li>• Contributions</li> <li>• Competitions (Patriotic poems &amp; songs)</li> <li>• Tazkirah</li> <li>• Financial contributions</li> </ul>	<ul style="list-style-type: none"> <li>• 300 students</li> <li>• 30 teachers</li> <li>• 8 Perangsang Selangor employees</li> <li>• 10 GENESIS (NGO) representatives</li> <li>• 1 Sinar Harian representative</li> <li>• 1 Selangor Kini representative</li> </ul>	<ul style="list-style-type: none"> <li>• 40 adults</li> <li>• 18 children</li> </ul>
4. Healthy Lifestyle and Road Safety	Dewan Sri Nakhoda, Bagan Nakhoda Omar	<ul style="list-style-type: none"> <li>• Gotong-Royong</li> <li>• Contributions</li> <li>• Competitions (Azan, Hafazan)</li> <li>• Colouring Contest</li> <li>• Lucky Draw</li> </ul>	<ul style="list-style-type: none"> <li>• 300 people</li> <li>• 142 cyclists</li> <li>• 14 Perangsang Selangor employees</li> <li>• 15 GENESIS (NGO) representatives</li> <li>• 2 TV Selangor representatives</li> <li>• 1 Selangor Kini representative</li> <li>• 2 Sinar Harian representatives</li> </ul>	<ul style="list-style-type: none"> <li>• 20 adults</li> <li>• 65 children</li> </ul>

SUSTAINABILITY **S T A T E M E N T**

Summary of *Singah Mesra* Perangsang Selangor programmes:

PROGRAMME	VENUE	ACTIVITIES	PARTICIPANTS	BENEFICIARIES
5. Back to School	Rumah Anak Kesayanganku, Bukit Beruntung	<ul style="list-style-type: none"> <li>• Gotong-Royong</li> <li>• Contributions</li> </ul>	<ul style="list-style-type: none"> <li>• 200 people</li> <li>• 10 Poly-Tech MARA University College students</li> <li>• 10 GENESIS representatives</li> <li>• 1 Sinar Harian representative</li> </ul>	<ul style="list-style-type: none"> <li>• 140 orphans</li> </ul>
6. <i>Qiamullail</i> and Beach Cleaning	Pantai Bagan Lalang, Sepang	<ul style="list-style-type: none"> <li>• Beach Cleaning</li> <li>• Contributions</li> <li>• Explorace</li> <li>• Tazkirah</li> </ul>	<ul style="list-style-type: none"> <li>• 150 Perangsang Selangor employees</li> <li>• 15 youths</li> <li>• 6 Jabatan Alam Sekitar representatives</li> <li>• 10 GENESIS representatives</li> <li>• 1 Sinar Harian representative</li> <li>• 2 Bernama representatives</li> </ul>	<ul style="list-style-type: none"> <li>• 180 people</li> </ul>



*Walk the Talk: Perangsang Selangor employees promote a healthy lifestyle through cycling while also reducing air and noise pollution.*

SUSTAINABILITY **S T A T E M E N T**

**Eco Free Market (“EFM”)**

The EFM serves as a platform for the public to be involved in charity by distributing unused essential items to the needy and less fortunate for free. With 686 booths, items such as clothes, home accessories and decorations, books and magazines, children’s games, electrical appliances, stationeries and toys were distributed to more than 13,400 beneficiaries. 2,058 contributors participated in the EFM and were assisted by 465 volunteers.

Perangsang Selangor in collaboration with Eco Free Market, a non-governmental organisation and local authorities successfully organised 22 of these events across the State of Selangor.

We were the main sponsor of the programme with a total of RM87,500 worth of contributions, which included 250 t-shirts and caps as well as funds allocated to finance the development of the Eco Free Market mobile app.



*Perangsang Selangor was the main sponsor of the event with a total contribution of RM87,500.*

**Breaking of Fast and Sahur League Programme**

Perangsang Selangor in collaboration with Karangkrak Media Group organised a 3-day “Madinah Style” Breaking of Fast programme in conjunction with Karnival Karangkrak 2018. The event attracted almost 3,000 visitors who witnessed and experienced this first of its kind event in Malaysia. The programme was held at Kompleks Media Karangkrak in Section 15, Shah Alam. At the event, we presented Hari Raya contributions to a total of 30 orphans.

Perangsang Selangor and Sukan Sinar organised a media charity street soccer tournament, Sahur League, at Kompleks Media Karangkrak, Shah Alam. A total of eight teams participated in the programme where the winning cash prizes were channelled to eight welfare homes and orphanages. The teams were from Perangsang Selangor, Sinar Harian, Astro Arena Bolamamak, RTM, TV3, Berita Harian, Dunia Sukan and Association of Malaysian Professional Football Players (“PFAM”). The programme was part of the company’s CSR initiative to help those in need through sports and to further strengthen working relationships between Perangsang Selangor and members of the media. Each of the eight homes received cash contributions worth RM2,000.



*“Madinah Style” Breaking of Fast programme at Kompleks Media Karangkrak in Section 15, Shah Alam.*



*Presentation of the Sahur League trophy to PFAM team as champions of the charity street soccer tournament.*

SUSTAINABILITY **S T A T E M E N T**

**Cergas Sihat Perangsang Selangor Programme**

Together with Lembaga Hasil Dalam Negeri (Shah Alam branch) and Jabatan Penilaian dan Perkhidmatan Harta (Shah Alam branch), we organised the *Cergas Sihat* Perangsang Selangor wellness programme at the Plaza Perangsang Lobby. The programme which involved more than 300 employees and building tenants started with an aerobics session followed by a blood donation drive and wellness talk. The wellness talk session was presented by a guest speaker, who explained the important aspects of a balanced diet and healthy eating habits to the audience. In this event, 86 pints of blood were drawn and later donated to the National Blood Centre.



*More than 300 employees and building tenants participated in the aerobics session during the Cergas Sihat Perangsang Selangor programme.*



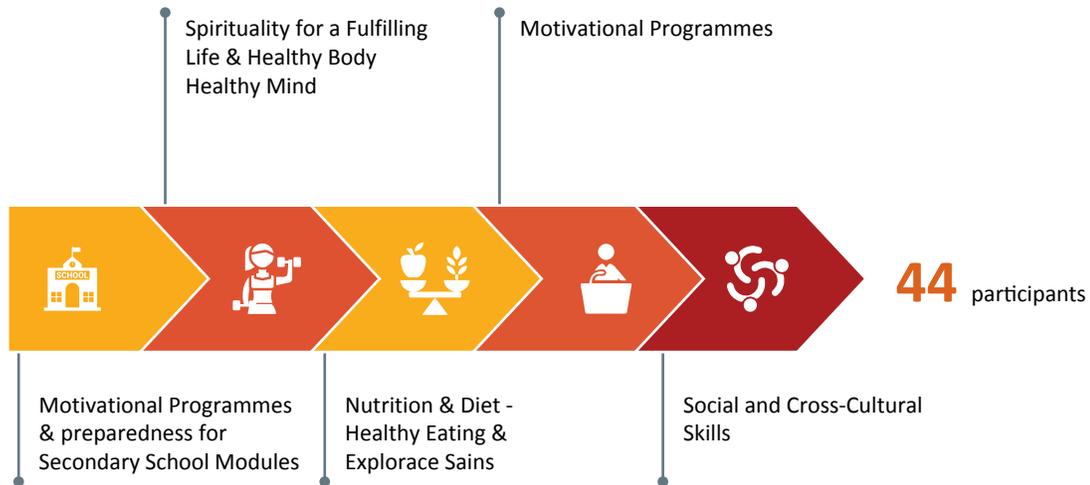
*A participant donating blood during the programme.*

SUSTAINABILITY STATEMENT

**CerDik Programme - Empowering Orang Asli Children to Achieve Sustainability**

We organised an awareness programme for 44 Temuan *Orang Asli* children at SK Bukit Lanjan, Damansara Perdana with the following objectives:

- To assist the students to assimilate with other students when they attend secondary school.
- To increase their confidence in communicating and to equip them with social skills to ease communications with other students from different cultural backgrounds.
- To gauge the challenges that the students may face when they enter their secondary education.
- To improve their confidence level and self-esteem.
- To reduce school dropout cases.



**Impacts**

From a total of 44 SKBL students who participated in the *CerDik 2018* Programme:

- 15 students from Year Five continued their studies to Year Six at SK Bukit Lanjan.
- 10 students from Year Six will continue their studies at SMK Bandar Utama Damansara 4, Bandar Utama, Petaling Jaya.
- Four students from *Program Pendidikan Khas Iklusif ("PPKI")* will continue their studies at SMK Seksyen 4 Kota Damansara, Petaling Jaya.
- The balance of 15 students from PPKI will continue another year of their studies at SK Bukit Lanjan.



*Exposing Orang Asli students to higher learning environment during a visit to Forensic Department, UKM.*

SUSTAINABILITY STATEMENT

Islamic Religious Programmes



Impacts

- Encouraging the embracing of spiritual values among employees and the community where we operate.
- Creating greater engagement between employees, their family members and the community.
- Improving attitudes towards environmental issues such as cleanliness and waste management.
- Instilling positive values such as time management, teamwork, patience and integrity.

Distribution of Bubur Lambuk Programme

In conjunction with the fasting month of Ramadhan, we distributed 500 containers of *bubur lambuk* (rice porridge) to the public, which included employees and tenants of Plaza Perangsang. The programme was part of our CSR initiative.



Suzila Khairuddin, Deputy Chief Executive Officer (Operations) distributed the bubur lambuk to the employees and tenants of Plaza Perangsang.

SUSTAINABILITY STATEMENT

**Employee Emergency Assistance Fund Programme**

This fund provides financial assistance for employees who are unable to meet immediate or essential expenses due to a temporary hardship which may be related to any emergency, medical or disastrous situation. On 14 September 2018, an employee received RM3,500 from the fund to assist with her spouse’s medical expenses.

**National Sports Day 2018**

Perangsang Selangor together with JBS, LHDN and JPPH organised an aerobics workout session in conjunction with National Sports Day 2018, which was attended by 300 participants at the Plaza Perangsang Lobby. In addition, a total of 60 employees represented Perangsang Selangor at the National Health and Physical Test to examine their fitness level and health, which included the Body Mass Index, grip test, stretch test, sit-ups and speed test.

**Inisiatif Peduli Rakyat Carnival**

The *Inisiatif Peduli Rakyat* (“IPR”) Carnival kicked off at Kampung Sungai Gulang Gulang, Tanjung Karang, Kuala Selangor. A total of 673 recipients from the Kuala Selangor district received IPR assistance worth RM1.6 million during the carnival. The event was aimed to promote the IPR programmes and to reach out to the less fortunate in Selangor. The event was a collaboration between Perangsang Selangor, the Selangor State Government, Selangor Hijrah Foundation (Hijrah), Kuala Selangor District Council (MDKS) and Permatang Community Services Center (PKM). More than 2,000 visitors thronged the event, which showcased various interesting activities such as *kenduri rakyat* (community feast), free health checks, sports activities, colouring contest, IPR exhibition booths and a football tournament. A total of RM63,000 was allocated for this event.



TOTAL SPONSORSHIPS **RM920,274**



**RM250,000**  
Hari Raya Aidilfitri Celebration



**RM50,000**  
Chinese New Year Celebration



**RM450,000**  
Hari Raya Qurban



**RM170,274**  
Billboard Advertising

**SUSTAINABILITY STATEMENT**

**Donations and Contributions**

Perangsang Selangor provided financial contributions worth RM108,000 to 70 recipients, which consisted of welfare organisations, non-governmental organisations, schools, higher education institutions, mosques and 'surau' to reduce their operational costs as well as to meet upgrading and refurbishment of infrastructure costs.



*YM Raja Shahreen Raja Othman, Chairman of Perangsang Selangor (sitting 5<sup>th</sup> from right) with the recipients of financial contributions and redistribution of business tithe presentation ceremony at Kayangan 5, Plaza Perangsang.*



*Suzila Khairuddin, Deputy Chief Executive Officer (Operations) (front centre) with the recipients of financial contributions during the presentation ceremony held at Plaza Perangsang.*

**DONATIONS AND CONTRIBUTIONS**

					
<b>70</b> Beneficiaries RM108,000 in 2018	<b>25</b> Associations/NGOs RM35,500	<b>8</b> Surau/Mosques RM11,500	<b>33</b> Schools/ Institutions RM54,000	<b>3</b> Individuals RM5,000	<b>1</b> State Agency RM2,000
<b>64</b> Beneficiaries RM167,744 in 2017	<b>26</b> Associations/NGOs RM54,806	<b>7</b> Surau/Mosques RM21,000	<b>24</b> Schools/ Institutions RM49,000	<b>1</b> Individuals RM5,000	<b>6</b> State Agency RM37,938

SUSTAINABILITY **S T A T E M E N T**

**MOVING FORWARD**

As we progress towards achieving our vision to be the leading corporation, stimulating economic growth in Selangor and beyond, we shall remain focused on creating value for all stakeholders. The Group’s journey towards sustainability has started well and we are committed to exerting more effort in embracing sustainability in our operations and managing the impact our businesses have across EES aspects. Efforts to create more awareness on the importance of sustainability will continue at Perangsang Selangor and its subsidiary companies. As a Group which operates with a long-term focus, we are determined to ensure that the journey towards sustainability continues to evolve over time in tandem with our progress.





CSR NEWS



**Gilap bakat atlet memanah**  
500 peserta tunjukkan bakat main sepak takraw



**500 peserta tunjukkan bakat main sepak takraw**  
24 Januari 2018



**Perangsang main sponsor for Datuk Mokhtar Dahari Cup Football Championships**



**12 pelatih ikuti klinik skuasy kelolaan Perangsang Selangor, Kastel**



**Kumpulan Perangsang taja Liga Selangor**



**Over 100 young shuttlers show off their talents**



**Underprivileged children show great potential**  
22 August 2018

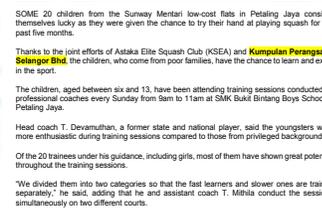


**Perangsang Selangor receives AREA 2018 Award**

PDMD terus jadi rebutan



**PDMD terus jadi rebutan**



**SOME 20 children from the Sunway Mental low-cost flats in Petaling Jaya**



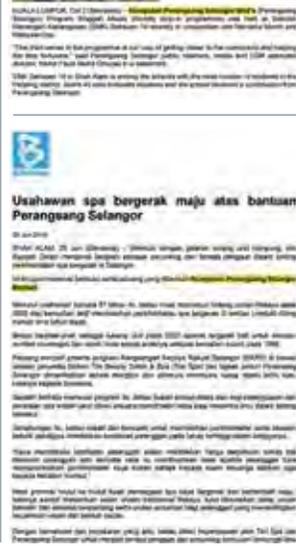
**Perangsang awakens patriotic spirit in students**



**Bersukan sambil beramal**



**Orphans hone their badminton skills**



**Usahawan spa bergerak maju atas bantuan Perangsang Selangor**

### Bantu dengan cara tersendiri

Sebuah kumpulan sukarelawan telah berkolaborasi dengan pihak berkuasa tempatan untuk melaksanakan projek pembangunan komuniti di kawasan perumahan. Projek ini bertujuan untuk meningkatkan kualiti hidup penduduk setempat melalui aktiviti-aktiviti sosial dan budaya.

### Business blooming for spa entrepreneur, thanks to KPS

Sebuah usahawan spa telah melaporkan peningkatan perniagaan yang signifikan setelah menerima sokongan dan bimbingan daripada KPS. Beliau berkata, sokongan teknikal dan kewangan yang diberikan oleh KPS telah memainkan peranan penting dalam memulakan dan mengembangkan perniagaan beliau.

### Impunan Perangsang Iksal R derma darah

Sebuah kajian klinikal telah dijalankan untuk menilai keberkesanan impunan perangsang iksal R derma darah dalam merawat penyakit kulit tertentu. Hasil kajian menunjukkan bahawa impunan ini dapat meningkatkan kadar iksal R derma darah dalam darah pesakit, yang seterusnya membantu dalam proses penyembuhan kulit.

### SELANGOR! Piala Raja Muda Selangor kembali cengkil bakat baharu

Pertandingan Piala Raja Muda Selangor telah berlangsung dengan penuh semangat. Pertandingan ini bertujuan untuk menguji bakat baharu dalam sukan bola sepak di negeri Selangor. Pasukan-pasukan yang berprestasi akan berhadapan dalam pertandingan akhir.

### Sinar CSR Perangsang Selangor ceritakan penduduk

Projek CSR Perangsang Selangor telah menceritakan kisah-kisah penduduk yang telah diuntungkan oleh projek-projek pembangunan komuniti. Melalui projek-projek ini, penduduk-penduduk tersebut telah dapat meningkatkan taraf hidup dan kesejahteraan mereka.

### Perangsang Selangor distributes 500 sacrificial meat packages

Perangsang Selangor telah membagikan 500 paket daging korban kepada penduduk-penduduk yang memerlukan. Paket-paket ini bertujuan untuk membantu penduduk-penduduk tersebut dalam merayakan perayaan Aidilfitri dengan lebih bermakna.

### Asia Iktiraf Perangsang Selangor

Perangsang Selangor telah diiktiraf sebagai salah satu organisasi yang berprestasi di Asia. Pengiktirafan ini diberikan kepada Perangsang Selangor atas komitmen dan sumbanghannya dalam melaksanakan projek-projek pembangunan komuniti yang berkesan.

### SELANGOR! Piala Raja Muda Selangor kembali cengkil bakat baharu

Pertandingan Piala Raja Muda Selangor telah berlangsung dengan penuh semangat. Pertandingan ini bertujuan untuk menguji bakat baharu dalam sukan bola sepak di negeri Selangor. Pasukan-pasukan yang berprestasi akan berhadapan dalam pertandingan akhir.

### Perangsang awakens patriotic spirit in students

Perangsang telah membangkitkan semangat patriotik di kalangan pelajar-pelajar. Melalui aktiviti-aktiviti yang dijalankan, pelajar-pelajar tersebut telah dapat memahami dan menghargai nilai-nilai patriotik yang penting untuk negara.

### Sinar Perangsang bantu laksana sudah korban

Perangsang telah membantu dalam pelaksanaan projek-projek pembangunan komuniti. Projek-projek ini bertujuan untuk meningkatkan taraf hidup dan kesejahteraan penduduk-penduduk yang memerlukan.

### Beri pendedahan kepada pelajar

Perangsang telah memberikan pendedahan kepada pelajar-pelajar mengenai isu-isu pembangunan komuniti. Melalui pendedahan ini, pelajar-pelajar tersebut telah dapat memahami kepentingan pembangunan komuniti dalam meningkatkan taraf hidup penduduk.

### Perang bermula .64 pasukan berentap merebut juara Piala Mokhtar Dahari dan Raja Muda bermula esok

Pertandingan Piala Mokhtar Dahari dan Piala Raja Muda telah bermula. Pertandingan ini bertujuan untuk menguji bakat baharu dalam sukan bola sepak di negeri Selangor. Pasukan-pasukan yang berprestasi akan berhadapan dalam pertandingan akhir.

### Selangor OKU Bowling Open tampil bakat baharu

Pertandingan OKU Bowling Open telah berlangsung dengan penuh semangat. Pertandingan ini bertujuan untuk menguji bakat baharu dalam sukan bowling di kalangan orang-orang yang mempunyai kecacatan fizikal.

### BH Tuah kali pertama BK Sari Selangor

Pertandingan BK Sari Selangor telah berlangsung dengan penuh semangat. Pertandingan ini bertujuan untuk menguji bakat baharu dalam sukan bola sepak di kalangan penduduk-penduduk yang memerlukan.

### SELANGOR! Kayuhan amal KPS santuni asnaf

Kumpulan Perangsang Selangor (KPS) telah mengadakan kayuhan amal untuk menyantuni asnaf. Melalui kayuhan ini, KPS telah dapat mengumpulkan dana untuk membantu asnaf-pasnaf yang memerlukan.

### SELANGOR! Kutip 1 tan sampah dalam sejam

Perangsang telah melaksanakan projek-projek pembangunan komuniti yang berkesan. Projek-projek ini bertujuan untuk meningkatkan taraf hidup dan kesejahteraan penduduk-penduduk yang memerlukan.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) and Management of Kumpulan Perangsang Selangor Berhad (“Perangsang Selangor” or “Company”) is pleased to present the Corporate Governance Overview Statement (“CG Statement”) which highlights key areas on how the Company complies with the principles and practices of the Malaysian Code on Corporate Governance 2017 (“MCCG”) for the year 2018. This Statement is complemented with a Corporate Governance Report (“CG Report 2018”), prepared in accordance with the prescribed format by Bursa Malaysia Securities Berhad (“Bursa Securities”) in its Main Market Listing Requirements (“MMLR”), and is made available on the Company’s website and the Bursa Securities website. The CG Report 2018 provides detailed explanations of how the Company has applied each Practice under the MCCG during financial year 2018 (“FY2018”).

The Board is fully committed to discharging its duties to enhance shareholders’ value in line with the broader stakeholder view of creating and delivering sustainable value for the long-term success of the Company. Concurrently, the Board is committed to upholding the highest standards of corporate governance by embracing good practices that ensure the business affairs of the Company are conducted with integrity, transparency and professionalism.

The Board strongly advocates the importance of best practices and plays an active oversight role in the Company’s governance, with a continued focus on the implementation of an effective corporate governance framework throughout the organisation.

As testament to the Board’s commitment on Corporate Governance (“CG”), Perangsang Selangor was ranked 69th among 100 PLCs, in the 2017 ASEAN Corporate Governance Scorecard assessment, a joint initiative by the Minority Shareholder Watchdog Group (“MSWG”) and the Asian Development Bank, benchmarked against international best practices.

To raise the bar in the Company’s CG standards, the Board, from time to time, reviews and benchmarks Perangsang Selangor’s governance structures and processes to ensure that they continue to support effective and ethical leadership, and that business sustainability is applied in the best interests of Perangsang Selangor.

During the FY2018, several enhancements were implemented, inter alia, the establishment of Directors’ and Senior Management Remuneration Policies; an Independent Directors’ Tenure Policy; a revision of the Board Charter and Terms of Reference (“TORs”) of Board Committees; realignment of the Company’s corporate responsibility policy and establishment of the Board Succession Planning Framework. The enhancement initiatives were undertaken to ensure that they are in line with Bursa Securities MMLR, best practices of the MCCG issued by Securities Commission Malaysia (“SC”), other relevant rules and regulations, and the Company’s business direction. The Board and the Management will endeavour to continue evaluating their governance practices in response to evolving best practices and changing requirements.

Premised on the above, the Board is pleased to present this CG Overview Statement.

These key focus areas are further described below, under each CG principle.

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS****1) Board Responsibilities**

The Board of the Company takes full responsibility for the overall performance of the Perangsang Selangor Group (“the Group”). The Board guides the Company on its short and long-term goals, defining the overall strategic direction of the business, providing advice and devising corporate strategic initiatives developed by Management, strategies on management and business development issues, and monitoring the Management’s performance in implementing them.

**CORPORATE GOVERNANCE OVERVIEW STATEMENT**

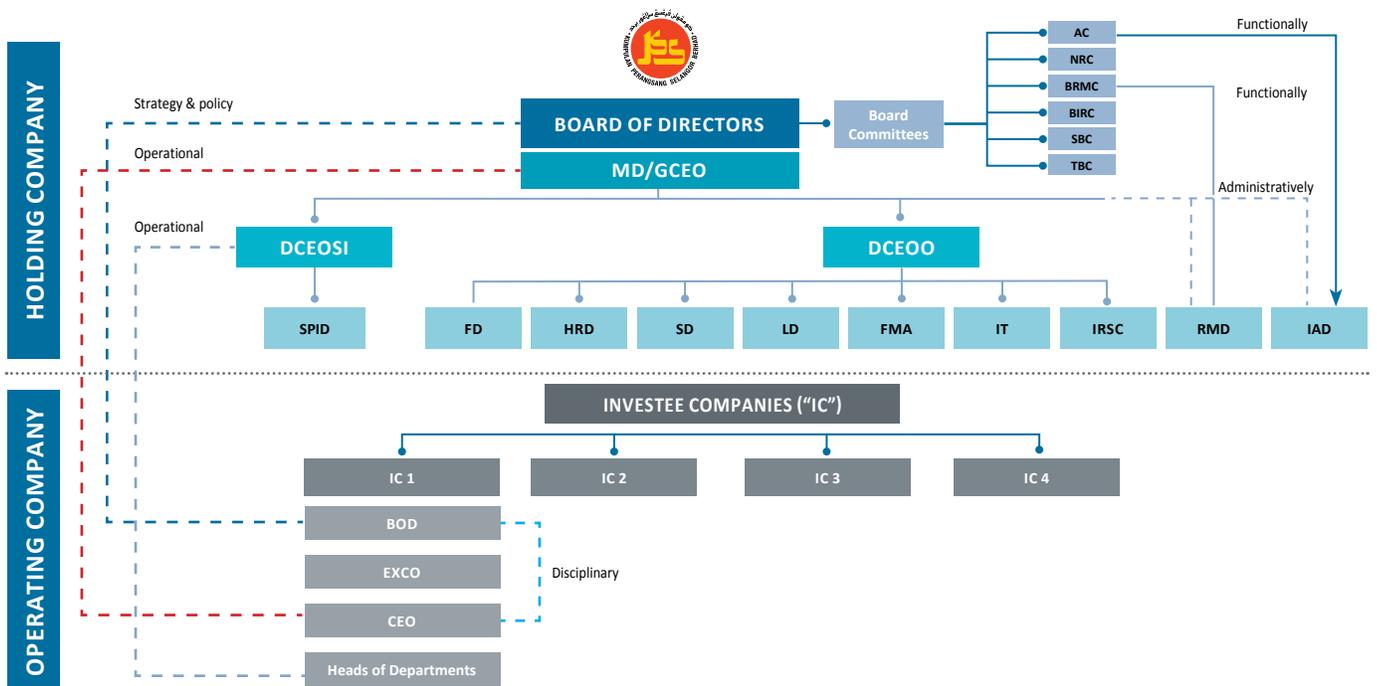
The Board deliberates annually on the Company’s strategic initiatives and business plan as proposed by the Management, including the annual capital and revenue budget for the ensuing year as well as the Corporate Key Initiatives (“CKIs”) and Key Performance Indicators (“KPIs”) for the Company and Chief Executive Officer (“CEO”) namely Encik Ahmad Fariz bin Hassan (“Ahmad Fariz”), who is currently the Managing Director/Group Chief Executive Officer (“MD/GCEO”) respectively. Ahmad Fariz was appointed as MD/GCEO on 1 January 2019.

During FY2018, eight (8) formal board meetings were held together with the MD/GCEO and Senior Management team for the purposes of planning, execution of policies and monitoring of the same. Besides these formal meetings, separate offsite informal sessions (Board Retreat Sessions, or BRS) were also held between the Board and Senior Management including Heads of Subsidiaries. These BRS were intended to facilitate brainstorming, in-depth discussions on issues/challenges, the exchange of views and opinions, and the further formulation of strategic initiative plans charting the direction of the Group.

The progress of ongoing strategic initiative plans, their execution and challenges, were also reported to the Board throughout the year at the quarterly Board meetings to enable the Board to monitor and track the implementation of such plans by Management.

Apart from its strategic role, the Board also assumes oversight in relation to the conduct of the Company’s business. The MD/GCEO is responsible for managing the strategic and operational agenda of the Group and implementing the Group’s strategies and policies as agreed by the Board. In doing so, he is well supported by the Management team. The performance of the Management is measured through the Company’s and Group’s quarterly financial reports as well as half yearly and full year performance review of the MD/GCEO. The Board, on a continuous basis, is kept informed at quarterly Board meetings on the progress of the Company’s strategic initiatives, critical operational issues, as well as the Group’s performance based on approved CKIs/KPIs.

- Organisational and Management Structure (“OMS”) framework**



**Notes:**

Deputy Chief Executive Officer, Operations (“DCEOO”); Deputy CEO, Strategy and Investments (“DCEOSI”); Chief Financial Officer (“CFO”); Executive Committee (“EXCO”); Audit Committee (“AC”); Nomination and Remuneration Committee (“NRC”); Board Risk Management Committee (“BRMC”); Board Investment Review Committee (“BIRC”); Sustainability Board Committee (“SBC”); Tender Board Committee (“TBC”); Strategic Planning and Investment Department (“SPID”); Investor Relations and Strategic Communication Department (“IRSC”); Finance Department (“FD”); Human Resource Development Department (“HRD”); Secretarial Department (“SD”); Legal Department (LD); Facilities Management and Administration Department (“FMA”); Information and Technology (“IT”); Risk Management Department (“RMD”); Internal Audit Department (“IAD”); Investee Companies (“IC”).

**CORPORATE GOVERNANCE OVERVIEW STATEMENT**

As Perangsang Selangor is an investment holding company having diverse businesses in multiple geographies, the Board had on 28 February 2017 approved the establishment of the Company’s governance framework, known as the OMS framework, which caters for Perangsang Selangor’s current and future businesses. This OMS will facilitate the Board in ensuring orderly and effective discharge of the Board’s responsibilities at investee companies with regards to key areas of strategy and policy, control and governance, and efficient execution of value creation plans (“VCPs”) as depicted below:

The Board is responsible for overseeing the management and business affairs of Perangsang Selangor Group and makes major policy decisions for the Perangsang Selangor Group. The Board has delegated certain functions to the Board Committees namely the AC, NRC, BRMC, BIRC, SBC, TBC as set out in their respective TORs, to facilitate overall board effectiveness. In addition, the Board has delegated specific powers to the MD/GCEO with respect to day-to-day management within the approved Limit of Authority (“LOA”). The LOA outlines the decision-making authority of the Board, Board Committees, MD/GCEO and the delegation of authority by the MD/GCEO to Management.

Perangsang Selangor as an active shareholder places great emphasis on strategy, policies and performance management as outlined below:

HOLDING COMPANY	
BOARD OF DIRECTORS	MANAGEMENT
<p><b>PRE-INVESTMENT</b></p> <ul style="list-style-type: none"> <li>Deliberate and approve acquisition/divestment in-line with Perangsang Selangor’s strict investment criteria.</li> <li>Determination of reserve matters for all acquisitions especially:                             <ul style="list-style-type: none"> <li>Variation of business plan;</li> <li>Change of companies structure;</li> <li>Threshold of investment or Capital Expenditure (“Capex”);</li> <li>Appointment of key personnel; and</li> <li>Divestment in total or parts.</li> </ul> </li> <li>To approve the financing required for the proposed acquisition.</li> </ul>	<p><b>PRE-INVESTMENT</b></p> <ul style="list-style-type: none"> <li>Evaluation of target company and presenting a complete and thorough investment paper to BIRC and Board.</li> <li>Crafting of VCP for the target company after taking into consideration market suggestion.</li> <li>Ensure the definitive agreements cover all key risk areas.</li> </ul>
<p><b>POST-INVESTMENT/EXECUTION</b></p> <ul style="list-style-type: none"> <li>Approval and oversight of the overall strategic direction of Group e.g. Group’s policies, budget and business plan.</li> <li>Approval on reserve matter issues.</li> <li>Introduction of group-wide policies.</li> </ul>	<p><b>POST-INVESTMENT/EXECUTION</b></p> <ul style="list-style-type: none"> <li>To work together with management of Operating Company in formulating the key objectives, strategies and performance targets for the whole group in line with expectation of shareholders.</li> <li>To monitor the business development activities and performance.</li> <li>To ensure any business development initiatives are in-line with the pre-acquisition VCP.</li> <li>Assist in debt and corporate restructuring as well as Merger &amp; Acquisition (“M&amp;A”).</li> </ul>

**CORPORATE GOVERNANCE OVERVIEW STATEMENT**

Each Operating Company has in place its delegation of authority and financial authority limit as essential guiding principles for the conduct of business and accomplishment of the organisational goals. Each Operating Company's Board establishes an EXCO which comprises members nominated by the respective shareholders pursuant to the applicable shareholders' agreement. The EXCO's TOR shall govern and conduct the roles and responsibilities of each EXCO member of the Operating Company. Execution of Operating Company plans are aligned to Perangsang Selangor's Group-wide strategies & policies as outlined below:

OPERATING COMPANY		
BOARD OF DIRECTORS	EXCO	MANAGEMENT
<b>PRE-INVESTMENT</b>  Not Applicable ("N/A")	<b>PRE-INVESTMENT</b>  N/A	<b>PRE-INVESTMENT</b>  N/A
<b>POST-INVESTMENT/EXECUTION</b> <ul style="list-style-type: none"> <li>Formulating business plan and budget aligned to Perangsang Selangor's objectives.</li> <li>Ensure reserve matters are adhered to.</li> <li>Ensure Group-wide policies cascaded by Perangsang Selangor are adhered to.</li> <li>Overseeing and evaluating the conduct of the business.</li> <li>Appointment of key senior management.</li> </ul>	<b>POST-INVESTMENT/EXECUTION</b> <ul style="list-style-type: none"> <li>Monitor the Operating Company's business and operational matters including financial, legal, technical, corporate affairs, human resource and administrative matters.</li> <li>Formulate the related policies, procedures and guidelines for implementation by the Operating Company.</li> </ul>	<b>POST-INVESTMENT/EXECUTION</b> <ul style="list-style-type: none"> <li>Execution of the overall strategies, business plan and budget approved by the Operating Company's Board.</li> <li>Resolve day-to-day operating issues of the Operating Company and recommends alternatives actions to the Board based on changes in the business/industry dynamics.</li> </ul>

Following each acquisition of an IC, existing Board members are nominated as nominee directors ("ND") to undertake chairmanship and directorship(s) on the IC board, together with key management personnel or external candidates with relevant expertise. This is expected to augment holding Board oversight of the overall strategic direction of the Group in terms of Group policies, budgets and business plans without compromising the NDs' fiduciary duties to act in good faith for the interest of the IC

In promoting a strong corporate governance culture within the Group, the Chairman leads the Board by setting the tone at the top, emphasising the importance of embracing integrity and ethical values across the organisation. The same applies to the Company's financial and non-financial reporting, to ensure reliability, timeliness, transparency and compliance with the relevant standards.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

- **Board Charter**

The Board has in place the Board Charter which sets out the roles and responsibilities of the Board, Board Committees, individual Directors, MD/GCEO and Company Secretary. The Board is guided by the Board Charter which provides reference for Directors in relation to the Board's role, powers, duties and functions as well as issues and decisions reserved for the Board. Apart from reflecting the current best practices and the applicable rules and regulations, the Board Charter also outlines processes and procedures for the Board and their committees to be effective and efficient. The Board had on 29 November 2018 approved the revision of the Board Charter to ensure it remains consistent with the Board's objectives and responsibilities, and all the relevant rules/ regulations/standards of corporate governance.

- **Code of Conduct**

In addition, the Board has established a Code of Conduct and Ethics for Directors ("the Code") to enhance the standard of corporate governance and corporate behaviour with the intention of achieving the following aims:

- To establish a standard of ethical behaviour for Directors based on trustworthiness and that acceptable values are held or upheld by any one person; and
- To uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administrating a company.

The Board has also in place a Code of Conduct for staff ("Code for Staff") which emphasises and advances the principles of discipline, good business ethics, professionalism, loyalty, integrity and cohesiveness, all of which are critical to the success and well-being of Perangsang Selangor Group. The Code for Staff is part of the Perangsang Selangor Group Scheme and Conditions of Service, and is binding on all employees.

- **Whistleblowing Policy & Guidelines**

Similarly, the Board established a Whistleblowing Policy & Guidelines ("Whistleblowing Policy") on 25 August 2011, which was subsequently revised in May 2018. The Company does not tolerate any malpractice, impropriety, statutory non-compliance or wrongdoing by all employees and directors in the course of their work.

This Whistleblowing Policy is intended to provide a framework to promote responsible whistleblowing without fear. Responsible whistle-blowers are offered protection from adverse consequences. Employees, suppliers, customers, contractors and other stakeholders, may use the procedures set out in the Whistleblowing Policy to report any concerns regarding questionable conduct.

The Whistleblowing Policy, enables key internal and external stakeholders of the Company to raise concerns regarding the Company in that it provides:

- a safe and acceptable platform for staff or any other stakeholders to raise concerns so that these can be addressed in an independent and unbiased manner; and
- an internal mechanism for the Company to be notified about such concerns and if required, take any action deemed appropriate.

The Whistleblowing Policy covers amongst others, misconduct on matters relating to:

- an offence or a breach of law;
- breach of the Company's Rules and Regulations, Financial Regulations or other policies or standards which Companies applies;
- fraud and corruption;

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

- d) disclosure related to possible miscarriage of justice;
- e) health and safety issues which violate the relevant laws and standards;
- f) sexual or physical abuse; and
- g) other unethical conduct

The Whistleblowing Policy provides the contact details of the Head of Internal Audit Department (via email: [whistleblowingofficer@kps.com.my](mailto:whistleblowingofficer@kps.com.my) or telephone: 03-55248787) and the Chairman of the AC, namely Dato Idris bin Md Tahir (“Dato’ Idris”), ([Idris\\_bssb@hotmail.com](mailto:Idris_bssb@hotmail.com)) as the avenue for stakeholders to raise concerns. During the year there were no material concerns raised.

The Code and Whistleblowing Policy can be found in the Company’s corporate website at [www.perangsangselangor.com](http://www.perangsangselangor.com)

- **Separation of Power between the Board and Management**

The roles of Chairman and MD/GCEO are held by two (2) different individuals with clear and distinct roles as stipulated in Clause 3.5.1 and 3.5.2 of the Company’s Board Charter. The Chairman, YM Raja Shahreen bin Raja Othman (“YM Raja Shahreen”) is a Non-Independent and Non-Executive Director (“NINED”) and presides over the meetings of the Board and manages the Board by focusing on strategy, governance and compliance. Whereas the MD/GCEO is responsible for implementation, as well as directing the business operations of the Group on a day-to-day basis. The separation of powers ensures that no one individual has unfettered decision-making powers, thus, safeguarding the equilibrium of power in the Company.

- **Qualified and Competent Company Secretaries**

The Company Secretaries of Perangsang Selangor are persons qualified to act as company secretaries under Section 235 of the Companies Act 2016 (“CA 2016”). The Company Secretaries play an advisory role to the Board on issues relating to compliance with laws, rules, procedures and regulations affecting the Group, as well as the principles of best corporate governance practices. The Company Secretaries are also responsible for advising the Directors of their obligations and adherence to matters pertaining to disclosure of interest in securities, disclosure of any conflict of interest in any transaction involving the Company, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information.

Besides that, the Company Secretaries serve as a focal point for stakeholders’ communication and engagement on CG issues as well as communication between regulators and the Board and Senior Management. They ensure that regulators’ requests and instructions are conveyed to the Board and Senior Management in a timely manner, with the appropriate advice.

## II) Board Composition

The Board, led by a NINED Chairman, consists of nine (9) Non-Executive Directors (“NEDs”) and a MD/GCEO which is in line with Paragraph 15.02 of Bursa Securities MMLR (at least one third (1/3) of the Board of Directors are Independent Directors) and Practice 4.1 of the MCCG (at least half of the board comprises Independent Directors).

Currently, 70% of the Board members are Independent Non-Executive Director (“INEDs”). The high proportion of INEDs provides for an effective check and balance in the functioning of the Board.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

NAME OF DIRECTOR	DESIGNATION
1. YM Raja Shahreen	Chairman, NINED
2. Encik Suhaimi bin Kamaralzaman (“Suhaimi”)	NINED
3. YBhg Dato’ Kamarul Baharin bin Abbas (“Dato’ Kamarul”)	INED
4. YBhg Dato’ Mohamed Ross bin Mohd Din (“Dato’ Mohamed Ross”)	INED
5. Dato’ Idris	INED
6. YBhg Dato’ Ikmal Hijaz bin Hashim (“Dato’ Ikmal Hijaz”)	INED
7. Puan Rita Benoy Bushon (“Rita Benoy”)	INED
8. Puan Norliza binti Kamaruddin (“Norliza”)	INED
9. Encik Koay Li Onn (“Leon Koay”) *	INED
10. Ahmad Fariz**	MD/GCEO

Note:

\* Appointed as INED on 1 January 2019

\*\* Appointed as MD/GCEO on 1 January 2019

The Board composition was refreshed as the Company continued its Business Transformation Plan journey and ongoing strategic shift towards becoming a high-growth and returns-focused entity. The new appointments to the Board are Leon Koay as INED and Ahmad Fariz as MD/GCEO, both appointed on 1 January 2019.

Leon Koay has added more depth to the Board with his 22 years of experience in law, finance and banking. Currently, he is the Managing Director of Bangsawan Group, which provides corporate, financial and strategic advice across Singapore and Malaysia. Leon Koay’s extensive experience, business acumen and network across various sectors will strategically complement the Board’s counsel in establishing and guiding Perangsang Selangor’s business direction.

Ahmad Fariz has 20 years of experience in the banking, investment and property development sectors, and was previously with Ekuiti Nasional Bhd and Khazanah Nasional Bhd (“Khazanah”). Ahmad Fariz has been a pivotal force in conceptualising and realising the Group’s business transformation plan, through which various acquisitions of new businesses and the holding of majority stakes in growth-centric companies have placed the Group on a path of sustainable expansion. With full responsibility for the leadership and development of Perangsang Selangor business, Ahmad Fariz is tasked to play an even greater role in meeting the Group’s ambitious business plan going forward.

Currently, the Directors include professionals in the fields of economics, finance, business and marketing, accounting, legal, communication, corporate governance and banking. This wide spectrum of skills and experience provides the strength that is needed to lead the Company to meet its objectives and enable the Company to rest in the firm control of an accountable and competent Board.

The Board, having reviewed the size and complexity of the Group’s operations, believes the number of members in the Board is appropriate. Currently, there is no specific policy on board composition. Nevertheless, it has been the practice of the Company that the composition of the Board is periodically reviewed on an annual basis by the NRC to ensure that the Board has the required mix of skills, expertise, attributes and core competencies to discharge its duties effectively. A Board Skills Matrix has been developed to serve as a guide in identifying potential candidates to meet the level of independence and targeted gender representation as recommended by the MCCG and to facilitate Board succession.

The profiles of all the Directors are set out from page 52 to 61 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

• **Board Diversity**

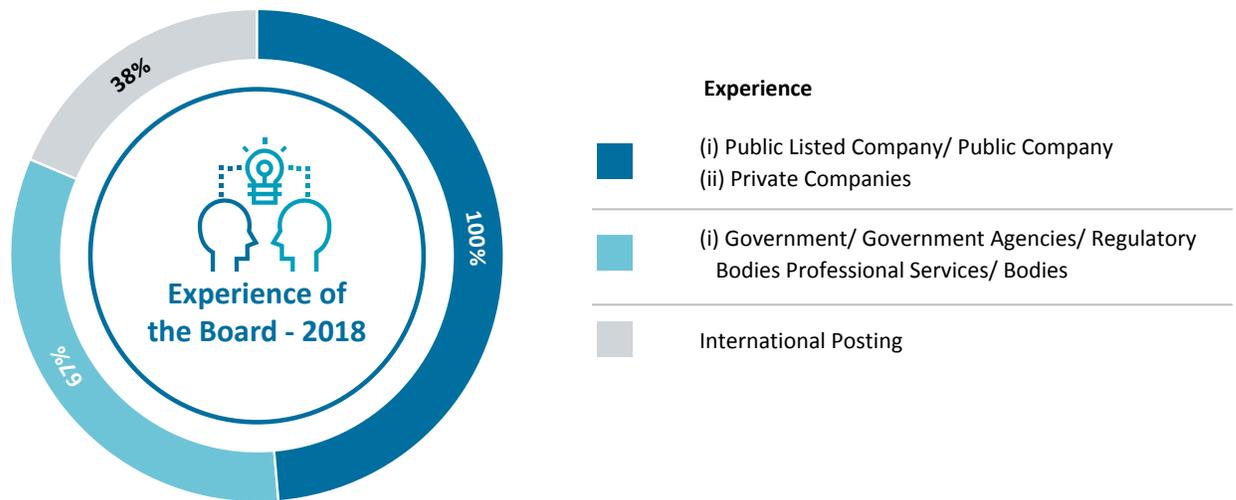
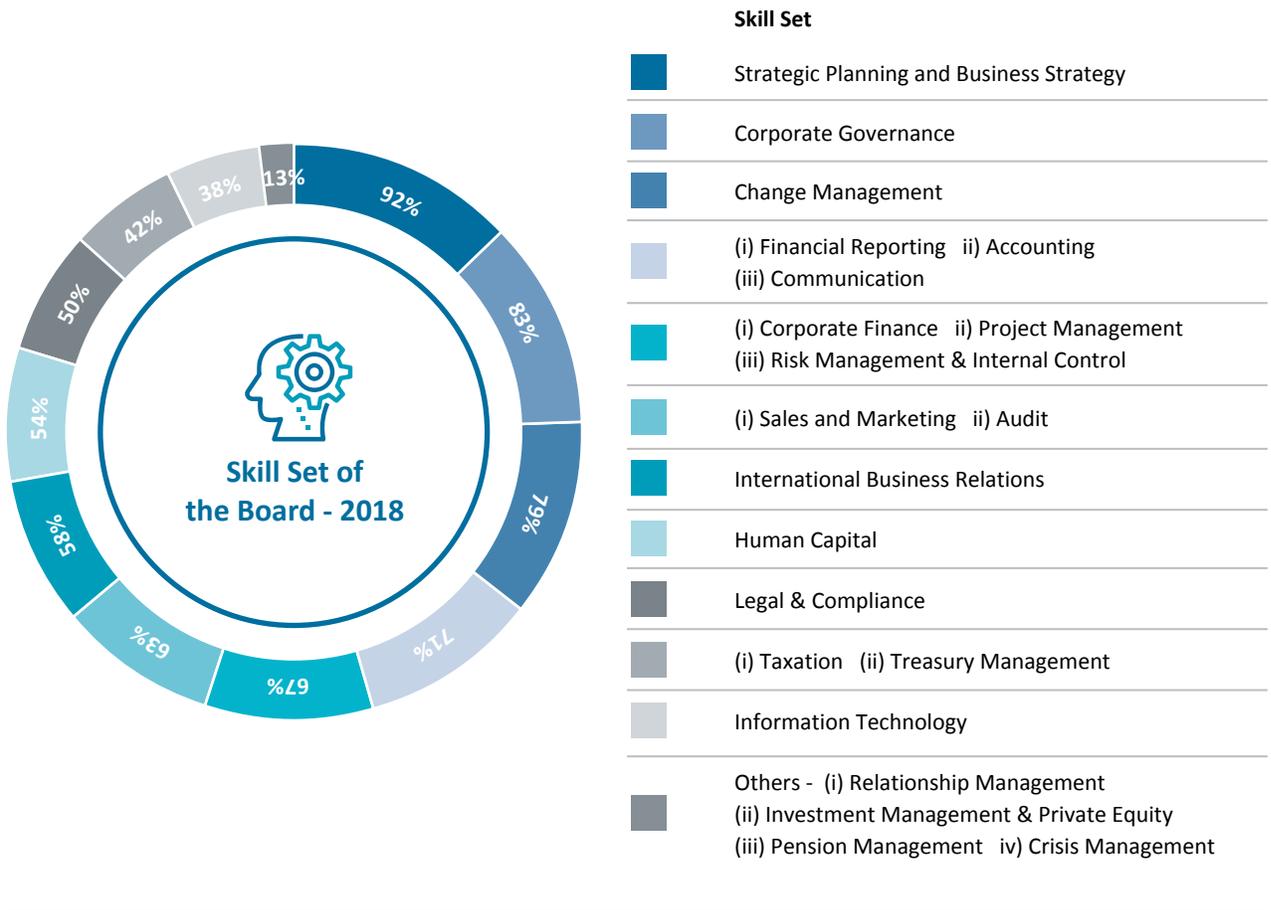
The Board is mindful of diversity as an important element in maintaining its competitive advantage in the areas of skill and competencies, experience and background, age, gender, ethnicity and nationality, in order to ensure a balanced and effective decision-making process. In this regard, the Board embraces initiatives that encourage greater diversity throughout the organisation and in the boardroom, including gender diversity which has been the topic of global discussions. Currently, the Board composition and all Board appointments are based on merit and to fill the gaps in the skill-set matrix identified as necessary to provide a balanced board composition. To uphold its gender diversity commitment, the Company currently has two (2) women Directors.

The overview of Board Composition and Diversity for the Company is illustrated as follows:

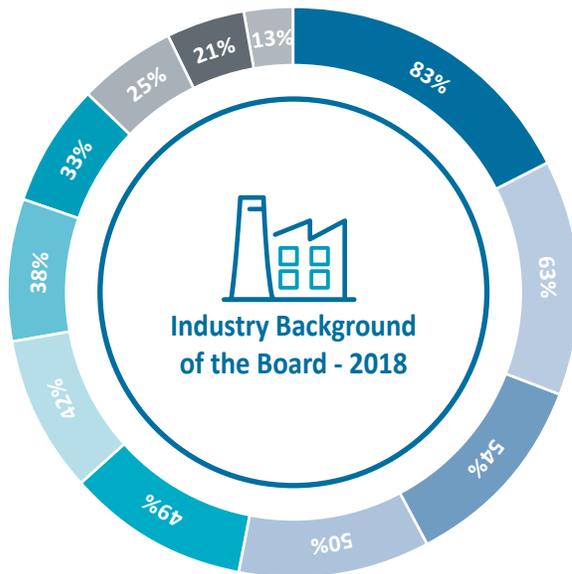


**CORPORATE GOVERNANCE OVERVIEW STATEMENT**

The spectrum of skills, experience and industry background that the Board has identified and brings to the Company is illustrated below:



CORPORATE GOVERNANCE OVERVIEW STATEMENT



Industry Background	
	Investment Holding & Property Investment
	Infrastructure and Utilities
	Banking & Finance
	Transportation
	Trading
	Telecommunications
	(i) Oil & Gas (ii) Water & Sewerage
	Manufacturing
	Licensing
	Electricity/ Power Generation
	Others - (i) Pension Fund Management (ii) Food & Beverage (iii) Capital Market

The Board Diversity Policy can be found on the Company’s corporate website at [www.perangsangselangor.com](http://www.perangsangselangor.com).

• **Tenure of Independent Directors**

The Board has in place an Independent Director Tenure Policy which limits the tenure of INEDs to nine (9) years in line with Practice 4.2 of the MCGG. Upon completion of the nine (9) years, an independent director may continue to serve on the Board as a non-independent director (“NID”), subject to the NRC’s rigorous review and recommendation for the Board to retain and re-designate the affected director(s) as NID. Currently, the tenure of the Company’s INEDs ranges from less than one to less than nine years.

• **Independence of INEDs**

During the financial year under review, the NRC and Board have assessed, reviewed and determined that the independence of the INEDs remains objective and independent, based on the criteria for assessment of independence of Directors developed by the NRC. The INEDs have declared themselves to be independent from Management and free of any relationship which could materially interfere with the exercise of their independent judgement and objective participation in the decision-making process of the Board. Such declarations by the INEDs were made via written confirmation to the NRC during the Annual Board Evaluation (“ABE”) for 2018.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

- **Nomination and Remuneration Committee**

The Board had established a Nomination Committee (“NC”) and Remuneration Committee (“RC”) respectively since 2003 and these were consolidated on 30 August 2018 to become the NRC. Both roles and responsibilities were combined for the purposes of convenience, practicality and to enhance the work efficiency.

Arising from the above consolidation, the Board has appointed Dato’ Mohamed Ross, who is an INED as the Chairman of NRC. In line with Paragraph 15.08A(1) of Bursa Securities MMLR the members of the NRC are appointed by the Board from amongst the Directors of the Company and consist exclusively of NEDs, the majority of whom are independent.

The members of NRC are as follows:

NAME OF NRC MEMBER	DESIGNATION
1. Dato’ Mohamed Ross	Chairman of NRC, INED
2. Dato’ Kamarul	Member, INED
3. YM Raja Shahreen	Member, NINED
4. Dato’ Idris	Member, INED

Amongst the main objectives of NRC are as follows:

- a) Primary objectives in relation to the nomination function:
  - i. In assessing the existing directors’ ability to contribute to the effective decision making of the Board of Directors;
  - ii. In identifying, recommending appointments of directors and orienting new directors;
  - iii. In identifying the mix of skills and experience and other qualities the Board requires for it to function completely and efficiently;
  - iv. In identifying, assessing and recommending to the Board of Perangsang Selangor, the NEDs/ external experts as board representative to sit in the board of subsidiaries and/or associate companies;
  - v. In reviewing and recommending to the Board of Perangsang Selangor, the executive appointments of the MD/ GCEO of Perangsang Selangor; and
  - vi. In identifying, reviewing and recommending to the board of subsidiary companies the prospective independent non-interested candidate(s) with experience and/or relevant expertise.
- b) Primary objectives in relation to remuneration function:
  - i. To review and recommend to the Board the remuneration packages for the NEDs, Board Committees members and MD/GCEO of Perangsang Selangor; and
  - ii. To ensure that the MD/GCEO of Perangsang Selangor is fairly rewarded for his/her performance as well as encourage him/her to act in ways that enhances the Company’s long-term profitability, sustainability and value.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

During the FY 2018, there were four (4) NRC meetings held and the following matters were considered:

- i) Appointment of women candidates as Independent Director for Perangsang Selangor;
- ii) Reviewed the assessment of 2017 CKIs and KPIs for CEO of Perangsang Selangor;
- iii) Reviewed the proposed 2018 CKIs and KPIs for CEO of Perangsang Selangor;
- iv) Reviewed the proposed talents for CEO under the Talent Management & Succession Planning Program of Perangsang Selangor;
- v) Reviewed the outcome of the ABE of Perangsang Selangor for the financial year ended 31 December 2017;
- vi) Reviewed the re-election of Directors who were retiring pursuant to Articles 84 and 90 of the Company's Constitution;
- vii) Reviewed and recommended the proposed Independent Directors' Tenure Policy of Perangsang Selangor;
- viii) Reviewed and recommended the proposed Board Succession Planning Framework for Perangsang Selangor;
- ix) Reviewed the CEO of Perangsang Selangor 2018 CKIs and KPIs as at 30 June 2018;
- x) Reviewed the proposed revision of Employee Handbook for Perangsang Selangor;
- xi) Reviewed the proposed implementation of Workforce Management 2019;
- xii) Reviewed the Talent Management and Succession Planning for C and C-1 Level at Perangsang Selangor; and
- xiii) Reviewed and recommended the proposed new Employment Contract of CEO of Perangsang Selangor.

Besides that, the NRC is responsible for reviewing the Board's composition and recommending to the Board, appointments of any new Directors by evaluating and assessing the suitability of candidates for Board membership, against proper and relevant criteria developed by the NRC, in a formal and transparent procedure by considering the candidates':

- i) skills, knowledge, expertise and experience (based on the current Board Skill Matrix);
- ii) professionalism;
- iii) integrity; and
- iv) in the case of candidates for the position of INEDs, the NRC should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from INED.

The sourcing of candidates is made via recommendations by other Board Members or shareholders, based on the expectation of the roles and capabilities described and required by the Board. This is subsequently followed by a submission to the NRC for deliberation. However, if the need arises, the Board can seek independent professional search firm assistance to source for candidates.

The Board has established a clear and transparent nomination process for the appointment of a Director of the Company. The nomination process involves the following seven (7) stages:

- i) Identification of candidates (nomination by existing Director or major shareholder);
- ii) Evaluation of suitability of candidates (based on the selection criteria taking into consideration the Board Skill Matrix and the current/future needs of the Company);
- iii) Background screening and verification;

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

- iv) Interview by NRC;
- v) Final deliberation by the NRC;
- vi) Recommendation to Board for decision; and
- vii) A formal invitation by the Chairman.

- **Annual Board Evaluation**

The NRC is entrusted with the responsibility of carrying out the ABE on the effectiveness of the Board as a whole, the Board Committees, Directors' peer evaluation and INEDs' assessment. The ABE was facilitated by the Company Secretaries upon making the necessary reference to the guides available and the good corporate governance compliance companies.

In line with Paragraph 15.20 of the Bursa Securities MMLR, the NRC reviews the term of office and performance of the AC and each of its members annually to determine whether the AC and members have carried out their duties in accordance with their TOR.

During the year, the effectiveness of the Board as a whole was assessed in the areas of the Board's roles and responsibilities, Board operations (meeting process, administration and conduct), adding value on the strategic initiatives of the Company, Governance as well as the effectiveness of the Chairman.

The effectiveness of the Board Committees was assessed in terms of its composition, responsibilities, the channelling of useful information and recommendations to the Board in support of the Board's decision-making process, as well as the effectiveness of the Chairman of the respective Board Committees.

As for assessment for individual Directors, the areas of assessment were leadership, integrity, contribution to overall strategic thinking and ideas amongst the ten performance attributes.

The criteria used in the assessment of the AC as a whole were quality and composition, skills and competencies and meeting administration and conduct. As for the assessment of individual AC members, the areas of assessment were the interpersonal qualities, experience, participation in ongoing education, analytical thinking, understanding of risk, understanding of Company's compliance processes, understanding of financial and statutory reporting requirement, significant accounting policies, accounting estimates and financial reporting practices.

Each Board members were provided their own individual results of the ABE, together with a peer average rating in each area of assessment for personal information and further development. The results of these assessments form one of the basis of the NRC's recommendations to the Board for the re-election of Directors at the next AGM. The results of the evaluations and comments from the Directors concerning the Board and general performance of the Directors were also presented to the Board by the NRC. Details of the ABE 2018 processes can be found in the CG Report 2018 of the Company under Practice 5.1

- **Directors' Time Commitment**

Board meetings for each financial year were scheduled and informed to the Board in advance before the end of each financial year to enable the Directors to plan accordingly and fit the year's Board meetings into their respective schedules.

During the FY2018, eight (8) board meetings were held. The Board also attended the two (2) BRS which were held off-site together with the MD/GCEO and Senior Management team of the Company and its subsidiaries. Besides that, the Board also had regular and direct engagement with the Senior Management team throughout the year including private sessions, pre-Board and Board Committee meetings.

**CORPORATE GOVERNANCE OVERVIEW STATEMENT**

The respective Director's attendance are as follows:

DIRECTORS	AGM		BOARD		AC		BRMC		BIRC		NC <sup>@</sup>		RC <sup>@</sup>		NRC <sup>@</sup>		SBC <sup>**</sup>		TBC	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
YMRS	1/1	100	8/8	100	6/6	100	-	-	5/5	100	3/3	100	2/2	100	1/1	100	-	-	-	-
SK <sup>^</sup>	-	0	6/8	75	-	-	-	-	3/3	100	-	-	-	-	-	-	-	-	1/1	100
DKB	1/1	100	6/8	75	-	-	5/5	100	5/5	100	3/3	100	-	-	1/1	100	3/3	100	-	-
DMR	1/1	100	8/8	100	6/6	100	5/5	100	5/5	100	3/3	100	2/2	100	1/1	100	-	-	-	-
DI	1/1	100	8/8	100	6/6	100	-	-	-	-	3/3	100	-	-	1/1	100	-	-	1/1	100
DIH <sup>§</sup>	1/1	100	8/8	100	-	-	1/1	100	4/4	100	-	-	-	-	-	-	-	-	1/1	100
RB <sup>§§</sup>	1/1	100	5/5	100	2/2	100	2/2	100	-	-	-	-	-	-	-	-	2/2	100	-	-
NK <sup>§§§</sup>	1/1	100	5/5	100	-	-	-	-	-	-	-	-	-	-	-	-	2/2	100	1/1	100
YMRI <sup>^</sup>	1/1	100	3/4	75	2/3	67	2/3	67	-	-	2/2	100	2/2	100	-	-	1/1	100	-	-
SR <sup>^^</sup>	1/1	100	4/4	100	3/3	100	3/3	100	1/2	50	-	-	1/2	50	-	-	1/1	100	-	-

**Notes:-**

<sup>^</sup> Resigned as Chairman/Director and members of AC, BRMC, RC, NC and SBC on 1 June 2018.

<sup>^^</sup> Resigned as Director and members of AC, BRMC, BIRC and SBC on 2 July 2018.

<sup>§</sup> Appointed as member of BIRC on 26 February 2018 and members of BRMC and TBC on 4 October 2018 respectively.

<sup>§§</sup> Appointed as Director on 6 April 2018 and member of AC, BRMC and SBC on 4 October 2018 and 30 May 2018 respectively.

<sup>§§§</sup> Appointed as Director on 6 April 2018 and member of TBC and SBC on 4 October 2018 and 30 May 2018 respectively.

<sup>\*</sup> Unable to attend the AGM as he was overseas attending a pre-committed training programme.

<sup>@</sup> These committees namely RC and NC were merged into a single committee known as NRC. The merge is to streamline the functions and roles of the two (2) committees to enhance the work efficiency.

<sup>\*\*</sup> The CSR Board Committee has been renamed to SBC whereby the scope of responsibilities has been expanded to cover the three broad pillars of Economic, Environment and Social ("EES").

**Abbreviation**

YM RAJA SHAHREEN - YMRS

ENCIK SUHAIMI -SK

DATO' KAMARUL - DKB

DATO' MOHAMED ROSS - DMR

DATO' IDRIS - DI

DATO' IKMAL HIJAZ - DIH

RITA BENOY - RB

NORLIZA - NK

YM RAJA IDRIS RAJA KAMARUDIN - YMRI

YB SIVARASA RASIAH - SR

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

- Directors’ Continuous Education Programme**

The Board believes that continuing development is necessary for effective Board leadership and oversight. Hence, the Directors are to keep themselves abreast of developments in the business environment as well as any new relevant regulatory and statutory requirements. This can be achieved, amongst others, through trainings provided externally or internally, access to relevant publications and continuous professional education as required by the respective professional bodies.

In compliance with the Bursa Securities MMLR, all Directors have attended the required Mandatory Accreditation Programme (“MAP”), including the newly appointed Directors namely Leon Koay and Ahmad Fariz who attended the MAP on 28 February 2019 to 1 March 2019 and 11 to 12 April 2019 respectively.

Besides that, the Directors are also updated by the Company Secretaries on any changes to legal and governance practices which affect the Directors, from time to time. During the FY2018, SD and RMD organised forums on the Latest Amendments to Listing Requirements & MCCG as well as Risk Management Awareness 2018 for the Board and Senior Management of Perangsang Selangor.

Forums including training programmes, courses, seminars, conferences and talks attended by the Directors during the year are as shown below:

Directors	Development Programme
<b>YM Raja Shahreen</b>	<b>1</b> <b>2 March 2018</b> Industry Revolution 4.0 (Menteri Besar, Incorporated (“MBI”) HR Department)
	<b>2</b> <b>16 July 2018</b> Risk Management Awareness 2018 RMD
	<b>3</b> <b>18 July 2018</b> Tricor’s In-House Training: Latest Amendments to Listing Requirements & MCCG SD
	<b>4</b> <b>8-9 October 2018</b> Khazanah MegaTrends forum 2018
	<b>5</b> <b>9-10 October 2018</b> MIA Conference 2018 - Riding the Digital Wave, Leading Transformation (“MIA”)
	<b>6</b> <b>12-14 November 2018</b> Smart City Conference
	<b>7</b> <b>18 December 2018</b> Malaysia: 2019 Budget Highlights (“Finance Department, MBI”)
<b>Suhaimi</b>	<b>1</b> <b>17 – 19 April 2018</b> SMU-SID Directorship Programme Module 1 – The Role of Directors (Singapore Management University & Singapore Institute of Directors)
	<b>2</b> <b>23-25 May 2018</b> SMU-SID Directorship Programme Module 3 – Finance for Directors (Singapore Management University & Singapore Institute of Directors)
	<b>3</b> <b>18 July 2018</b> Tricor’s In-House Training: Latest Amendments to Listing Requirements & Malaysian Code on Corporate Governance (“MCCG”) (SD)
	<b>4</b> <b>29-31 August 2018</b> SMU-SID Directorship Programme Module 2 – Assessing Strategic Performance: The Board Level View (Singapore Management University & Singapore Institute of Directors)

**CORPORATE GOVERNANCE OVERVIEW STATEMENT**

Directors	Development Programme	
<b>Dato' Kamarul</b>	1	<b>16 July 2018</b> Risk Management Awareness 2018 (RMD)
	2	<b>18 July 2018</b> Tricor's In-House Training: Latest Amendments to Listing Requirements & Malaysian Code on Corporate Governance ("MCCG")(SD)
<b>Dato' Mohamed Ross</b>	1	<b>22 January 2018</b> Managing Cyber Risk in Fis(Financial Institutions)(FIDE)
	2	<b>1 March 2018</b> Navigating the VUCA World (FIDE)
	3	<b>27 March 2018</b> Audit Committee Conference - Internal Auditing in the Age of Disruption (MIA/IAAM)
	4	<b>19 April 2018</b> BNM-FIDE Annual Dialogue (FIDE/BNM)
	5	<b>7 May 2018</b> Islamic Finance Forum Asia (IFN) (Redmoney)
	6	<b>6 June 2018</b> Win the Innovation Race: Unlocking the Power of Asians (FIDE)
	7	<b>16 August 2018</b> IBM Talk - The Human-Machine Interchange (FIDE)
	8	<b>3 - 4 October 2018</b> Global Islamic Finance Forum (AIBIM)
	9	<b>8 - 9 October 2018</b> Khazanah Megatrends 2018
<b>Dato' Idris</b>	1	<b>2 March 2018</b> Corporate Governance Briefing Sessions: MSSG Reporting & CG Guide (Bursa Malaysia and Securities Commission Malaysia)
	2	<b>16 July 2018</b> Risk Management Awareness 2018 (RMD)
	3	<b>18 July 2018</b> Tricor's In-House Training: Latest Amendments to Listing Requirements & Malaysian Code on Corporate Governance ("MCCG") (SD)
	4	<b>31 July 2018</b> Managing An Effective Whistleblowing Committee: An Overview of the Whistle-blower Protection Act 2010 (Malaysian Integrity Academy)
	5	<b>3 September 2018</b> Legal Talk & Awareness - Cross Border Transaction (Legal Department ("LD"))

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Directors	Development Programme	
Dato' Ikmal Hijaz	1	<b>5 July 2018</b> Sustainability Engagement Series for Directors 2018 (Bursa Malaysia)
	2	<b>27 November 2018</b> Listing Requirements for Directors and Senior Management (Tricor)
	3	<b>4 December 2018</b> Companies of the Future – The Role for Directors (Bursa Malaysia)
	4	<b>5 December 2018</b> Non-Financials: Does It Matter? (Bursa Malaysia)
Rita Benoy	1	<b>17 July 2018 – 18 July 2018</b> KWAP Inspire: Environmental Conference 2018 (KWAP)
	2	<b>16 July 2018</b> Risk Management Awareness 2018 (RMD)
Norliza	1	<b>5 – 6 July 2018</b> The Mandatory Accreditation Programme (MAP) (The Iclif Leadership and Governance Centre)
	2	<b>20 September 2018</b> Your CSR can achieve the 2030 targets: Supporting the UN Sustainable Development Goals (The American Chamber of Commerce (AMCHAM))

III) Remuneration

- Directors' and Senior Management Remuneration**

In line with MCG Practice, the Company aims to set remuneration for Directors and Senior Management at levels which are sufficient to attract and retain persons of calibre to guide the Group successfully, taking into consideration factors such as fiduciary obligations and responsibilities, time commitment, business complexities, the nature of and changes in business/market environments, as well as the Company's performance.

Guided by the above, the Company has established the Directors' Remuneration Policy and Senior Management Remuneration Policy on 26 February 2018 and 30 March 2018 respectively. The policies are designed to support the Company's key strategies and create a strong performance-oriented environment. In addition, the policies are expected to attract, motivate and retain talent as well as promote business stability and growth of the Company. The said policies will be reviewed at least once in every three (3) years at a minimum. This is to preserve their consistency with Perangsang Selangor's strategic direction, whilst at the same time remaining fair, competitive, and aligned to the changes in business and market environment including prevailing rules and regulations. Details of the Directors' Remuneration Policy and Senior Management Remuneration Policy can be found on the Company's website at [www.perangsangselangor.com](http://www.perangsangselangor.com).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Prior to consolidation, the RC had met on 8 January 2018 and 20 February 2018 and considered the following matters:

- i. reviewed the proposed workforce management initiatives in 2018 for Perangsang Selangor
- ii. reviewed the proposed new job grading system and salary scale for Perangsang Selangor;
- iii. proposed revision of employee handbook for Perangsang Selangor;
- iv. reviewed the proposed payment of performance bonus for year ended 31 December 2017 and 2018 performance increment of Perangsang Selangor;
- v. reviewed the proposed payment of performance bonus for year ended 31 December 2017 and 2018 performance increment for the CEO of Perangsang Selangor;
- vi. reviewed the proposed Directors' Remuneration Policy of Perangsang Selangor; and
- vii. reviewed the proposed Senior Management's Remuneration Policy of Perangsang Selangor.

Amongst the NRC's responsibilities in relation to remuneration matters are as follows:

- i. To formulate or review remuneration for the members of the Board, Board Committees, board representatives on functional boards of the subsidiaries and/or associate companies;
- ii. To review, appraise and make recommendations to the Board on the MD/GCEO of Perangsang Selangor's remuneration, salary increment, performance bonus and compensation;
- iii. To appraise and recommend suitable short and long-term policies and performance-related incentive schemes for the Company;
- iv. To review and make recommendations to the Board on the staff annual salary increment pool and performance bonus pool in respect of each financial year; and
- v. To review and recommend any major changes in remuneration policy and employees' benefits structure throughout the Company in line with market practice.

Detailed disclosure on named basis for the remuneration of individual Directors, which includes fees, meeting allowances, and other benefits in-kind, is provided for under Practice 7.1 of the CG Report 2018 of the Company. Details of remuneration for the Company's top five (5) Senior Management on an aggregate basis, including salary, bonus and benefits are disclosed under Practice 7.2 of the CG Report 2018.

**PRINCIPLE B: EFFECTIVE AUDIT & RISK MANAGEMENT****I) Audit Committee**

The primary objective of the AC as a Committee of the Board, is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, timely and accurate financial reporting and development of sound internal controls.

The AC comprises five (5) NEDs of whom four (4) are INEDs and one (1) NINED, which is in line with Paragraph 15.09 of Bursa Securities MMLR. The Chairman of the AC is Dato' Idris who is not a Chairman of the Board and is an INED. Dato' Idris is a member of the Malaysian Institute of Accountants, a fellow member of the Chartered Institute of Management Accountants and former member of the Institute of Internal Auditors.

In line with Practice 8.2 of MCCG, the Board had on 30 March 2018 approved the incorporation of in the TOR of the AC, a policy on observation of a minimum two-year cooling-off period, applicable to former key audit partners, before being appointed as a member of the AC.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

In accordance with Paragraph 15.20 of the Bursa Securities MMLR, the NRC has also reviewed the term of office and performance of the AC and each of its members annually to determine whether the AC and its members have carried out their duties in accordance with their TOR. The criteria used in the assessment of the AC are quality and composition, skills and competencies, and meeting administration and conduct. As for assessments of individual AC members, the areas of assessment are on interpersonal qualities, experience, participation in ongoing education, analytical thinking, understanding of risk, understanding of the Company's compliance processes, understanding of financial and statutory reporting requirements, significant accounting policies, accounting estimates and financial reporting practices.

Based on the annual evaluation carried out in 2018, the AC has shown continuous commendable performance with all four (4) members demonstrating a high degree of independence, professionalism and integrity, with balanced diversity, skills and experience. With regards to financial literacy of the AC members, it was observed that all of the AC members had financial knowledge and literacy in that they possess the ability and competency to read, analyse and interpret financial statements, including the Company's statement of financial position, statement of comprehensive income, statement of changes in equity, cash flow statement, notes to the statements, cost accounting, budgets and management discussion and analysis. The AC members' accountability in discharging their duties and responsibilities are in accordance with the AC's TOR, as required under MMLR and recommended under Principle B of MCGG.

Throughout the year, the AC dealt with issues related to financial reporting, external and internal audit findings, related party transactions and internal control, in line with the mandate provided by the TOR. The AC has provided valuable recommendations and views to assist the Board in making informed decisions which have greatly contributed to the Board's discussions on high level review of financial reporting process and financial statements.

In assisting the Board in overseeing the financial reporting process and ensuring the quality of financial reporting by the Group, the AC monitored and reviewed the accuracy and integrity of the Group's annual and quarterly financial statements. The AC also assisted the Board in reviewing the appropriateness of accounting policies applied by the Group as well as the changes in these policies.

A copy of the AC TOR is available on the Company's corporate website at [www.perangsangselangor.com](http://www.perangsangselangor.com).

A report of the AC is set out at pages 166 to 170 of this Annual Report.

### II) Risk Management and Internal Control Framework

The Board and Management continue to maintain and review its internal control procedures to ensure a sound system of internal control to safeguard shareholders' investments and the Group's assets, and to provide assurance on the reliability of the financial statements. In addition, equal priority is given to internal control of its business management and operational techniques.

The Directors and Management acknowledge their responsibility and remain committed towards maintaining strong internal controls for the Group covering financial, operational and compliance controls as well as risk management, and for reviewing the adequacy and integrity of the system.

While the internal control system is devised to cater for the needs of the Group and to manage the risk that may impede the achievement of the Group's business objectives, such internal control system, by its nature, cannot eliminate risk and can only provide reasonable assurance, not absolute assurance, against material misstatement or loss.

In view of the above, the Group has established an Enterprise Risk Management ("ERM") framework based on the ISO 31000:2018 International Standards of Risk Management - Principles and Guidelines, to proactively identify, evaluate and manage key risks to an optimal level. In line with the Group's commitment to deliver sustainable value, this framework aims to provide an integrated and organised Risk Management approach entity-wide.

The framework incorporates a formalised reporting structure via establishment of the BRMC, chaired by an INED, which deliberates, recommends and reports on all ERM related matters to the Board of Perangsang Selangor. The BRMC is supported by the Risk Management Working Committee ("RMWC") which is chaired by the MD/GCEO. The committees meet on a quarterly basis. The RMWC monitors the consistent enforcement of the ERM policy. It also reviews and endorses the risk parameters, risk appetite, risk profiles as well as risk action plans.

A Statement of Risk Management and Internal Controls is set out at pages 155 to 165 of this Annual Report.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

## I) Communication with Stakeholders

The Company recognizes the importance of transparency and accountability in disclosures of the Group's business activities to its shareholders and investors. During FY 2018, the Board approved the revision of the Investor Relations policy ("IR Policy"), which enables both the Board and Management to communicate effectively with its shareholders, investors and other stakeholders via the following:

- a) The Annual Report and relevant circulars dispatched to shareholders and posted in the Company's website;
- b) Issuance of various disclosures and announcements inclusive of the quarterly financial performance of the Group to Bursa Securities; and
- c) Series of engagements through Investor Relations programmes.

In addition, the Company has established a corporate website at [www.perangsangselangor.com](http://www.perangsangselangor.com) which shareholders can access for information and to seek clarification on Group-related matters. In addition, the Company has also established an integrated Investor Relations portal where shareholders are able to stay up to date with the latest information such as corporate announcements, quarterly financial results, stock charts, dividend payments or even flip through interactive annual reports.

Guided by the IR Policy, the Company has in place an IR Strategy that integrates finance, communication and securities law compliance to enable effective two-way engagement between Perangsang Selangor and the investment community as well as other stakeholders. Embedded in the strategy is a comprehensive approach to providing timely, adequate and transparent disclosure on the prospects of Perangsang Selangor's business through various communication channels. In this respect, the Company's IR strategy is aimed at translating the message of the Company's corporate strategies into fair valuations of the Company, and enhanced shareholders' value.

To facilitate effective communications with stakeholders, the Board has mandated the Management to roll out various Investor Relations programmes, amongst others

- a) Briefing sessions such as quarterly financial results presentation to the investment community comprising analysts, investment managers (including one-on-one meetings), significant shareholders, and minority shareholders at general meetings;
- b) Participation in non-deal roadshows organised by research houses;
- c) Plant visits to subsidiaries, targeting participants from analyst houses and fund managers; and
- d) Engagements with the media via centralised strategic communication.

These engagement programmes have been planned to reinforce Perangsang Selangor success stories to the members of the Press, shaping favourable and positive media coverage, ultimately increasing the marketability and appearance of Perangsang Selangor to existing and potential shareholders.

Besides that, to enhance and strengthen the current investor relations function in Perangsang Selangor, the Head of IRSC, Encik Zulkifli bin Mawardi was appointed during FY 2018 to ensure that the strategy and implementation of the IR programmes are carried through.

## II) Conduct of General Meetings

The AGM, which is held once a year, is the principal forum for dialogue with shareholders. The Company's AGM each year is the primary platform for shareholder engagement and for the Company to explain its progress and to answer any questions from shareholders, proxies and corporate representatives.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Annual Report together with the Notice of AGM for the 41<sup>st</sup> AGM held on 24 May 2018 was sent to shareholders 28 days prior to the meeting which is in accordance with Practice 12.1 of the MCCG and within the prescribed period as allowed under the Company's Constitution, Bursa Securities MMLR. Similarly, for this forthcoming 42<sup>nd</sup> AGM to be held on 23 May 2019, Notice of the same will be issued 28 days prior to the meeting. Where special business items appear in the notice of AGM, an explanatory note will be included as a footnote to enlighten shareholders on the significance and impact of the resolution.

During the 41<sup>st</sup> AGM held on 24 May 2018, eight (8) Directors were present in person (except for Suhaimi who could not be present as he was overseas attending a pre-committed training programme) to engage directly with shareholders and be accountable for their stewardship of the Company.

The Chairman of the Board chaired the 41<sup>st</sup> AGM in an orderly manner and the shareholders were given the opportunity to seek clarification on any matters pertaining to the business activities and financial performance of the Company and of the Group. The Chairman also shared with the shareholders the Company's responses to questions submitted in advance of the AGM by the MSWG and other shareholders. Shareholders, corporate representatives and proxies were briefed on their rights to speak and vote at the AGM before the commencement of the meeting. The external auditors of the Company also attended the AGM and were available to answer questions about the conduct of the audit, preparation and content of the auditors' report.

In line with MMLR, all resolutions passed at the AGM were conducted via poll voting. A poll administrator was appointed to conduct the polling process and independent scrutineers to verify the poll results at AGM. The Chairman announced the poll results at the end of the AGM, and these were submitted to Bursa Securities on the same day for the benefit of all shareholders.

Immediately after the AGM, the Board represented by the Chairman together with the Management addressed issues raised by the media and answered questions on Group activities and plans, while providing the latest updates on the Group.

The minutes of material discussions of the 41<sup>st</sup> AGM were made available on the Company's corporate website within a month of the AGM.

- **Leveraging on Technologies**

The Company's AGM has been held in the city centre since its listing in 2003 and not in remote locations. The selection of venue for convening general meetings was based on statistical summary reports of shareholders spread by states in Malaysia and other countries provided by the Company's Share Registrar, where more than 60% of past three (3) years' average of 7,402 shareholders were mainly concentrated in Selangor and Kuala Lumpur. Nevertheless, should the meeting be held in a remote location, the Board will take the necessary measures to ensure that shareholders are able to participate at general meetings by leveraging on technology to facilitate remote shareholders' participation. Alternatively, the shareholders are allowed to appoint person(s) as their proxies to attend, participate, speak and vote in his/her stead at a general meeting.

## STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROLS

### 1. INTRODUCTION

Bursa Securities' Main Market Listing Requirements ("MMLR") requires Directors of listed companies to include a statement in their annual reports on the state of their risk management and internal controls. The Board of Directors is pleased to provide the following statement, which outlines the nature and scope of risk management and internal control of the Group during the financial year ended 31 December 2018.

### 2. RESPONSIBILITY OF THE BOARD

The Board recognises the importance of sound internal controls and risk management practices for good corporate governance. The Board affirms its overall responsibility for the Group's system of internal controls and for reviewing its adequacy and integrity. Such a system covers not only financial controls but also controls relating to operational, risk management and compliance with applicable laws, regulations, rules, and guidelines.

In view of the inherent limitations in any system of internal control, this system is designed to identify and manage risk, rather than eliminate the risk of failure to achieve the Group's business objectives. Accordingly, the system can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has in place ongoing processes for identifying, evaluating, managing and monitoring significant risks faced by the Group during the year. Management is responsible for the identification and continuous evaluation of significant risks applicable to their respective areas of business and to formulate suitable mitigation strategies. This process is reviewed by the Board which dedicates its time at periodic intervals throughout the year for discussion on this matter.

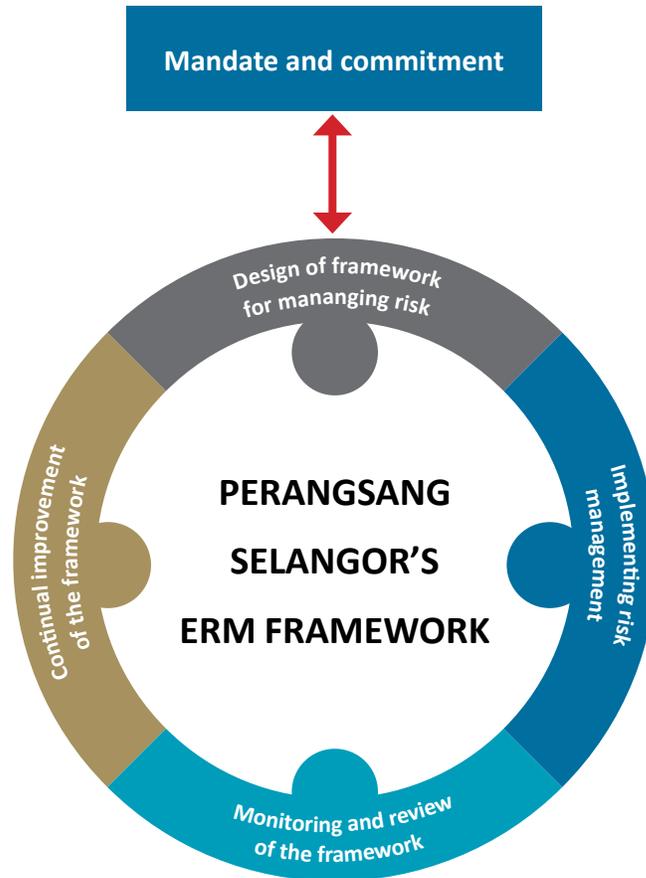
For the year under review, the Board had reviewed the adequacy and effectiveness of the Group's risk management and internal control systems through the various policies, terms of references, processes and initiatives disclosed in this statement on risk management and internal control.

The Group continuously includes key risk issues and concerns on all material associated companies except for Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd (SPRINT) and Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH") for Board of Directors' deliberation. The key risk issues on the other associate company being NGC Energy Sdn Bhd was discussed with the respective management and deliberated on a Quarterly Basis in the Risk Management Working Committee ("RMWC") and Board Risk Management Committee ("BRMC") meetings.

### 3. RISK MANAGEMENT

The Group has established an Enterprise Risk Management ("ERM") framework based on the ISO 31000:2018 International Standard of Risk Management - Principles and Guidelines, to proactively identify evaluate and manage key risks to an optimal level. In line with the Group's commitment to deliver sustainable value, this framework aims to provide an integrated and organised approach entity-wide.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROLS



The ERM framework includes a formalised reporting structure which comprises of establishment of the BRMC, chaired by an Independent Director, which deliberates, recommends and reports on all ERM related matters to the Board of Directors of Perangsang Selangor. The BRMC is supported by the RMWC which is chaired by the Managing Director / Group Chief Executive Officer (“MD/GCEO”) and both committees meet on a quarterly basis. In enhancing its corporate governance, the BRMC and RMWC Terms of Reference were established and approved by the 3 Board and BRMC respectively. The ERM policy was updated and approved by the Board in February 2018. The update includes a clearer policy objective, guiding principle, framework, reporting structure and policy statement.

The Group had actively executed the ERM initiatives based on the approved ERM Framework which includes continuous review, tracking and monitoring of the key mitigation strategies implementation and update on the Key Risk Indicators (“KRIs”) for the key risk areas identified.

## STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROLS

### 3.1 RISK MANAGEMENT POLICY

The ERM policy of the Board is as follows:

The Board has a stewardship responsibility to both understand the risk areas, communicating the requirements of this policy and to guide the organisation in dealing with these risks:-

- To manage risks proactively to ensure sustainability of the business - both current and emerging risks must be identified, understood and dealt with. Managing risks does not mean managing weaknesses.
- To manage both negative and positive risks - to ensure that negative risks are managed and that the positive risks are optimised; to maximise shareholders' value.
- To manage risks pragmatically, to acceptable levels given the particular circumstances of each situation – a cost-benefit approach is needed where by the returns must commensurate with the risk taken.
- To ensure that risk assessment is performed and that the process is embedded in the system – all proposals relating to strategies, key project approvals; significant actions or investment must include a risk assessment summary; and that risk assessment should be part of the business processes.
- To manage risk routinely and in an integrated and transparent way in accordance with good governance practices - manage risk routinely to achieve established goals and create a business environment of trust, transparency and accountability in order to support investment, financial stability and sustainable economic growth of the company.
- To require that an effective and formalised risk management framework is established and maintained by Perangsang Selangor - establish, implement and maintain adequate risk management policies and procedures which identify the risks related to Perangsang Selangor's activities, processes and systems.

### 3.2 RISK MANAGEMENT PROCESSES

#### 3.2.1 CONTINUOUS RISK IDENTIFICATION AND ASSESSMENT

##### **Perangsang Selangor (Company Level)**

The Risk Management Department ("RMD") is responsible for developing, coordinating and facilitating the Risk Management processes within the Group. A database of risks and mitigation strategies information is captured in the format of risk registers. Continuous risk assessment and challenge sessions were conducted to ensure the risk mitigation strategies were updated. Risk owners present their risk updates and these are further deliberated with RMD for its adequacy and completeness.

High Level Risk profiles for the key business units are also presented to the RMWC, BRMC and Board of Directors on a quarterly basis for deliberation and approval.

##### **Perangsang Selangor Subsidiaries**

During the year under review, the key risk areas for subsidiaries were identified and assessed together with the respective key management and Executive Committee ("EXCO") of subsidiaries and subsequently approved at the respective subsidiaries' Boards of Directors.

## STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROLS

### 3.2.2 MONITORING OF KEY MITIGATION ACTIONS AND KEY RISK INDICATORS (KRIs)

Key mitigation strategies and KRIs are reviewed and updated for each of the identified key risks areas for Perangsang Selangor Group. During the financial year under review, new key mitigation strategies/actions had been established in-line with the updated Group's business initiatives and the status of the implementation was reviewed, tracked and monitored based on the agreed estimated timeline for completion. Any delays in the key mitigation strategies/actions would be highlighted and reported to RMWC and BRMC on a quarterly basis.

### 3.2.3 CONTINUOUS RISK AWARENESS AND RISK CULTURE EMBEDMENT

To inculcate the risk culture within the Group, ERM Key Performance Indicators ("KPIs") have been included as part of each of the divisions' KPI for the year. As part of the continuous improvement on Corporate Risk Governance for Business Sustainability in FY2018, the management set out the target of 80% key risk action completion.

As part of the ERM culture embedment initiative, the RMD had in July 2018 successfully organised awareness session for Board of Directors, group management and key management for subsidiaries companies of Perangsang Selangor Group. The objectives of the session were:

- i) To update and refresh on current trends and key challenges ahead with regards to risk management and corporate governance; and
- ii) To brief on the ERM plan for subsidiaries and the expected outcome.

### 3.2.4 RISK APPLICATION

Perangsang Selangor risk management is embedded in every aspect of its business operations. Risk Management is applied when there are changes in the business process, system changes and a tweak in its business direction due to internal and external factors.

During the period under review, RMD was involved in various key business processes which included, process review on the policy and standard operating procedure ("SOP") and information system upgrading.

## STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROLS

### 3.3 KEY RISK AREAS

The risk management process is continuously being embedded into the key business processes, enabling effective risk management practices group wide. During the year under review, the Group regularly assessed, deliberated and monitored the key risk areas as follows:

KEY RISK AREAS	KEY MITIGATION ACTIONS
<p><b>1. Liquidity Monitoring</b></p> <p>Monitoring the cash and collateral obligations without incurring excessive losses is crucial to fulfill the need for funding requirement by coordinating the various sources of funds available for business and potential investments.</p>	<ul style="list-style-type: none"> <li>• Establishment of Fund Management Policy to govern the process of surplus funds placement for the Group.</li> <li>• Regular monitoring on receivables balances and follow up.</li> <li>• Funding strategy to support business growth and working capital requirements for the Group mix.</li> </ul>
<p><b>2. Balancing of Investment</b></p> <p>Balancing of the investment portfolio is crucial to ensure business sustainability.</p>	<ul style="list-style-type: none"> <li>• Business Plan implementation strategy which includes establishment of investment mandate for acquisition of new businesses.</li> <li>• Establishment of investment criteria as set out in the Investment SOP.</li> <li>• Establishment of governing authority for evaluation and monitoring of investments.</li> </ul>
<p><b>3. Value Creation Plan Integration</b></p> <p>Integration of processes, technology and information between Perangsang Selangor and its subsidiaries. It is crucial to ensure that the integration is properly embedded for effective monitoring of its performance.</p>	<ul style="list-style-type: none"> <li>• Identification of key critical gaps on key processes on portfolio companies.</li> <li>• Established periodic monitoring on post integration plan based on identified value creation plan (VCPs).</li> <li>• Continuously review the business objective based on SMART concept (specific, measurable, attainable, relevancy and time bound) for better monitoring purposes.</li> </ul>

### 4. CONTROL STRUCTURE AND ENVIRONMENT

The Group has an established internal control structure and is committed to evaluating, enhancing and maintaining the structure to ensure effective control over the Group's business operations and to safeguard the value and security of the Group's assets. There is a clearly defined operating structure with lines of responsibilities and delegated authority in place to assist the Board to maintain a proper control environment. The key elements that support the control structure and environment are described:

## STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROLS

### 4.1 BOARD COMMITTEES HAVE CLEARLY DEFINED ROLES AND TERMS OF REFERENCE

Respective Board Committees have individual roles and Terms of Reference, with clearly defined functions, authority and responsibilities. The management of the various companies in the Group is entrusted to the respective Chief Executive Officers or Chief Operating Officers, whose roles and responsibilities are defined in the job description and whose authority limits are set by the respective Boards. All major decisions require the final approval of the respective Boards within the Group and are only made after appropriate in-depth analysis. The respective Boards receive regular and comprehensive information covering all divisions in the respective companies within the Group.

During the financial year under review, the Terms of Reference (“TOR”) of the Audit Committee, Nomination and Remuneration Committee, Sustainability Board Committee and Tender Board Committee were reviewed and tabled to the Board of Directors for approval.

The Board had on 29 November 2018 approved the revision of the Board Charter to ensure it remains consistent with the Board’s objectives and responsibilities, and all the relevant rules/regulations/standards of corporate governance.

The details of the Board Charter can be found in the company’s website at [www.perangsangselangor.com](http://www.perangsangselangor.com).

### 4.2 INDEPENDENCE OF THE AUDIT COMMITTEE

The Audit Committee (“AC”) members of Perangsang Selangor, which comprise of exclusively Non-Executive Directors of the Board, are persons of high calibre and integrity; and they collectively possess vast experience, knowledge and expertise across many industries.

The AC has explicit authority to review and investigate any matter within its terms of reference and:

- (i) has the required resources to perform its duties;
- (ii) has full and unrestricted access to any information pertaining to the Company and Group including the support and cooperation from Management;
- (iii) has direct communication channels with both the External and Internal Auditors, able to obtain independent professional advice; and
- (iv) has the right to convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other Executive Directors and employees of the Company, whenever deemed necessary.

In addition, the AC plays a crucial role in ensuring the objectivity, effectiveness and independence of the Internal Audit Function (“IAF”) from Management. The direct accountability of IAF to the AC enables the internal audit activity to be independent, and the Internal Auditors to be objective in performing the internal audit activity.

### 4.3 INTERNAL AUDIT

The Internal Audit Department (“IAD”) which is an integral part for the Group’s internal control systems, reports directly to the AC. IAD’s primary role is to provide independent and objective assurance designed to add value and improve efficiency of the operations within the Group. It assists the Group to achieve its objectives by bringing a systematic and disciplined approach in evaluating and improving the effectiveness of risk management, control and governance processes.

## STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROLS

The annual audit plan, established on a risk-based approach, is reviewed and approved by the AC annually. IAD's performance and conduct is guided by The International Standards for the Professional Practice of Internal Auditing (the IIA Standards) and the International Professional Practices Framework ("IPPF"). IPPF is the conceptual framework that organizes authoritative guidance promulgated by the Institute of Internal Auditors ("IIA"). A trustworthy, global, guidance setting body, the IIA provides internal audit professionals worldwide with authoritative guidance. The IAD is also guided by the Malaysian Code on Corporate Governance established by Bursa Malaysia.

During the financial year, revision of the Internal Audit Charter ("IAC") was conducted on 22 February 2018. IAC was reviewed based on the latest guidelines under IPPF.

### 4.4 DOCUMENTED INTERNAL POLICIES AND PROCEDURES

The Group periodically reviews, updates and establishes the internal policies and standard operating procedures for improvement and to reflect changes in the business structure and processes as and when necessary. The main policies and procedures are as follows:

#### 4.4.1 FINANCIAL POLICIES & PROCEDURES

- i) Delegation of Authority ("DOA") and Limit of Authority/Financial Authority Limit ("LOA/FAL")
  - There is an organisational structure with formally defined lines of responsibility and delegation of authority to ensure proper identification of accountabilities and segregation of duties.
  - There are operational authority limits imposed on the MD/GCEO and Management within the Group in respect of day-to-day operations.
- ii) Treasury Policy

The Treasury Policy which covers policy in relation to fund management, financing and intercompany advances was established with the objective of ensuring all transactions are properly authorised and reviewed to safeguard the Company's interest in its treasury activities as well as to enable preparation of proper financial statements.
- iii) Related Party Transaction Policy and Procedures

This policy aims to:-

  - Provide guidelines for Perangsang Selangor and its subsidiaries under which all related party transactions are reviewed by the AC and approved by the Board;
  - Provide guidance to management and staff to ensure that all transactions involving potential related parties are determined at arm's length basis whilst any conflicts of interest are appropriately disclosed and addressed; and
  - Ensure compliance with the disclosure requirements for all related party transactions.
- iv) Foreign Exchange Policy and Guidelines

The Foreign Exchange ("FX") policy is to cater for the business in international markets as the Group is exposed to FX risk affecting revenue, cost competitiveness and profitability.

The main objective of the FX Policy is to ensure all FX exposures are prudently managed and mitigated in order to minimize the negative effects of adverse exchange rate fluctuations.

## STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROLS

### v) External Auditors Assessment Policy

The objective of the External Auditors Assessment Policy is to outline the guidelines and procedures to be performed by the AC in assessing, reviewing, selecting and appointing External Auditors.

According to Section 271(4) of the Companies Act 2016, the Company shall at each annual general meeting appoint or re-appoint the External Auditors of the Company and the External Auditors so appointed shall, hold office until the conclusion of the next annual general meeting of the Company.

### vi) Budgeting Process

A detailed budgeting process exists requiring all entities in the Group to prepare budgets annually which are discussed at management level and approved by the respective entities' Boards.

A reporting system on actual performance against approved budgets is in place whereby significant variances are reported on a monthly basis to management and to the Board on a quarterly basis through the quarterly reporting.

#### 4.4.2 BUSINESS PLANNING, INVESTMENT POLICIES AND PROCEDURES

The Group has established policies and procedures for business planning, investment evaluation and monitoring which includes business planning processes and approval, investment mandate and criteria, tracking mechanism and establishment of the Investment Evaluation Committee ("IEC") and Board Investment Review Committee ("BIRC"), which terms of reference are reviewed periodically.

#### 4.4.3 WHISTLEBLOWING POLICY AND GUIDELINES

The Whistleblowing Policy and Guidelines ("WB Policy") was developed to enable any individuals to raise concerns regarding the Group. The policy was developed to achieve two (2) primary objectives as follows:

- To provide a safe and acceptable avenue for staff or any other stakeholders to raise concerns so that it can be addressed in an independent and unbiased manner; and
- To provide an internal mechanism for the organisation to be notified about concerns at the workplace and further if required, take any action deemed appropriate.

During the financial year, the WB Policy was reviewed and changes to the WB Policy were tabled to the Board of Directors for approval. Subsequently in November 2018, the WB policy was cascaded down to the subsidiary companies.

#### 4.4.4 INTERNAL DOCUMENT POLICY

In August 2018, the Board approved the establishment of an Internal Document Policy with the aim to of establishing standardized internal documents with focus on the Policy Papers, Framework, Guidelines, Procedures and other documents ("Internal Documents"). It outlines the fundamental elements of document management including document development, approval, maintaining (retention), implementation and review of an Internal Document.

#### 4.4.5 PERSONAL DATA PROTECTION ("PDP") POLICY

The Personal Data Protection Act 2010 ("PDPA 2010") has been implemented to govern the processing of any personal data in respect of commercial transactions. Pursuant thereto, the Group has established a PDP Policy that sets forth the personal data protection guidelines and standards that govern the Group in managing the collection, processing, usage, retaining and disclosure of Personal Data in accordance to the PDPA 2010.

## STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROLS

### 4.4.6 HUMAN RESOURCE POLICIES

Existing Human Resource policies provide clear guidelines for the organisation to enforce various aspects of human resource practices in an objective and consistent manner. The policies set standards that guide how we conduct ourselves as employees and also play as an integral part of Perangsang Selangor's business strategy.

The following functions have been properly executed as well as to ensure effective control and compliance towards establishing good corporate governance.

- Talent Management and Succession Planning.
- Performance Management System.
- Recruitment and Staffing.
- Industrial Relations.
- Conflict of Interest Policy.

Being the custodian of these policies, it is always a mission of the Human Resource Development Department to continuously provide effective human resource management by developing and implementing policies in driving programs and services that contribute to the attainment of Group and individual goals.

Perangsang Selangor believes that its business operations should be conducted in a fair, transparent and responsible manner, in compliance with all laws and regulations and by adopting the highest standards of professionalism, honesty, integrity and ethics.

In this regard, the employees are expected to conduct themselves and discharge their duties and responsibilities in a professional, honest and ethical manner. Employees are required to uphold and protect the interests of Perangsang Selangor and to avoid any conflict, or potential conflict between their personal interests and the interests of Perangsang Selangor.

The Conflict of Interest Policy was established to promote alignment with the Malaysian Anti-Corruption Commission Act 2009, Whistleblower Protection Act 2010, Companies Act 2016 and all applicable laws and regulations in Malaysia. The Conflict of Interest Policy was approved by the Board of Directors on 28 November 2018.

### 4.4.7 PROCUREMENT POLICY

The Procurement Policy was established with the objective to achieve high standards of professionalism, transparency and accountability while maximising efficiency, effectiveness and flexibility in the procurement process within a system of checks and balances. This is to ensure Perangsang Selangor obtains quality goods and services for the best value.

### 4.4.8 INFORMATION TECHNOLOGY ("IT") POLICY

The Perangsang Selangor IT Policy aims to promote, standardize, develop IT activities and consistently implement it across the Perangsang Selangor Group. During the financial year, the IT Policy was revised and approved by the Board in May 2018. The objectives of this policy are to ensure the corporate IT resources are appropriately protected from hazards, ensure that these protections are accomplished in a manner consistent with the business and workflow requirements, ensure data integrity and security, and ensure that growth of the IT culture is strong.

## STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROLS

### 4.4.9 DIRECTOR REMUNERATION POLICY

The Directors' Remuneration Policy ("the DR Policy") is established to provide formal and transparent guidelines with regards to Directors' remuneration benefits for Board and Board Committees for Perangsang Selangor and its subsidiaries and/or associates of Perangsang Selangor. The DR Policy is designed with the aim to support the Company's key strategies and create a strong performance-oriented environment and be able to attract, motivate and retain talent as well as promote business stability and growth of the Company.

### 4.4.10 SENIOR MANAGEMENT REMUNERATION POLICY

The Senior Management Remuneration Policy is a formal and transparent guideline with regards to senior management remuneration benefits of Perangsang Selangor and its subsidiaries. It has been designed in line with current market practice to attract, motivate, reward and retain Perangsang Selangor Group of Companies' Senior Management.

### 4.4.11 INVESTOR RELATIONS POLICY

The Investor Relations Policy was approved by the Board on 30 May 2018 with the aim of ensuring compliance with Bursa Malaysia securities legislation regarding disclosure of material information about Perangsang Selangor; and management of realistic investor expectations by making all required disclosures on a broadly disseminated basis with a balanced view of the prospects for Perangsang Selangor and its business.

### 4.4.12 BUSINESS CONTINUITY PROGRAM

Perangsang Selangor has a robust Business Continuity Management ("BCM") Program based on the ISO 22301 standards. The program is designed to ensure continuous and sustainable business operations during a disruption. The program includes Business Continuity Plans, Business Impact Analyses ("BIA") and risk assessments. To drive this, the BCP Policy, Business Continuity Plan and Crisis Communication Policy were established. Tests on the Group Business Continuity Plan ("BCP") were also conducted to ensure the BCP effectiveness. The BCM program was further extended to the subsidiaries.

### 4.4.13 DISASTER RECOVERY PLAN

Perangsang Selangor Group has established its Disaster Recovery Plan ("DRP") with the main objective of ensuring speedy recovery of critical Information Technology ("IT") applications essential to the business operations in the event of a disruption. The DRP is a key component of the Plaza Perangsang's BCM.

Data backup is being stored and generated on a daily basis at the off-site data center located in Cyberjaya. The Group under the supervision of IT unit successfully conducted DRP tests in June 2018 and December 2018.

The details of the Whistleblowing Policy, Director Remuneration Policy, Senior Management Remuneration Policy and Investor Relation Policy can be found in the company's website at [www.perangsangselangor.com](http://www.perangsangselangor.com).

## 5 MONITORING AND REVIEW

The processes adopted to monitor and review the effectiveness of the system of internal control are as follows:

- i) All subsidiaries submit monthly Management Reports to their respective EXCO and Group Finance Department. The reports include review of actual results against the preceding year as well as against the budget, with significant variance being explained and necessary actions taken.

## STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROLS

- ii) Investment proposals and investment performance reports are tabled to the BIRC on a quarterly basis. The Chairman of the BIRC would then update the Perangsang Selangor Board on matters deliberated.
- iii) Quarterly risk reports are tabled and deliberated at the RMWC and BRMC meetings for onward submission to the Board for deliberation.
- iv) Quarterly performance reports from the management of Perangsang Selangor and its subsidiaries are tabled to the AC for deliberation and thereafter recommended to Perangsang Selangor Board for approval.
- v) The AC meets at least quarterly to review internal audit findings and ensure that weaknesses in internal controls highlighted are appropriately addressed by management. The AC is supported by the IAD which performs the following:
  - Audit findings are discussed with auditees with recommendations provided to address the issues.
  - Present to the AC at least at quarterly intervals, reports that contain improvement opportunities, audit findings, management response and corrective actions in areas with significant risks and internal control deficiencies.
  - Conduct quarterly follow-up reviews to determine the adequacy, effectiveness and timeliness of actions taken by the Management on audit recommendations highlighted in the 2018 audit reports with progress updates provided to the AC.

Continuous efforts are undertaken to ensure standardisation, timeliness and comprehensiveness of key internal control procedures. The system of internal controls has clear management support, including the involvement of the Board and is designed to address the risks to which the Group is exposed.

For the financial year ended 31 December 2018 the Board, has actively monitored and reviewed the risk management practices and effectiveness of the internal control structure, based on the adopted ERM framework which includes processes for identifying, evaluating and managing significant risks faced by the Group. This is an on-going process which includes enhancement of the relevant key internal controls when there are changes in the business environment.

The Board is also assisted by the Management in the implementation of the Board's policies and procedures on risk and control. This includes the identification of risk control measures to address pertinent and relevant risks affecting the Company.

The Board has received reasonable assurance from the MD/GCEO and Deputy Chief Executive Officer, Operations that the Company's current risk management framework and internal control structure is operating adequately and effectively, in all material aspects, based on the current risk management and internal control system of the Group. Where weaknesses are identified, rectification steps have been put in place.

Based on the assurances provided and with the implementation of a risk management framework as well as the adoption of an internal control system, the Board is of the opinion that the risk management and internal control system for the year under review, up to the date of the issuance of the Group's financial statements, are adequate and effective to safeguard shareholders' investments and all stakeholders' interests.

### 6 REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The Statement has been reviewed by the External Auditor for inclusion in the annual report of Perangsang Selangor Group for the year ended 31 December 2018. The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of risk management and internal control.

## AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present the report of the Audit Committee (“AC”) which provides insights into the manner in which the AC discharged its functions for the Company and Group in 2018.

The primary objective of the AC (as a sub-committee of the Board) is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, timely and accurate financial reporting and development of sound internal controls.

### 1. COMPOSITION AND ATTENDANCE

The composition of the AC fulfills the Main Market Listing Requirements (“MMLR”) as follows:-

COMMITTEE MEMBER	DESIGNATION	APPOINTMENT	ATTENDANCE
YBhg Dato’ Idris bin Md Tahir (Chairman)	Independent Non-Executive Director	15/08/2013	6/6
YB Sivarasa a/l Rasiah^	Independent Non-Executive Director	16/06/2010*	3/3
YM Raja Dato’ Haji Idris Raja Kamaruddin*	Non-Independent Non-Executive Director	18/3/2011**	2/3
Dato’ Mohamed Ross bin Mohd Din	Independent Non-Executive Director	26/05/2011	6/6
YM Raja Shahreen bin Raja Othman	Non-Independent Non-Executive Director	31/5/2015	6/6
Puan Rita Benoy Bushon	Independent Non-Executive Director	4/10/2018	2/2

\* Resigned as member of the Audit Committee with effect from 2 July 2018

\*\* Resigned as member of the Audit Committee with effect from 1 June 2018.

- Comprised no fewer than three (3) members;
- All four (4) members are Non-Executive Directors, majority of whom, including the AC Chairman are independent and none of them are alternate Directors;
- Having at least one (1) qualified accountant member meeting the requirements of paragraph 15.09(1)(c) of the MMLR; and
- As at the date of this report, in order to maintain and strengthen the effective role of AC, whose members comprise from diverse background and experience, Encik Koay Li Onn (Leon) was appointed as a new AC member effective on 1 January 2019.

The AC Chairman is a member of the Malaysian Institute of Accountants, a fellow member of the Chartered Institute of Management Accountants (“CIMA”) and former member of the Institute of Internal Auditors.

### 2. MEETINGS

The AC met on six (6) occasions during the financial year with meetings conducted in accordance with the requisite quorum as stipulated in the AC’s Terms of Reference (“TOR”). Detailed TOR for the AC is available online under the Corporate Governance section at [perangsangselangor.com](http://perangsangselangor.com).

## AUDIT COMMITTEE REPORT

**3. SUMMARY OF WORK**

The AC is guided by its TOR, which was approved by the Board and aligned to the provisions of MMLR and other best practices. During the financial year under review, the AC in the discharge of its functions and duties had carried out the following:-

**3.1 Financial Reporting**

- a) On 22 February 2018 and 29 March 2018, the AC reviewed the financial results for the fourth quarter ended 31 December 2017 and the audited financial results for the year ended 31 December 2017 respectively, and recommended the same to the Board for approval.
- b) The AC reviewed the quarterly financial results for the first, second and third quarter of 2018 on 25 May 2018, 27 August 2018 and 27 November 2018 respectively, and recommended the same to the Board for approval.

On 25 February 2019 and 25 March 2019, the AC reviewed the financial results for the fourth quarter ended 31 December 2018 and the audited financial results for the year ended 31 December 2018 respectively and presented the same to the Board for approval.

- c) During the reviews, the AC sought from Management, additional details and explanation of material line items as well as line items that had significant movement. The material line items include related party transactions (“RPT”) entered by the Company and the Group and the potential impairment of assets.

**3.2 External Audit**

- a) The Board at its meeting held on 30 March 2018, subject to receiving BDO’s consent to act as auditors of the company, approved the AC’s recommendation to appoint BDO in place of the retiring External Auditors, EY and propose for the appointment of BDO as Perangsang Selangor’s External Auditors.
- b) On 27 August 2018, the AC reviewed and discussed with Management together with the External Auditors, the 2018 Audit Planning Memorandum presented by the latter, prior to commencement of the audit. The following items were deliberated during the review and discussion:-
  - Client service team
  - 2018 services – Audit and audit related services and Internal control
  - Independence
  - Materiality
  - Areas of audit emphasis
  - Multi-location scoping
  - Involvement of internal audit and others
  - Fraud considerations and the risk of management override
  - Audit fees
  - Audit timeline
  - Sustainability reporting
- c) On 27 November 2018, the AC reviewed the financial results for the third quarter ended 30 September 2018 financial results and recommended the same to the Board for approval.

## AUDIT COMMITTEE REPORT

- d) On 25 February 2019, the AC reviewed the financial results for the fourth quarter ended 31 December 2018 financial results and recommended the same to the Board for approval. On the same date, the AC also received and discussed updates from the External Auditors on the progress of the 2018 annual audit. Significant accounting and auditing issues discussed during the meeting include the following:-
- Impact of MFRS 1 *First-time Adoption of Malaysia Financial Reporting Standards*, MFRS 9 *Financial Instruments* and MFRS 15 *Revenue from Contracts with Customers*
  - Appropriateness and measurement of carrying amounts of receivables
  - Assessment of impairment on investments in associates
  - Assessment of impairment on property, plant and equipment (“PPE”)
  - Appropriateness and measurement of the carrying amounts of goodwill and intangible assets
  - Assessment of impairment on investments in subsidiaries and recoverability of amounts due from subsidiaries (company level)
  - Assessment of Liquidated and Ascertained Damages (“LAD”) on construction contracts
  - Accounting treatment on foreign exchange differences
  - Financial Reporting Standards Implementation Committee (“FRSIC”) Consensus 31: *Classification of Amount due from Subsidiaries and Amount due to Holding Company that is Repayable on Demand*
  - Compliance with Main Market Listing Requirement (“MMLR”)
- e) On 25 March 2019, the AC reviewed and recommended to the Board for approval the final draft of the External Auditors’ report on the Company and the Group’s annual financial statements.
- f) The AC held without Management’s presence, two (2) private sessions on 27 November 2018 and 25 February 2019 respectively, with the External Auditors to reinforce independence. Matters discussed on these occasions included whether there were any pertinent issues relating to the 2018 annual audit, that require special attention of the AC other than those areas of audit emphasis highlighted. The AC also enquired whether the External Auditors received cooperation from Management during their course of auditing.

### 3.3 Internal Audit

- a) Reviewed and approved the Internal Audit Department (“IAD”) 2018 Balance score card / Key performance indicators on 22 February 2018.
- b) To note on the updated Internal Audit Department Audit Charter on 22 February 2018.
- c) Reviewed on the TOR of the AC on 29 March 2018.
- d) Reviewed on the amendments made to the Whistle Blowing Policy on 25 May 2018.
- e) Reviewed and discussed the 2018 internal audit reports during the quarterly AC Meetings and sought Management’s explanation on issues highlighted in the internal audit reports.
- f) Reviewed on a quarterly basis, the status of implementation of the internal audit recommendations by the Management and sought Management’s explanation on long overdue action items.

## AUDIT COMMITTEE REPORT

- g) Pre-AC meetings were held between the AC Chairman, Internal Audit Director and Internal Audit Associate Director to discuss key internal controls and internal audit related matters.
- h) Reviewed and deliberated on the 2019 Internal Audit Plan for the Company and the Group on 27 November 2018.
- i) Assessed the performance of the Internal Audit Director based on the agreed 2018 Balance Score Card.
- j) On 25 March 2019, deliberated on the Statement on Risk Management and Internal Control for inclusion in the 2018 Annual Report.

The AC Chairman at each Board meeting, updated the Board on principal matters deliberated at each AC meeting. Minutes of the AC meeting were tabled for confirmation at the following AC meeting; and

The AC is of the view that matters reported by it to the Board for the financial year were satisfactorily resolved.

#### 4. OTHERS

Throughout the financial year, the AC members had attended various seminars, training programmes and conferences to keep abreast of changes in the industry and business environment. Details are set out in the Corporate Governance Report under Practice 8.5.

#### THE INTERNAL AUDIT FUNCTION

- a) The internal audit function of the Company is performed in-house by the IAD. During the financial year, the IAD is headed by an Internal Audit Director and assisted by three (3) internal auditors. The IAD Director is a fellow member of the Association of Certified Chartered Accountants and a member of the Institute of Internal Auditors with more than 22 years of internal auditing experience.
- b) The IAD is guided by its Internal Audit Charter. The Charter sets out the purpose, scope and responsibilities of the IAD and how it maintains its independence from the Management.
- c) The mission of IAD is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight on effectiveness of risk management, controls and governance processes in relation to the following objectives:-
  - Achievement of the organization's goals and strategic objectives;
  - Reliability and integrity of financial and operating information;
  - Effectiveness and efficiency of operations and programmes;
  - Safeguarding assets; and
  - Compliance with laws, regulations, policies, procedures and contracts.
- d) The IAD's performance and conduct in evaluating effectiveness of the internal control, governance and risk management processes is guided by The International Professional Practices Framework ("IPPF") which is a conceptual framework that organizes authoritative guidance promulgated by The Institute of Internal Auditors ("IIA"). A trustworthy, global, guidance-setting body, the IIA provides internal audit professionals worldwide with authoritative guidance. The IAD is also guided by the Malaysian Code on Corporate Governance established by Bursa Malaysia.

## AUDIT COMMITTEE REPORT

- e) During the financial year, the IAD assisted the AC in discharging its duties and responsibilities by executing independent review on the adequacy and effectiveness of the risk management, internal control and governance processes implemented by the Management.

The summary of works that were carried out by the IAD during the financial year encompassed the following:-

- i. Prepared the risk-based Annual Audit Plan for deliberation and approval by the AC to determine the priorities of the internal audit works, consistent with the organisation's goals. The main factors taken into consideration when preparing the audit plan include the strategic and operational objectives, audit history and risk profiles of each auditable area.
  - ii. Performed audits that covered business units (subsidiary companies), support functions and investment proposals as per the approved annual audit plan. The areas reviewed under the respective audits include:-
    - Business units (Subsidiary companies)  
Review of processes in relation to establishment of business plan and strategies, effectiveness and efficiency of operations, adequacy of risk management practices, control and monitoring activities ensuring plans were accomplished and that assets were safeguarded, reliability of financial information as well as compliance with relevant policies, procedures and regulations.
    - Company Support Functions  
Review of processes in relation to adequacy of risk management, control activities and monitoring activities within the Support Functions ensuring operations were effective in achieving its established objectives.
    - Investment proposals  
Review of processes in relation to adequacy of risk assessment activities undertaken by the Strategic Planning and Investment Department, adequacy of independent investment evaluation performed by the Risk Management Department, adequacy and reliability of information presented in the investment proposals, decision making and governance processes as well as compliance with the relevant policies and procedures.
  - iii. Internal audit findings were discussed with auditees with recommendations provided to address the issues.
  - iv. Presented audit reports that contain improvement opportunities, audit findings, management response and corrective actions in areas with significant risks and internal control deficiencies to the AC at least at quarterly intervals.
  - v. Conducted quarterly follow-up reviews to determine and verify the adequacy, effectiveness and timeliness of actions taken by the Management on audit recommendations highlighted in the 2018 Audit reports with progress updates provided to the AC.
  - vi. Conducted quarterly review on impairment of assets and related party transactions/recurrent related party transactions.
  - vii. Presented to the AC on quarterly basis, the IAD's performance relative to the Annual Internal Audit Plan.
- f) For the year ended 31 December 2018, the number of internal auditors was four (4). The total cost incurred during the year was RM959,979.
- g) As at the date of this report, there are a total of three (3) internal auditors. All internal auditors possess tertiary qualifications with relevant internal audit and/or accounting professional qualifications. All staff are encouraged to continuously enhance their competencies through relevant professional courses and on-the-job training. One staff is currently pursuing the Certified Internal Auditors qualification.



# FINANCIAL STATEMENTS

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## DIRECTORS' REPORT

The Directors hereby submit 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 activity of the Company is investment holding. The principal activities of the subsidiaries and associates are described in Note 15 and Note 16 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year other than those disclosed in Note 15 and Note 16 to the financial statements.

### RESULTS

	Group RM'000	Company RM'000
Loss net of tax and zakat	(196,757)	(17,370)
Loss attributable to:		
Owners of the parent	(205,549)	(17,370)
Non-controlling interests	8,792	-
	(196,757)	(17,370)

### DIVIDENDS

The amount of dividends paid by the Company since 31 December 2017 were as follows:

	Company RM'000
In respect of financial year ended 31 December 2017:	
Single-tier final dividend of 4.25 sen per ordinary share, on 537,385,383 ordinary shares declared on 24 May 2018 and paid on 20 July 2018	22,839

At the forthcoming Annual General Meeting, a single-tier final dividend in respect of the financial year ended 31 December 2018 of 4.25 sen per ordinary share on 537,385,383 ordinary shares, amounting to a dividend payable of RM22,838,879 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2019.

**DIRECTORS' REPORT (continued)**
**RESERVES AND PROVISIONS**

There were no material transfers to or from reserves or provisions during the financial year.

**ISSUE OF SHARES AND DEBENTURES**

During the financial year, the number of issued and paid up ordinary shares of the Company was increased from 499,004,119 to 537,385,383 ordinary shares by way of issuance of bonus issue of 38,381,264 new ordinary shares on the basis of one (1) new ordinary share for every thirteen (13) existing ordinary shares held in the Company.

The newly issued ordinary shares ranked pari passu in all respects with the existing shares of the Company. There were no other issues of shares or debentures during the financial year.

**DIRECTORS**

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

YM Raja Shahreen bin Raja Othman**	
YBhg Dato' Kamarul Baharin bin Abbas**	
Encik Suhaimi bin Kamaralzaman	
YBhg Dato' Mohamed Ross bin Mohd Din	
YBhg Dato' Idris bin Md Tahir**	
YBhg Dato' Ikmal Hijaz bin Hashim**	
Puan Rita Benoy Bushon**	(appointed on 6 April 2018)
Puan Norliza binti Kamaruddin**	(appointed on 6 April 2018)
Encik Koay Li Onn (Leon)**	(appointed on 1 January 2019)
Encik Ahmad Fariz bin Hassan**	(appointed on 1 January 2019)
YM Raja Dato' Idris Raja Kamarudin**	(resigned on 1 June 2018)
YB Sivarasa a/l Rasiah**	(resigned on 2 July 2018)

\*\*These Directors are also Directors of the Company's subsidiaries.

The names of the Directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those Directors listed above) are:

Puan Suzila binti Khairuddin  
 Encik Azlan bin Abdul Jalil  
 Encik Zain Azrai bin Zainal Abidin  
 Cik Norsham binti Ishak  
 Puan Hashimah binti Mohd Isa  
 Encik Aminurddin bin Abdul Jalil  
 Encik Edi Zuhri bin Abd Rahim  
 Encik Yeoh Jin Hoe  
 Encik Keith Christopher Yeoh Min Kit

**DIRECTORS' REPORT (continued)****DIRECTORS (continued)**

The names of the Directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those Directors listed above) are (continued):

Encik Ooi Inn Kee  
 Encik Abu Bakar bin Hashim  
 Encik Tan Chee Kit  
 Encik Phang Kwai Sang  
 YBhg Dato' Sri Su-Azian @ Muzaffar Syah bin Abd Rahman  
 YBhg Dato' Jamal bin Nasir  
 YBhg Dato' Lim Yew Boon  
 Encik Chen Tien Tsai  
 Encik Hee Ching Hock  
 Encik Kee Hee Lai  
 Encik Muhammad Hafidz bin Abdul Jalil  
 Encik Syed Johan Izmin bin Syed Mansor

**DIRECTORS' INTERESTS**

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2018 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	<----- Number of ordinary shares ----->			
	1.1.2018	Acquired/ Alloted	Disposed	31.12.2018
<b>Shares in the Company</b>				
<b>Direct interests:</b>				
YBhg Dato' Kamarul Baharin bin Abbas	5	-	-	5
Encik Suhaimi bin Kamaralzaman	10,000	769	-	10,769
YBhg Dato' Mohamed Ross bin Mohd Din	10,320	793	-	11,113

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year.

**DIRECTORS' REPORT (continued)**
**DIRECTORS' BENEFITS**

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in 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.

There were no arrangements made during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

**DIRECTORS' REMUNERATION**

The details of Directors' remuneration are disclosed in Note 9 to the financial statements.

**INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS**

The Group and the Company have effected Directors' and officers' liability insurance during the financial year to indemnify the Directors and officers of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors and officers. The insurance premium paid amounted to RM62,550 for the Directors and officers of the Group and of the Company.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

**OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY**
**(I) AS AT THE END OF THE FINANCIAL YEAR**

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

**DIRECTORS' REPORT (continued)****OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)****(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT**

- (c) The Directors are not aware of any circumstances:
  - (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
  - (i) there has not arisen 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; and
  - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

**(III) AS AT THE DATE OF THIS REPORT**

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

## DIRECTORS' REPORT (continued)

**SIGNIFICANT AND SUBSEQUENT EVENTS**

The significant and subsequent events are disclosed in Note 35 to the financial statements.

**ULTIMATE HOLDING CORPORATION**

The Directors regard Menteri Besar Selangor (Pemerbadanan), a corporate body formed under Enactment No. 3 of the Menteri Besar Selangor (Incorporation), Enactment 1994, as the ultimate holding corporation.

**AUDITORS**

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2018 are disclosed in Note 7 to the financial statements.

BDO PLT (LLP0018825-LCA & AF 0206) was registered on 2 January 2019 and with effect from that date, BDO (AF 0206), a conventional partnership was converted to a limited liability partnership.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 March 2019.

Raja Shahreen bin Raja Othman  
Director

Dato' Idris bin Md Tahir  
Director

## STATEMENT BY DIRECTORS

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

We, Raja Shahreen bin Raja Othman and Dato' Idris bin Md Tahir, being two of the Directors of Kumpulan Perangsang Selangor Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 184 to 293 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 year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 March 2019.

Raja Shahreen bin Raja Othman  
Director

Dato' Idris bin Md Tahir  
Director

Shah Alam

## STATUTORY DECLARATION

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

I, Zain Azrai bin Zainal Abidin (MIA No: 20859), being the officer primarily responsible for the financial management of Kumpulan Perangsang Selangor Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 184 to 293 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared  
by the abovenamed Zain Azrai bin Zainal Abidin  
at Shah Alam in Selangor Darul Ehsan  
on 28 March 2019.

Zain Azrai bin Zainal Abidin

Before me,

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF KUMPULAN PERANGSANG SELANGOR BERHAD (Incorporated in Malaysia)

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the financial statements of Kumpulan Perangsang Selangor 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, statements of 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 184 to 293.

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 ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

##### Basis of Opinion

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

##### Independence and Other Ethical Responsibilities

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

##### Key Audit Matters

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

**INDEPENDENT AUDITORS' REPORT**  
TO THE MEMBERS OF KUMPULAN PERANGSANG SELANGOR BERHAD  
(Incorporated in Malaysia) **(continued)**

**Key Audit Matters (continued)**

**(a) Annual assessment of impairment of intangible assets with indefinite useful life and goodwill**

The carrying amounts of intangible assets, i.e. brand name and goodwill of the Group as at 31 December 2018 amounted to RM196,627,000 and RM170,794,000 respectively as disclosed in Note 17 and Note 18 to the financial statements.

We determined the annual assessment of impairment of intangible assets with indefinite useful life and goodwill to be a key audit matter because of the significance of the assets to the Group's consolidated financial position and it requires significant management judgements and assumptions in determining the value-in-use of the Cash-Generating Units ("CGUs"). These judgements and assumptions include projected growth in future revenues and profit margins, as well as determining appropriate pre-tax discount rates and growth rates.

Our audit procedures included the following:

- (i) challenged the identification and allocation of goodwill and brand name to the appropriate CGUs with reference to our understanding of the business segments of the Group;
- (ii) compared prior period projections to actual outcomes to assess reliability of management's projections;
- (iii) compared cash flow projections against the CGUs' recent performance, then assessed and challenged management on the key assumptions made in the forecast and projections;
- (iv) verified projected profit margins, growth rates and terminal values to support the key assumptions in projections by corroborating information from other areas of our audit;
- (v) verified pre-tax discount rate used by management for each CGU by comparing to market date, weighted average cost of capital of the Group and relevant risk factors; and
- (vi) performed sensitivity analysis of our own to stress test the key assumptions in the impairment model.

**(b) Recoverability of investment in an associate - Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH Holdings")**

The carrying amount of investments in associates as at 31 December 2018 amounted to RM929,891,000, which includes investment in SPLASH Holdings as disclosed in Note 16 to the financial statements. On 28 September 2018, SPLASH Holdings had entered into a share purchase agreement ("SPA") with Pengurusan Air Selangor Sdn. Bhd. ("Air Selangor") to dispose of its interests in Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd. ("SPLASH").

We determined this to be a key audit matter because of the significance of the investment and recoverability of the investment, which requires significant management judgements and estimates.

Our audit procedures included the following:

- (i) discussed with the management of the Group on the status of the disposal of SPLASH;
- (ii) reviewed the SPA between SPLASH Holdings and Air Selangor for the disposal of SPLASH to determine the recoverable amount of investment in SPLASH Holdings based on the purchase consideration of the SPA; and
- (iii) compared the carrying amount of investment in SPLASH Holdings as at the end of the reporting period against its recoverable amount.

We have determined that there are no key audit matters to communicate in our report in respect of the audit of the financial statements of the Company.

**INDEPENDENT AUDITORS' REPORT**  
 TO THE MEMBERS OF KUMPULAN PERANGSANG SELANGOR BERHAD  
 (Incorporated in Malaysia) **(continued)**

**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 Directors for the Financial Statements**

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs, 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 ability of the Group and of the Company 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 ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) 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.

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KUMPULAN PERANGSANG SELANGOR BERHAD  
(Incorporated in Malaysia) **(continued)**

### Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (continued):

- (b) 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 internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) 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 ability of the Group or of the Company 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.
- (e) 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.
- (f) 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 year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 15 to the financial statements.

**INDEPENDENT AUDITORS' REPORT**  
TO THE MEMBERS OF KUMPULAN PERANGSANG SELANGOR BERHAD  
(Incorporated in Malaysia) **(continued)**

**Other Matters**

- (a) As stated in Note 2 to the financial statements, Kumpulan Perangsang Selangor Berhad adopted the MFRSs on 1 January 2018 with a transition date of 1 January 2017. These Standards were applied retrospectively by the 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, statements of 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 responsibility as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2018, 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 at 31 December 2018 and the financial performance and cash flows for the financial year then ended.
- (b) The financial statements of the Group and of the Company for the financial year ended 31 December 2017 were audited by another firm of chartered accountants whose report dated 30 March 2018 expressed an unmodified opinion on those statements.
- (c) 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 purposes. We do not assume responsibility to any other person for the content of this report.

**BDO PLT**  
LLP0018825-LCA & AF: 0206  
Chartered Accountants

**Rejeesh A/L Balasubramaniam**  
02895/08/2020 J  
Chartered Accountant

Kuala Lumpur  
28 March 2019

## STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	3	582,313	361,495	23,710	40,601
Cost of sales	4	(453,373)	(274,774)	-	-
Gross profit		128,940	86,721	23,710	40,601
Other income	5	38,565	7,958	10,912	9,821
Administrative expenses		(88,849)	(67,875)	(30,723)	(29,724)
Selling and marketing expenses		(19,043)	(18,367)	-	-
Other expenses		(8,155)	(17,166)	(8,420)	(4,616)
Operating profit/(loss)		51,458	(8,729)	(4,521)	16,082
Finance costs	6	(33,522)	(16,060)	(12,614)	(6,216)
Share of (loss)/profit of associates	16	(197,575)	94,675	-	-
(Loss)/Profit before tax and zakat	7	(179,639)	69,886	(17,135)	9,866
Income tax and zakat	10	(17,118)	(6,870)	(235)	(123)
(Loss)/Profit net of tax and zakat		(196,757)	63,016	(17,370)	9,743
<b>(Loss)/Profit net of tax and zakat attributable to:</b>					
Owners of the parent		(205,549)	58,762	(17,370)	9,743
Non-controlling interests		8,792	4,254	-	-
		(196,757)	63,016	(17,370)	9,743
<b>(Loss)/Earnings per share ("EPS") attributable to owners of the parent (sen per share):</b>					
Basic EPS	11	(39.49)	11.29		
Diluted EPS	11	(39.49)	11.29		
<b>Dividend per share (sen)</b>	12	4.25	4.25		

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

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
(Loss)/Profit net of tax and zakat	(196,757)	63,016	(17,370)	9,743
<b>Other comprehensive income/(loss), net of tax</b>				
<b>Items that may be reclassified subsequently to profit of loss</b>				
Gain/(Loss) on foreign currency translations	4,207	(21,564)	-	-
<b>Total comprehensive (loss)/income for the financial year</b>	<b>(192,550)</b>	41,452	<b>(17,370)</b>	9,743
<b>Total comprehensive (loss)/income attributable to:</b>				
Owners of the parent	(203,432)	45,119	(17,370)	9,743
Non-controlling interests	10,882	(3,667)	-	-
	<b>(192,550)</b>	41,452	<b>(17,370)</b>	9,743

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 31 DECEMBER 2018

	Note	31.12.2018 RM'000	Group 31.12.2017 RM'000	1.1.2017 RM'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	13	157,596	94,602	100,252
Investment properties	14	92,433	95,863	91,787
Investments in associates	16	929,891	1,171,698	1,078,986
Intangible assets	17	207,264	204,723	226,233
Goodwill on consolidation	18	170,794	42,760	44,026
Long term receivables	19	25,551	34,095	35,663
Deferred tax assets	25	353	477	333
Club memberships		203	203	523
		<b>1,584,085</b>	1,644,421	1,577,803
<b>Current assets</b>				
Inventories	20	82,409	49,324	31,412
Trade and other receivables	21	293,128	170,403	117,035
Cash and bank balances and short term funds	22	166,448	79,044	131,995
Current tax assets		6,853	1,730	1,522
		<b>548,838</b>	300,501	281,964
Non-current assets held for sale	23	24,200	-	-
<b>TOTAL ASSETS</b>		<b>2,157,123</b>	1,944,922	1,859,767

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
 AS AT 31 DECEMBER 2018 (continued)

	Note	31.12.2018 RM'000	Group 31.12.2017 RM'000	1.1.2017 RM'000
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the parent</b>				
Share capital	28	537,927	538,092	499,004
Reserves	29			
- Share premium		-	-	39,088
- Foreign currency translation reserve		1,141	(976)	12,667
- Retained earnings		595,140	824,463	786,909
Shareholders' equity		1,134,208	1,361,579	1,337,668
<b>Non-controlling interests</b>		108,430	92,967	97,118
<b>TOTAL EQUITY</b>		1,242,638	1,454,546	1,434,786
<b>Non-current liabilities</b>				
Other payable	26	51,424	-	-
Loans and borrowings	24	405,650	225,977	159,201
Deferred tax liabilities	25	69,342	62,891	69,662
		526,416	288,868	228,863
<b>Current liabilities</b>				
Loans and borrowings	24	205,486	81,681	108,178
Trade and other payables	26	170,055	118,480	82,184
Contract liabilities	27	8,490	-	-
Current tax liabilities		4,038	1,347	5,756
		388,069	201,508	196,118
<b>TOTAL LIABILITIES</b>		914,485	490,376	424,981
<b>TOTAL EQUITY AND LIABILITIES</b>		2,157,123	1,944,922	1,859,767

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

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	31.12.2018 RM'000	Company 31.12.2017 RM'000	1.1.2017 RM'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	13	13,588	11,325	11,501
Investment properties	14	51,160	53,484	48,300
Investments in subsidiaries	15	478,858	427,610	378,893
Investments in associates	16	131,809	131,809	133,008
Other receivable	21	10,262	167,845	-
Club memberships		153	153	523
		<b>685,830</b>	<b>792,226</b>	<b>572,225</b>
<b>Current assets</b>				
Trade and other receivables	21	179,731	19,697	221,887
Cash and bank balances and short term funds	22	36,924	1,646	3,182
		<b>216,655</b>	<b>21,343</b>	<b>225,069</b>
Non-current assets held for sale	23	103	-	-
<b>TOTAL ASSETS</b>		<b>902,588</b>	<b>813,569</b>	<b>797,294</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the parent</b>				
Share capital	28	537,927	538,092	499,004
Reserves	29	-	-	39,088
- Share premium		-	-	39,088
- Retained earnings		84,265	124,474	135,939
<b>TOTAL EQUITY</b>		<b>622,192</b>	<b>662,566</b>	<b>674,031</b>
<b>Non-current liabilities</b>				
Other payable	26	51,424	-	-
Loans and borrowings	24	137,073	100,000	-
		<b>188,497</b>	<b>100,000</b>	<b>-</b>
<b>Current liabilities</b>				
Trade and other payables	26	26,899	12,003	15,263
Loans and borrowings	24	65,000	39,000	108,000
		<b>91,899</b>	<b>51,003</b>	<b>123,263</b>
<b>TOTAL LIABILITIES</b>		<b>280,396</b>	<b>151,003</b>	<b>123,263</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>902,588</b>	<b>813,569</b>	<b>797,294</b>

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

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

	Total equity RM'000	Total equity attributable to owners of the parent				Attributable to owners of the parent			Non-controlling interests RM'000
		Total equity RM'000	Share capital RM'000	Share premium RM'000	Total other reserves RM'000	Foreign currency translation reserve RM'000	General reserve RM'000	Retained earnings RM'000	
<b>Group</b>									
<b>At 1 January 2018</b>	1,454,546	1,361,579	538,092	-	(976)	(976)	-	824,463	92,967
Loss net of tax and zakat	(196,757)	(205,549)	-	-	-	-	-	(205,549)	8,792
Gain on foreign currency translations	4,207	2,117	-	-	2,117	2,117	-	-	2,090
<b>Total comprehensive (loss)/income</b>	<b>(192,550)</b>	<b>(203,432)</b>	<b>-</b>	<b>-</b>	<b>2,117</b>	<b>2,117</b>	<b>-</b>	<b>(205,549)</b>	<b>10,882</b>
<b>Transactions with owners</b>									
Dissolution of a subsidiary	(2,421)	(935)	-	-	-	-	-	(935)	(1,486)
Dividends paid to shareholders	(22,839)	(22,839)	-	-	-	-	-	(22,839)	-
Dividends paid to non-controlling interests	(1,927)	-	-	-	-	-	-	-	(1,927)
Expenses incurred for issuance of bonus shares	(165)	(165)	(165)	-	-	-	-	-	-
Subscription of additional interests in subsidiaries	7,994	-	-	-	-	-	-	-	7,994
<b>Total transactions with owners</b>	<b>(19,358)</b>	<b>(23,939)</b>	<b>(165)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(23,774)</b>	<b>4,581</b>
<b>At 31 December 2018</b>	<b>1,242,638</b>	<b>1,134,208</b>	<b>537,927</b>	<b>-</b>	<b>1,141</b>	<b>1,141</b>	<b>-</b>	<b>595,140</b>	<b>108,430</b>



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (continued)

Group	Note	Total equity RM'000	Attributable to owners of the parent				Distributable			
			Total equity attributable to owners of the parent RM'000	Share capital RM'000	Share premium RM'000	Total other reserves RM'000	Foreign currency translation reserve RM'000	General reserve RM'000	Retained earnings RM'000	Non-controlling interests RM'000
<b>At 1 January 2017</b>		1,418,722	1,328,030	499,004	39,088	11,029	3,029	8,000	778,909	90,692
MFRS 121 restatement	37	16,064	9,638	-	-	9,638	9,638	-	-	6,426
Effect on adoption of MFRS 1	37	-	-	-	-	(8,000)	-	(8,000)	8,000	-
<b>Restated balance at 1 January 2017</b>		1,434,786	1,337,668	499,004	39,088	12,667	12,667	-	786,909	97,118
Profit net of tax and zakat		63,016	58,762	-	-	-	-	-	58,762	4,254
Loss on foreign currency translations		(21,564)	(13,643)	-	-	(13,643)	(13,643)	-	-	(7,921)
Total comprehensive income/(loss)		41,452	45,119	-	-	(13,643)	(13,643)	-	58,762	(3,667)
<b>Transactions with owners</b>										
Dividends paid to shareholders	12	(21,208)	(21,208)	-	-	-	-	-	(21,208)	-
Dividends paid to non-controlling interests		(3,934)	-	-	-	-	-	-	-	(3,934)
Transfer of share premium pursuant to Companies Act 2016*	28	-	-	39,088	(39,088)	-	-	-	-	-
Subscription of additional interest in subsidiaries		1,135	-	-	-	-	-	-	-	1,135
Acquisition of subsidiaries	15	2,315	-	-	-	-	-	-	-	2,315
Total transactions with owners		(21,692)	(21,208)	39,088	(39,088)	-	-	-	(21,208)	(484)
<b>At 31 December 2017</b>		<b>1,454,546</b>	<b>1,361,579</b>	<b>538,092</b>	<b>-</b>	<b>(976)</b>	<b>(976)</b>	<b>-</b>	<b>824,463</b>	<b>92,967</b>

\* Pursuant to the transitional provisions set out in Section 618(2) of Companies Act 2016 in Malaysia, the credit balance in the share premium account has been transferred to the share capital account.

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

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

Company	Note	Total equity RM'000	<----- Non-distributable ----->		Distributable Retained earnings RM'000	
			Share capital RM'000	Share premium RM'000		General reserve RM'000
<b>At 1 January 2018</b>		662,566	538,092	-	-	124,474
Loss net of tax and zakat		(17,370)	-	-	-	(17,370)
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive loss		(17,370)	-	-	-	(17,370)
<b>Transactions with owners</b>						
Dividends paid to shareholders	12	(22,839)	-	-	-	(22,839)
Expenses incurred for issuance of bonus shares	28	(165)	(165)	-	-	-
Total transactions with owners		(23,004)	(165)	-	-	(22,839)
<b>At 31 December 2018</b>		622,192	537,927	-	-	84,265
<b>At 1 January 2017</b>						
Effect on adoption of MFRS 1	37	-	-	-	(8,000)	8,000
<b>Restated balance at 1 January 2017</b>		674,031	499,004	39,088	-	135,939
Profit net of tax and zakat		9,743	-	-	-	9,743
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		9,743	-	-	-	9,743
<b>Transactions with owners</b>						
Dividends paid to shareholders	12	(21,208)	-	-	-	(21,208)
Transfer of share premium pursuant to Companies Act 2016*	28	-	39,088	(39,088)	-	-
Total transactions with owners		(21,208)	39,088	(39,088)	-	(21,208)
<b>At 31 December 2017</b>		662,566	538,092	-	-	124,474

\* Pursuant to the transitional provisions set out in Section 618(2) of Companies Act 2016 in Malaysia, the credit balance in the share premium account has been transferred to the share capital account.

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

**STATEMENTS OF CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
(Loss)/Profit before tax and zakat		<b>(179,639)</b>	69,886	<b>(17,135)</b>	9,866
Adjustments for:					
Amortisation of intangible assets	17	<b>1,340</b>	1,479	-	-
Bad debts written off		-	182	-	79
Depreciation of:					
- property, plant and equipment	13	<b>12,812</b>	8,072	<b>790</b>	513
- investment properties	14	<b>4,868</b>	4,219	<b>3,762</b>	3,111
Dividend income from:					
- subsidiaries		-	-	<b>(13,674)</b>	(30,584)
- an associate		-	-	-	(1,050)
Gain on disposal of property, plant and equipment		<b>(90)</b>	(115)	-	(32)
(Gain)/Loss on dissolution/disposal of subsidiaries	15	<b>(2,696)</b>	-	<b>14</b>	-
Gain on fair value of short term funds		<b>(131)</b>	(234)	<b>(50)</b>	(158)
Gain on remeasurement of investment					
in an associate		-	(504)	-	-
Impairment loss on:					
- amount due from a subsidiary	21	-	-	<b>1,299</b>	-
- long term receivables	19	-	3,350	-	-
- trade receivables	15	<b>447</b>	5,117	-	-
- investment in a subsidiary		-	-	<b>3,505</b>	-
- property, plant and equipment		-	270	-	-
Inventories:					
- written down	20	<b>11</b>	268	-	-
- written off	20	-	110	-	-
Loss on disposal of investment in an associate	16	<b>2,132</b>	-	-	-
Loss on fair value of club membership		-	370	-	370
Profit payment/interest expense	6	<b>33,522</b>	16,060	<b>12,614</b>	6,216
Profit rate/interest income	5	<b>(11,421)</b>	(2,057)	<b>(10,594)</b>	(9,534)
Property, plant and equipment written off		<b>7</b>	200	<b>6</b>	158
Reversal of impairment losses on long term					
receivables	19	<b>(1,658)</b>	(1,580)	-	-
Share of loss/(profit) of associates	16	<b>197,575</b>	(94,675)	-	-
Unrealised (gain)/loss on foreign exchange		<b>(291)</b>	1,397	-	-
Write back of accruals		<b>(3,229)</b>	(1,771)	-	-
Operating profit/(loss) before working capital changes		<b>53,559</b>	10,044	(19,463)	(21,045)

**STATEMENTS OF CASH FLOWS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (continued)

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES (continued)</b>					
Operating profit/(loss) before working capital changes (continued)		53,559	10,044	(19,463)	(21,045)
Increase in inventories		(13,147)	(18,290)	-	-
(Increase)/Decrease in receivables		(76,253)	(72,633)	(1,210)	525
Increase/(Decrease) in payables		15,912	36,818	52,459	(561)
Net movement in intercompany balances		16,621	13,550	15,623	46,857
Cash (used in)/generated from operations		(3,308)	(30,511)	47,409	25,776
Zakat paid		(500)	(161)	(235)	(123)
Tax paid, net of refunds received		(17,299)	(11,895)	-	-
Net cash (used in)/from operating activities		(21,107)	(42,567)	47,174	25,653
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Dividends received from:					
- subsidiaries		-	-	13,674	30,584
- an associate		42,000	1,050	-	1,050
Profit rate/interest income received		11,421	2,057	575	79
Purchase of:					
- property, plant and equipment	13	(29,633)	(3,969)	(284)	(496)
- investment properties	14	(4,316)	(8,295)	(4,316)	(8,295)
- intangible assets	17	(306)	(180)	-	-
Acquisition of subsidiaries, net of cash and cash equivalents	15	(153,075)	2,315	-	(1,715)
Dissolution/Disposal of subsidiaries	15	979	-	537	-
Proceeds from disposal of:					
- property, plant and equipment		101	152	-	33
- associate		100	-	-	-
(Placement)/withdrawal of short term funds		(19,793)	(2,388)	(6,500)	158
Subscription of additional interest in subsidiaries		6,848	1,135	(57,000)	(45,803)
Net cash used in investing activities		(145,674)	(8,123)	(53,314)	(24,405)

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (continued)

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Advances to subsidiaries		-	-	(40,606)	(12,360)
Dividends paid to shareholders		(22,839)	(21,208)	(22,839)	(21,208)
Dividends paid to non-controlling interests		(1,927)	(3,934)	-	-
Expenses incurred for issuance of bonus shares		(165)	-	(165)	-
Loans and borrowings:					
- drawdowns		532,902	141,259	232,073	100,000
- repayments		(239,350)	(101,202)	(169,000)	(69,000)
Repayment of advances from subsidiaries		-	-	48,069	6,000
Profit payment/interest expense paid		(33,522)	(16,060)	(12,614)	(6,216)
Net movement in deposits with licensed banks		(24,319)	(269)	(25,036)	(35)
Net cash from/(used in) financing activities		210,780	(1,414)	9,882	(2,819)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>43,999</b>	<b>(52,104)</b>	<b>3,742</b>	<b>(1,571)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b>(838)</b>	<b>(3,738)</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of the financial year</b>		<b>66,176</b>	<b>122,018</b>	<b>510</b>	<b>2,081</b>
<b>Cash and cash equivalents at the end of the financial year</b>	22	<b>109,337</b>	<b>66,176</b>	<b>4,252</b>	<b>510</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 1. CORPORATE INFORMATION

Kumpulan Perangsang Selangor Berhad (“the Company”) is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company are both located at 16th Floor, Plaza Perangsang, Persiaran Perbandaran, 40000 Shah Alam, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and associates are described in Note 15 and Note 16 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year other than those disclosed in Note 15 and Note 16 to the financial statements.

The immediate holding company of the Company is Kumpulan Darul Ehsan Berhad (“KDEB”), a company incorporated in Malaysia. The ultimate holding corporation is Menteri Besar Selangor (Pemerbadanan), a corporate body formed under Enactment No. 3 of the Menteri Besar Selangor (Incorporation), Enactment 1994.

The consolidated financial statements for the financial year ended 31 December 2018 comprise the Company and its subsidiaries and the interests of the Group in associates. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 March 2019.

#### 2. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 184 to 293 have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the provisions of the Companies Act 2016 in Malaysia.

These are the Group and the Company’s first financial statements prepared in accordance with MFRSs, and MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*. In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards (“FRSs”) in Malaysia.

The Group and Company have consistently applied the same accounting policies in its opening MFRS statements of financial position as at 1 January 2017 and throughout all financial years presented, as if these policies had always been in effect. Comparative figures for the financial year ended 2017 in these financial statements have been restated to give effect to these changes, and Note 37 to the financial statements discloses the impact of the transition to MFRS on the Group’s and Company’s reported financial position, financial performance and cash flows for the financial year then ended.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 3. REVENUE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Revenue from contracts with customers:</b>				
Sales of manufacturing products	313,656	168,086	-	-
Sales of chemical products	111,068	101,338	-	-
Sales of bedding products	42,705	6,860	-	-
Licensing	27,965	28,958	-	-
Construction contracts	73,093	36,708	-	-
Membership fee income	3,653	5,978	-	-
Management fees from subsidiaries	-	-	1,120	189
	<b>572,140</b>	<b>347,928</b>	<b>1,120</b>	<b>189</b>
<b>Revenue from other sources:</b>				
Rental income	8,916	8,778	8,916	8,778
Leasing income	1,257	4,789	-	-
Dividend income from:				
- subsidiaries	-	-	13,674	30,584
- associates	-	-	-	1,050
	<b>10,173</b>	<b>13,567</b>	<b>22,590</b>	<b>40,412</b>
<b>Total revenue</b>	<b>582,313</b>	<b>361,495</b>	<b>23,710</b>	<b>40,601</b>
<b>Timing of revenue recognition</b>				
Transferred over time	101,058	65,666	-	-
Transferred at a point in time	471,082	282,262	1,120	189
<b>Revenue from contracts with customers</b>	<b>572,140</b>	<b>347,928</b>	<b>1,120</b>	<b>189</b>

Disaggregation of revenue from contracts with customers has been presented in the operating segments, Note 34 to the financial statements, which has been organised into business units based on their products and services from which the sale transactions originated.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**3. REVENUE (continued)**
**(a) Revenue from sales of manufacturing, chemical and bedding products**

Revenue from sales of manufacturing, chemical and bedding products are recognised at a point in time when the products have been transferred or the services has been rendered to the customer and coincides with the delivery of products and services and acceptance by customers.

There is no material right of return and warranty provided to the customers on the sales of manufacturing, chemical and bedding products.

There is no significant financing component in the revenue arising from manufacturing, chemical and bedding products as the sales are made on the normal credit terms not exceeding twelve (12) months.

**(b) Revenue from licensing**

Revenue from licensing represents access granted to the brand name over the contract term and is recognised over time in accordance with the substance of the agreement over the licensing term of an on-going contract.

**(c) Revenue from construction contracts**

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

Revenue from construction contracts is measured at the fixed transaction price agreed under the agreement.

Revenue is recognised as and when control of the asset is transferred to the customer and it is probable that the Group would collect the consideration to which it will be entitled in exchange for the asset that would be transferred to the customer.

Revenue from construction contracts is recognised over the period of the contract using the output method by reference to the progress towards complete satisfaction of that performance obligation if control of the asset transfers over time.

**(d) Revenue from membership fee income**

The membership fee is non-refundable and is recognised at point in time when goods and services are provided.

**(e) Revenue from management fee**

Management fee is recognised on a straight-line basis when subsidiaries simultaneously receives and consumes the benefits.

**(f) Leasing and rental income**

Leasing and rental income is recognised on a straight-line basis over the lease term of an on-going lease.

**(g) Dividend income**

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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 4. COST OF SALES

	Group	
	2018 RM'000	2017 RM'000
Cost of inventories sold:		
- manufacturing products	246,914	142,964
- chemical products	99,569	92,105
- bedding products	37,921	5,465
Construction contracts	68,969	34,240
	<b>453,373</b>	<b>274,774</b>

#### 5. OTHER INCOME

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit rate/interest income from:				
- an associate	180	182	-	-
- subsidiaries	-	-	10,019	9,455
- related companies	8,609	214	-	-
- deposits with licensed banks	2,632	1,661	575	79
Sales of scrap	3,789	1,267	-	-
Gain on:				
- disposal of property, plant and equipment	90	115	-	32
- dissolution/disposal of subsidiaries	2,696	-	-	-
- fair value of short term funds	131	234	50	158
- remeasurement of investment in an associate	-	504	-	-
Gain on foreign exchange:				
- realised	591	-	-	-
- unrealised	595	67	-	-
Write-back of accruals	3,229	1,771	-	-
Compensation from international licensee	12,109	-	-	-
Reversal of impairment losses on long term receivables	1,658	1,580	-	-
Others	2,256	363	268	97
	<b>38,565</b>	<b>7,958</b>	<b>10,912</b>	<b>9,821</b>

Profit rate/Interest income is recognised as it accrues, using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

6. FINANCE COSTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit payment/interest expense on:				
- bank overdrafts and short term borrowings	6,573	5,648	6,138	5,606
- finance lease obligations	24	5	-	-
- term loans	26,925	10,407	6,476	610
	<b>33,522</b>	16,060	<b>12,614</b>	6,216

7. (LOSS)/PROFIT BEFORE TAX AND ZAKAT

Other than those disclosed elsewhere in the financial statements, (loss)/profit before tax and zakat is arrived at after charging:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Auditors' remuneration:				
- statutory audit				
- BDO PLT	571	-	100	-
- Non-BDO PLT	47	674	-	102
- non-statutory audit				
- BDO PLT	5	-	5	-
- Non-BDO PLT	-	478	-	401
Directors' remuneration (Note 9)	2,299	1,755	1,211	1,072
Employee benefits (Note 8)	84,866	49,716	17,892	16,918
Loss on fair value of club membership	-	370	-	370
Loss on foreign exchange:				
- realised	539	838	-	-
- unrealised	304	1,464	-	-

8. EMPLOYEE BENEFITS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Wages, salaries and bonus	69,834	40,458	14,626	13,856
Defined contribution plan	5,173	2,782	1,507	1,364
Social security contributions	494	286	73	70
Other benefits	9,365	6,190	1,686	1,628
	<b>84,866</b>	49,716	<b>17,892</b>	16,918

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 9. DIRECTORS' REMUNERATION

The details of remuneration received and receivable by Directors during the financial year are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Directors of the Company</b>				
<b>Non-Executive Directors:</b>				
Fees	1,041	852	868	809
Other emoluments	378	278	343	263
	1,419	1,130	1,211	1,072
<b>Executive Directors</b>	-	-	-	-
<b>Total remuneration for Directors of the Company</b>	<b>1,419</b>	<b>1,130</b>	<b>1,211</b>	<b>1,072</b>
<b>Directors of subsidiaries</b>				
<b>Non-Executive Directors:</b>				
Fees	97	47	-	-
Other emoluments	22	9	-	-
	119	56	-	-
<b>Executive Directors:</b>				
Salaries	668	550	-	-
Fees	12	8	-	-
Allowances	4	11	-	-
Other emoluments	77	-	-	-
	761	569	-	-
<b>Total remuneration for Directors of subsidiaries</b>	<b>880</b>	<b>625</b>	<b>-</b>	<b>-</b>
<b>Total remuneration for Directors</b>	<b>2,299</b>	<b>1,755</b>	<b>1,211</b>	<b>1,072</b>
Total Non-Executive Directors' remuneration	1,538	1,186	1,211	1,072
Total Executive Directors' remuneration	761	569	-	-
<b>Total remuneration for Directors</b>	<b>2,299</b>	<b>1,755</b>	<b>1,211</b>	<b>1,072</b>

The estimated monetary value of benefits-in-kind received by the Non-Executive Directors of the Company other than in cash from the Group and from the Company amounted to RM135,000 (2017: RM113,000).

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**10. INCOME TAX AND ZAKAT**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Malaysian income tax:				
Current income tax	12,462	6,039	-	-
(Over)/Under provision in prior years	(550)	774	-	-
	<b>11,912</b>	<b>6,813</b>	-	-
Foreign income tax	3,423	1,030	-	-
	<b>15,335</b>	<b>7,843</b>	-	-
Deferred taxation (Note 25):				
Relating to origination and reversal of temporary differences	553	(1,430)	-	-
Effect of reduction in tax rate	-	(74)	-	-
Under provision in prior years	730	370	-	-
	<b>1,283</b>	<b>(1,134)</b>	-	-
Income tax	16,618	6,709	-	-
Zakat	500	161	235	123
Total income tax and zakat	<b>17,118</b>	<b>6,870</b>	<b>235</b>	<b>123</b>

- (a) Malaysian income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the year.
- (b) Zakat has been calculated at 2.5% of the adjusted net current assets multiplied by the estimated Muslim equity holding in the Group and in the Company.
- (c) Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 10. INCOME TAX AND ZAKAT (continued)

- (d) The numerical reconciliations between the tax expense and the product of accounting (loss)/profit multiplied by the applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
(Loss)/Profit before tax and zakat	(179,639)	69,886	(17,135)	9,866
Taxation at Malaysian statutory tax rate of 24% (2017: 24%)	(43,113)	16,773	(4,112)	2,368
Non-taxable income	(4,472)	(784)	(3,282)	(7,630)
Non-deductible expenses	16,965	5,175	5,552	2,433
Effect of shares of results in associates	47,418	(22,722)	-	-
Effect of tax incentives	(1,475)	-	-	-
Effect of utilisation of previously unrecognised tax losses and unabsorbed capital allowance	(654)	(658)	-	-
Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed capital allowances and other deductible temporary differences	1,886	7,688	1,842	2,829
Effect of different tax rates in foreign jurisdictions	(96)	167	-	-
Effect of reduction in tax rates	(21)	(74)	-	-
	16,438	5,565	-	-
(Over)/Under provision in prior years:				
- income tax	(550)	774	-	-
- deferred tax	730	370	-	-
Income tax	16,618	6,709	-	-

- (e) Tax on each component of other comprehensive income is as follows:

2018	Group		
	Before tax RM'000	Tax effect RM'000	After tax RM'000
<b>Items that may be reclassified subsequently to profit or loss</b>			
Gain on foreign currency translations	4,207	-	4,207
<b>2017</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Loss on foreign currency translations	(21,564)	-	(21,564)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. (LOSS)/EARNINGS PER SHARE (“EPS”)

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share of the Group for the financial year is calculated by dividing (loss)/profit net of tax and zakat attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year:

	Group	
	2018	2017
(Loss)/Profit net of tax and zakat attributable to owners of the parent (RM'000)	(205,549)	58,762
Weighted average number of ordinary shares in issue ('000)	520,573*	520,573*
Basic (loss)/earnings per share (sen)	(39.49)	11.29

\* On 12 June 2018, the Company completed the bonus issue of 38,381,264 new ordinary shares of the Company. The comparative figures have been restated to reflect the effects of the bonus issue.

(b) Diluted EPS

The diluted earnings per ordinary share equals basic earnings per ordinary share because there were no potential dilutive ordinary shares as at the end of the reporting period.

12. DIVIDENDS

	Group and Company			
	2018		2017	
	Dividend per share sen	Amount of dividend RM'000	Dividend per share sen	Amount of dividend RM'000
<b>In respect of the financial year ended 31 December 2016:</b>				
Final dividend paid on 18 August 2017	-	-	4.25	21,208
<b>In respect of the financial year ended 31 December 2017:</b>				
Final dividend paid on 20 July 2018	4.25	22,839	-	-

At the forthcoming Annual General Meeting, a single-tier final dividend in respect of the financial year ended 31 December 2018 of 4.25 sen per ordinary share on 537,385,383 ordinary shares, amounting to a dividend payable of RM22,838,879 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, 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**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**13. PROPERTY, PLANT AND EQUIPMENT**

Group	2018	Note	Freehold land		Long term leasehold land		Buildings	Motor vehicles	Plant and machinery	Office equipment, furniture and fittings		Construction work-in-progress	Total
			RM'000	RM'000	RM'000	RM'000				RM'000	RM'000		
<b>Cost</b>													
At 1 January 2018			4,368	16,150	61,913	1,670	24,381	41,908	2,495	152,885			
Additions			-	-	1,322	1,074	21,198	16,739	730	41,063			
Acquisition of subsidiaries	15		-	9,251	21,710	587	21,216	3,580	-	56,344			
Disposal of subsidiaries			-	-	-	-	-	(871)	-	(871)			
Disposals			-	-	-	(239)	-	(25)	-	(264)			
Written off			-	-	-	-	-	(25)	-	(25)			
Transfer to non-current assets held for sale	23		(2,968)	-	(35,402)	-	-	(1,697)	-	(40,067)			
Exchange differences			-	-	11	-	101	74	-	186			
Transfer from investment properties	14		-	-	-	-	-	2,878	-	2,878			
<b>At 31 December 2018</b>			<b>1,400</b>	<b>25,401</b>	<b>49,554</b>	<b>3,092</b>	<b>66,896</b>	<b>62,561</b>	<b>3,225</b>	<b>212,129</b>			

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**13. PROPERTY, PLANT AND EQUIPMENT (continued)**

Group	2018	Note	Freehold	Long term	Buildings	Motor	Plant and	Office	Construction	Total
			land	leasehold		vehicles	machinery	equipment, furniture and fittings	work-in-progress	
			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Accumulated depreciation</b>										
At 1 January 2018			-	3,235	16,291	970	1,983	35,055	-	57,534
Depreciation charge for the financial year			-	591	755	724	6,621	4,121	-	12,812
Disposal of subsidiaries			-	-	-	-	-	(379)	-	(379)
Disposal			-	-	-	(239)	-	(14)	-	(253)
Written off			-	-	-	-	-	(18)	-	(18)
Transfer to non-current assets held for sale		23	-	-	(14,453)	-	-	(1,414)	-	(15,867)
Exchange differences			-	-	(7)	-	(38)	-	-	(45)
At 31 December 2018			-	3,826	2,586	1,455	8,566	37,351	-	53,784
<b>Accumulated impairment losses</b>										
At 1 January 2018/			-	-	479	-	-	270	-	749
31 December 2018			-	-	-	-	-	-	-	-
<b>Carrying amount</b>										
At 31 December 2018			1,400	21,575	46,489	1,637	58,330	24,940	3,225	157,596

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**13. PROPERTY, PLANT AND EQUIPMENT (continued)**

Group	2017	Note	Freehold	Long term	Buildings	Motor	Plant and	Office	Construction	Total
			land	leasehold						
			RM'000	land	RM'000	vehicles	machinery	furniture	progress	RM'000
<b>Cost</b>										
At 1 January 2017			4,368	15,879	61,714	1,666	26,238	43,947	2,079	155,891
Additions			-	271	763	174	1,565	1,002	416	4,191
Acquisition of subsidiaries	15		-	-	-	40	91	92	-	223
Written off			-	-	-	(49)	(2,258)	(2,757)	-	(5,064)
Disposals			-	-	-	(152)	(123)	(4)	-	(279)
Exchange differences			-	-	(564)	(9)	(1,132)	(372)	-	(2,077)
At 31 December 2017			4,368	16,150	61,913	1,670	24,381	41,908	2,495	152,885

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**13. PROPERTY, PLANT AND EQUIPMENT (continued)**

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Office equipment, furniture and fittings RM'000	Construction work-in-progress RM'000	Total RM'000
<b>2017</b>								
<b>Accumulated depreciation</b>								
At 1 January 2017	-	2,842	14,899	841	875	35,692	-	55,149
Depreciation charge for the financial year	-	393	1,522	309	3,772	2,076	-	8,072
Written off	-	-	-	(49)	(2,225)	(2,590)	-	(4,864)
Disposals	-	-	-	(127)	(112)	(3)	-	(242)
Exchange differences	-	-	(130)	(4)	(327)	(120)	-	(581)
At 31 December 2017	-	3,235	16,291	970	1,983	35,055	-	57,534
<b>Accumulated impairment losses</b>								
At 1 January 2017	-	-	490	-	-	-	-	490
Impairment loss for the financial year	-	-	-	-	-	270	-	270
Exchange differences	-	-	(11)	-	-	-	-	(11)
At 31 December 2017	-	-	479	-	-	270	-	749
<b>Carrying amount</b>								
At 31 December 2017	4,368	12,915	45,143	700	22,398	6,583	2,495	94,602

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**13. PROPERTY, PLANT AND EQUIPMENT (continued)**

Company	Long term leasehold land RM'000	Buildings RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
<b>2018</b>					
<b>Cost</b>					
At 1 January 2018	12,942	550	5,538	451	19,481
Additions	-	-	284	-	284
Written off	-	-	(25)	-	(25)
Transfer from investment properties (Note 14)	-	-	2,878	-	2,878
Transfer to non-current assets held for sale (Note 23)	-	(313)	-	-	(313)
At 31 December 2018	12,942	237	8,675	451	22,305
<b>Accumulated depreciation</b>					
At 1 January 2018	2,936	274	4,724	222	8,156
Depreciation charge for the financial year	152	12	550	76	790
Written off	-	-	(19)	-	(19)
Transfer to non-current asset held for sale (Note 23)	-	(210)	-	-	(210)
At 31 December 2018	3,088	76	5,255	298	8,717
<b>Carrying amount</b>					
At 31 December 2018	9,854	161	3,420	153	13,588

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 13. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Long term leasehold land RM'000	Buildings RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
<b>2017</b>					
<b>Cost</b>					
At 1 January 2017	12,942	550	7,722	572	21,786
Additions	-	-	490	6	496
Written off	-	-	(2,670)	-	(2,670)
Disposals	-	-	(4)	(127)	(131)
At 31 December 2017	12,942	550	5,538	451	19,481
<b>Accumulated depreciation</b>					
At 1 January 2017	2,784	263	6,965	273	10,285
Depreciation charge for the financial year	152	11	274	76	513
Written off	-	-	(2,512)	-	(2,512)
Disposals	-	-	(3)	(127)	(130)
At 31 December 2017	2,936	274	4,724	222	8,156
<b>Carrying amount</b>					
At 31 December 2017	10,006	276	814	229	11,325

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 13. PROPERTY, PLANT AND EQUIPMENT (continued)

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment except for freehold land and construction work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated to write down the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation period and rates are as follows:

Long term leasehold land	99 years
Buildings	2% - 10%
Motor vehicles	20%
Plant and machinery	8% - 10%
Office equipment, furniture and fittings:	
- Furniture, fittings and equipment	10% - 50%
- Computer and office equipment	10% - 33.33%
- Office renovation	10%

Freehold land has an unlimited useful life and is not depreciated. Construction work-in-progress represent machinery under installation and factory building under construction are not depreciated until such time when the assets are available for use.

- (b) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Purchase of property, plant and equipment	41,063	4,191	284	496
Financed by finance lease/term loans (Note 24)	(10,284)	(222)	-	-
Property, plant and equipment injected by non-controlling interest	(1,146)	-	-	-
Cash payments on purchase of property, plant and equipment	29,633	3,969	284	496

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13. PROPERTY, PLANT AND EQUIPMENT (continued)

- (c) The carrying amount of the property, plant and equipment of the Group and of the Company under finance lease obligations as at the end of the reporting period are as follows:

	Group	
	2018 RM'000	2017 RM'000
Motor vehicles	502	73
Plant and machinery	2,802	-
	<b>3,304</b>	<b>73</b>

- (d) Certain freehold land, long term leasehold land and buildings of the Group have been pledged as securities to banks for loans and borrowings granted to the Group as disclosed in Note 24 to the financial statements with the carrying amount as follows:

	Group	
	2018 RM'000	2017 RM'000
Freehold land	-	2,968
Long term leasehold land	10,102	10,261
Buildings	-	20,643
	<b>10,102</b>	<b>33,872</b>

14. INVESTMENT PROPERTIES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At 1 January	95,863	91,787	53,484	48,300
Additions	4,316	8,295	4,316	8,295
Transfer to property, plant and equipment (Note 13)	(2,878)	-	(2,878)	-
Depreciation charge for the financial year	(4,868)	(4,219)	(3,762)	(3,111)
At 31 December	<b>92,433</b>	<b>95,863</b>	<b>51,160</b>	<b>53,484</b>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 14. INVESTMENT PROPERTIES (continued)

The investment properties consist of the following:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Leasehold land	16,097	16,316	4,237	4,295
Buildings	64,036	66,061	34,623	35,703
Mechanical and electrical components	9,701	5,237	9,701	5,237
Renovation	2,599	-	2,599	-
Construction work-in-progress	-	8,249	-	8,249
Carrying amount	92,433	95,863	51,160	53,484
Fair value	221,000	221,000	160,000	160,000

- (a) Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated to write off the cost of the investment properties to their residual values on a straight line basis over their estimated useful lives. The principal depreciation period and rates are as follows:

Leasehold land	99 years
Buildings	1 - 2%
Mechanical and electrical components	7%
Renovation	10%

Construction work-in-progress are not depreciated until such time when the assets are available for use.

- (b) The investment properties of the Group are pledged for credit facilities granted to the Group as disclosed in Note 24 in the financial statements.
- (c) The fair values of the investment properties are determined by the Directors based on market values for similar properties in the same vicinity obtained from property agencies and categorised as Level 3 in the fair value hierarchy.
- (d) The following are recognised in the statements of profit or loss in respect of investment properties:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Leasing and rental income	10,173	13,567	8,916	8,778
Direct operating expenses incurred on income generating investment properties	10,859	10,151	9,324	8,606

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2018 RM'000	2017 RM'000
Unquoted shares, at cost:	525,186	482,384
Less: Accumulated impairment losses	(46,328)	(54,774)
	<b>478,858</b>	<b>427,610</b>

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less accumulated impairment losses, if any.

All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

- (b) Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Proportion of effective ownership interest (%)		% of ownership interest held by non-controlling interests		Principal activities
		2018	2017	2018	2017	
<b>Held by the Company:</b>						
+ Viable Chip (M) Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
Cash Band (M) Berhad	Malaysia	100.0	100.0	-	-	Investment holding
Nadi Biru Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
Bold Approach Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
Perangsang Packaging Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
Perangsang Dinamik Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
+ Perangsang Oil and Gas Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
+ Perangsang Telco Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 15. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Country of incorporation	Proportion of effective ownership interest (%)		% of ownership interest held by non-controlling interests		Principal activities
		2018	2017	2018	2017	
<b>Held by the Company:</b>						
+# Perangsang Capital Sdn. Bhd.	Malaysia	100.0	-	-	-	Investment holding
Aqua-Flo Sdn. Bhd.	Malaysia	51.0	51.0	49.0	49.0	Trading in chemical products
KPS-HCM Sdn. Bhd.	Malaysia	51.0	51.0	49.0	49.0	Buildings and road construction, maintainance and rehabilitation
+ Kuala Langat Mining Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Dormant
+ Selangor Amal Holdings Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Dormant
^ Hydrovest Sdn. Bhd.	Malaysia	-	60.0	-	40.0	Dissolved
* Perangsang Metal Selangor Sdn. Bhd.	Malaysia	70.0	70.0	30.0	30.0	In liquidation
* Perangsang Segemal Sdn. Bhd.	Malaysia	51.0	51.0	49.0	49.0	In liquidation
* Selangor Construction Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Under official assignee
^ Selangor Tiles Sdn. Bhd.	Malaysia	-	86.0	-	14.0	Dissolved

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 15. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Country of incorporation	Proportion of effective ownership interest (%)		% of ownership interest held by non-controlling interests		Principal activities
		2018	2017	2018	2017	
<b>Held under Cash Band (M) Berhad:</b>						
Perangsang Hotel and Properties Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Leasing operation
Brisdale International Hotel Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Dormant
<b>Held under Nadi Biru Sdn. Bhd.:</b>						
Smartpipe Technology Sdn. Bhd.	Malaysia	60.0	60.0	40.0	40.0	Contractors and subcontractors for the laying of pipes for all kinds of constructional, structural and civil engineering works
<b>Held under Bold Approach Sdn. Bhd.:</b>						
Kaiserkorp Corporation Sdn. Bhd.	Malaysia	60.0	60.0	40.0	40.0	Investment holding
<b>Held under Perangsang Packaging Sdn. Bhd.:</b>						
Century Bond Bhd.	Malaysia	98.9	98.9	1.1	1.1	Investment holding

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**15. INVESTMENTS IN SUBSIDIARIES (continued)**

(b) Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Country of incorporation	Proportion of effective ownership interest (%)		% of ownership interest held by non-controlling interests		Principal activities
		2018	2017	2018	2017	
<b>Held under Perangsang Dinamik Sdn. Bhd.:</b>						
# CPI (Penang) Sdn. Bhd.	Malaysia	100.0	-	-	-	Manufacturing, assembly and sale of electronic and electrical products and plastic moulded components and parts
<b>Held under CPI (Penang) Sdn. Bhd.:</b>						
# PCM Manufacturing Sdn. Bhd.	Malaysia	60.0	-	40.0	-	Manufacturing and processing of spraying silk screening, tempo and robot arm
<b>Held under KaiserCorp Corporation Sdn. Bhd.:</b>						
Kyco Industries Inc.	United States	60.0	60.0	40.0	40.0	Investment holding
+ King Koil International Pte. Ltd.	Singapore	60.0	60.0	40.0	40.0	Distribution and marketing
<b>Held under Kyco Industries Inc.:</b>						
King Koil Licensing Inc.	United States	60.0	60.0	40.0	40.0	Licensing
King Koil Sales Inc.	United States	60.0	60.0	40.0	40.0	Distribution and marketing
# King Koil Manufacturing West, LLC	United States	60.0	-	40.0	-	Production, sale and distribution of mattresses, related bedding and sleep products

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 15. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Country of incorporation	Proportion of effective ownership interest (%)		% of ownership interest held by non-controlling interests		Principal activities
		2018	2017	2018	2017	
<b>Held under Century Bond Bhd.:</b>						
Pro Pulp Packages Sdn. Bhd.	Malaysia	98.9	98.9	1.1	1.1	Investment holding
* CB Bags Sdn. Bhd.	Malaysia	98.9	98.9	1.1	1.1	In liquidation
Prestige Packages Sdn. Bhd.	Malaysia	98.9	98.9	1.1	1.1	Manufacture and sale of multi-wall paper bags, woven laminated bags and pulp moulded products
Polyplus Packages (JB) Sdn. Bhd.	Malaysia	98.9	98.9	1.1	1.1	Manufacturing and sales of corrugated carton boxes
Polyplus Packages Sdn. Bhd.	Malaysia	98.9	98.9	1.1	1.1	Manufacturing and sales of corrugated carton boxes
Multiview Enterprises Sdn. Bhd.	Malaysia	98.9	98.9	1.1	1.1	Sales and marketing of industrial packaging tapes, materials and machinery and household care products
Cenbond Packages Sdn. Bhd.	Malaysia	98.9	98.9	1.1	1.1	Manufacturing and sale of plastic moulded products, packaging products and paper products
Eversynergy Sdn. Bhd.	Malaysia	98.9	98.9	1.1	1.1	Property holding

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 15. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Country of incorporation	Proportion of effective ownership interest (%)		% of ownership interest held by non-controlling interests		Principal activities
		2018	2017	2018	2017	
<b>Held under Pro Pulp Packages Sdn. Bhd.:</b>						
Ω Hongda Century Packing & Printing Sdn. Bhd. (formerly known as Imej Harmoni Sdn. Bhd.)	Malaysia	59.4	-	40.6	-	Offset printing for corrugated carton boxes and packaging
<b>Held under CB Bags Sdn. Bhd.:</b>						
* Prestige Packages (Perlis) Sdn. Bhd.	Malaysia	98.9	98.9	1.1	1.1	In liquidation
<b>Held under Prestige Packages Sdn. Bhd.:</b>						
Centoz Industries Sdn. Bhd.	Malaysia	79.2	54.4	20.8	45.6	Manufacture and sale of paper products
Brandpak Industries Sdn. Bhd.	Malaysia	98.9	98.9	1.1	1.1	Manufacture and marketing of stretch films, plastic bags and liners
+ PT. Prestige Packages Indonesia	Indonesia	98.9	98.9	1.1	1.1	Manufacture and sale of cement paper bags
^ Cengreen Global Sdn. Bhd.	Malaysia	-	98.9	-	1.1	Distribution of beauty and health products
+ Esteem Packaging Pte. Ltd.	Singapore	79.1	79.1	21.9	21.9	Trading in paper and plastic packaging products

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

15. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Country of incorporation	Proportion of effective ownership interest (%)		% of ownership interest held by non-controlling interests		Principal activities
		2018	2017	2018	2017	
<b>Held under Multiview Enterprises Sdn. Bhd.:</b>						
Multiview Packaging Sdn. Bhd.	Malaysia	98.9	98.9	1.1	1.1	Manufacture and trading in industrial packaging tapes and related products
* Prior Packaging Industries Sdn. Bhd.	Malaysia	98.9	98.9	1.1	1.1	In liquidation
+ Multiview (S) Pte. Ltd.	Singapore	98.9	98.9	1.1	1.1	Sales and marketing of household care products and packaging materials
* Ready Chemical (M) Sdn. Bhd.	Malaysia	77.1	77.1	22.9	22.9	In liquidation
Macro Chemicals Sdn. Bhd.	Malaysia	98.9	98.9	1.1	1.1	Contract manufacturing of adhesive and household care products
Ω Hongda Century Packing & Printing Sdn. Bhd. (formerly known as Imej Harmoni Sdn. Bhd.)	Malaysia	-	98.9	-	1.1	Dormant

+ Subsidiaries not audited by BDO PLT or member firms of BDO International

\* In liquidation or under official assignee

# Acquired/Incorporated during the financial year

^ Disposed/Liquidated/Dissolved during the financial year

Ω Internal restructuring during the financial year

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 15. INVESTMENTS IN SUBSIDIARIES (continued)

- (c) The Group reviews the investments in subsidiaries for impairment when there is an indication of impairment. The recoverable amounts of the investments in subsidiaries are assessed by reference to the fair value less cost to sell of the underlying assets or the value-in-use of the respective subsidiaries. The value-in-use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate pre-tax discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to support their income and cash flows. Significant judgements and estimates had also been used to determine the key assumptions applied to the cash flow projections, which includes the projected revenue growth rates, terminal growth rates and the appropriate pre-tax discount rates used for each of the subsidiary by Cash-Generating Units (“CGUs”), as disclosed in Note 18 to the financial statements.

Impairment losses are made when the carrying amount of the investments in subsidiaries exceed their recoverable amount. Impairment losses on investments in subsidiaries amounting to RM3,504,848 (2017: Nil) has been recognised in respect of a subsidiary due to declining business operations. The recoverable amounts of the subsidiary was based on its fair value less cost to sell.

- (d) Incorporation/acquisition of subsidiaries

##### Current financial year

- (i) Incorporation of King Koil Manufacturing West, LLC (“KKMW”)

Kyco Industries, Inc. (“Kyco”), an indirect 60%-owned subsidiary of the Company, had on 22 January 2018 formed a wholly-owned subsidiary named KKMW under the Delaware Limited Liability Company Act of the State of Delaware, the United States of America (“US”). Subsequently, a Members’ Agreement was signed on 29 January 2018 with a US-based partner on a 60:40 equity basis on a total initial capital contribution of USD3.3 million (equivalent to RM13.0 million). Kyco had subscribed 60% equity interest, representing 1,980,000 ordinary shares in KKMW for a total cash consideration of USD1,980,000 (equivalent to RM8,194,230) funded via internally generated funds.

- (ii) Acquisition of 100% equity interest in CPI (Penang) Sdn. Bhd. (“CPI”)

On 14 February 2018, the Company and Perangsang Dinamik Sdn. Bhd. (“PDSB”), had entered into a conditional share sale agreement with HK Resources Sdn. Bhd., TCS Resources Sdn. Bhd. (“TCSR”) and Mr. Lim Lai Chin (“LLC”), the Chief Executive Officer of CPI as the primary obligor for the Profit Guarantee and TCSR, whereby the Company agreed to acquire 10,000,000 ordinary shares in CPI, representing 100% of the issued share capital of CPI for a total purchase consideration of RM250,000,000 (“SSA”), upon completion of the terms and conditions contained in the SSA (“Acquisition”).

The purchase consideration is to be settled in the following manner:

- i. a sum of RM200,000,000 upon the delivery and /or procurement of the transaction documents; and
- ii a sum of RM50,000,000 (“retention sum”) upon satisfaction of profit guarantee.

Profit guarantee is stipulated in the SSA as follows:

- i. CPI shall achieve an amount of audited profit after tax for financial year ended 31 December 2018 of not lesser than RM25,000,000; and
- ii. CPI shall achieve an amount of audited profit after tax for financial year ending 31 December 2019 of not lesser than RM26,000,000.

The Company nominated its wholly-owned subsidiary, PDSB to be the purchaser and transferee of the Sale Shares in respect of the Acquisition.

On 16 March 2018, the SSA has become unconditional. The acquisition of CPI was completed on 27 March 2018.

Following the completion of the Acquisition, CPI has become an indirect subsidiary of the Company. Accordingly, PCM Manufacturing Sdn. Bhd., a 60%-owned subsidiary of CPI, has also become an indirect subsidiary of the Company.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**15. INVESTMENTS IN SUBSIDIARIES (continued)**

(d) Incorporation/acquisition of subsidiaries (continued)

Current financial year (continued)

(ii) Acquisition of 100% equity interest in CPI (Penang) Sdn. Bhd. ("CPI") (continued)

i. The fair value of the identifiable assets and liabilities of CPI as at the date of acquisition are as follows:

	<b>RM'000</b>
Property, plant and equipment (Note 13)	56,344
Trade and other receivables	37,708
Inventories	19,949
Cash and cash equivalents	46,925
Current tax assets	520
Trade and other payables	(35,787)
Contract liabilities (Note 27)	(2,263)
Deferred tax liabilities (Note 25)	(3,811)
	119,585

ii. The consideration transferred for the acquisition of CPI are as follows:

	<b>RM'000</b>
Total fair value of identifiable net assets	119,585
Goodwill arising from acquisition (Note 18)	127,675
	247,260
Cash paid	200,000
Contingent consideration (undiscounted) at fair value through profit or loss	50,000
	250,000
Less: Effect of discounting	(2,740)
	247,260

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 15. INVESTMENTS IN SUBSIDIARIES (continued)

##### (d) Incorporation/acquisition of subsidiaries (continued)

##### Current financial year (continued)

##### (ii) Acquisition of 100% equity interest in CPI (Penang) Sdn. Bhd. ("CPI") (continued)

##### iii. The effect of the acquisition of CPI on cash flows of the Group are as follows:

	<b>Group RM'000</b>
Total purchase consideration at fair value	247,260
Retention sum guaranteed by bank guarantee	(47,260)
	<hr/>
Consideration settled in cash	200,000
Less: Cash and cash equivalents of the subsidiary acquired	(46,925)
	<hr/>
Net cash outflow on acquisition	153,075
	<hr/>

##### iv. Impact of acquisition in statement of profit or loss

	<b>Group RM'000</b>
Revenue	127,332
Profit net of tax	23,852
	<hr/>

If the combination had taken place at the beginning of the financial year, CPI's contribution to the Group's revenue and profit, net of tax would have been RM169,337,539 and RM26,815,857 respectively.

##### (iii) Internal restructuring of Hongda Century Packing & Printing Sdn. Bhd. ("Hongda")

On 15 March 2018, Century Bond Bhd. ("CBB"), an indirect 98.9%-owned subsidiary of the Company had undertaken an internal restructuring exercise for its wholly-owned subsidiary, Multiview Enterprise Sdn. Bhd. ("Multiview"). Multiview had transferred its 100% ownership in Hongda to other wholly-owned subsidiary of CBB, Pro Pulp Packages Sdn. Bhd. ("Pro Pulp"). On 9 April 2018, Hongda had entered into an agreement with a third party for jointly developing Hongda's business.

On 20 December 2018, the Board of Directors of Hongda passed a resolution to increase ordinary shares of Hongda to RM2,866,110 by way of cash consideration, which amounted to RM1,719,666 by Pro Pulp, and capital injection of property, plant and equipment by non-controlling interest amounted to RM1,146,444. Pursuant to that, effective ownership interest of the Group had decreased from 98.9% to 59.4%.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**15. INVESTMENTS IN SUBSIDIARIES (continued)**

(d) Incorporation/acquisition of subsidiaries (continued)

Current financial year (continued)

(iv) Additional subscription equity interest in Centoz Industries Sdn. Bhd. (“Centoz”)

On 12 July 2018, Prestige Packages Sdn. Bhd. (“Prestige”), an indirect 98.9%-owned subsidiary of the Company, had acquired additional 25% equity interest in Centoz, representing 125,000 ordinary shares for a total cash consideration of RM125,000. Pursuant to that, effective ownership interest of the Group had increased to 79.2%.

(v) Incorporation of Perangsang Capital Sdn. Bhd.

On 10 October 2018, the Company subscribed two (2) ordinary shares in Perangsang Capital Sdn. Bhd. representing 100% equity interest for a total cash consideration of RM2.00.

Previous financial year

(i) Subscription of additional new ordinary shares in KPS-HCM Sdn. Bhd. (“KPS-HCM”)

On 21 June 2017, the Company had entered into a Subscription Agreement with HCM Engineering Sdn. Bhd. and KPS-HCM for the subscription of additional 1,715,000 new ordinary shares in its 30% associated company, KPS-HCM for a total cash consideration of RM1,715,000.

The Subscription Agreement was completed on 22 June 2017. Following the completion of the Subscription Agreement, KPS-HCM became a 51% owned subsidiary of the Company.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**15. INVESTMENTS IN SUBSIDIARIES (continued)**

(d) Incorporation/acquisition of subsidiaries (continued)

Previous financial year (continued)

(i) Subscription of additional new ordinary shares in KPS-HCM Sdn. Bhd. (“KPS-HCM”) (continued)

i. The fair value of the identifiable assets and liabilities of KPS-HCM as at the date of acquisition were as follows:

	<b>RM’000</b>
Property, plant and equipment (Note 13)	223
Other asset	50
Trade and other receivables	119
Cash and cash equivalents	4,030
Current tax assets	550
Trade and other payables	(185)
Deferred tax liabilities (Note 25)	(62)
	<hr/>
Total fair value of identifiable assets	4,725
	<hr/>

ii. The consideration transferred for the acquisition of KPS-HCM were as follows:

	<b>RM’000</b>
Total fair value of identifiable assets	4,725
Less: non-controlling interest	(2,315)
Goodwill arising from acquisition (Note 18)	723
	<hr/>
Total purchase consideration at fair value	3,133
	<hr/>
Cost of the additional acquisition	1,715
Add: Investment in an associate previously held	1,418
	<hr/>
Total purchase consideration at fair value	3,133
	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**15. INVESTMENTS IN SUBSIDIARIES (continued)**

## (d) Incorporation/acquisition of subsidiaries (continued)

Previous financial year (continued)

## (i) Subscription of additional new ordinary shares in KPS-HCM Sdn. Bhd. (“KPS-HCM”) (continued)

iii. The effect of the acquisition of KPS-HCM on cash flows of the Group were as follows:

	<b>Group RM'000</b>
Consideration settled in cash	1,715
Less: cash and cash equivalents of the subsidiary acquired	(4,030)
	(2,315)

## iv. Impact of acquisition in statement of profit or loss

	<b>Group RM'000</b>
Revenue	36,708
Profit net of tax	2,127
	(2,315)

If the combination had taken place at the beginning of the financial year, the Group's revenue and profit, net of tax would have been RM361,497,000 and RM62,089,000 respectively.

## v. Fair value adjustment on previously held equity interest

	<b>Group RM'000</b>
Fair value of previously held equity interest	1,418
Less: Carrying amount reclassified from investment in an associate	(914)
	504

## (ii) Subscription of additional new ordinary shares in Smartpipe Technology Sdn. Bhd. (“SPT”)

On 10 November 2017, the Company's wholly-owned subsidiary, Nadi Biru Sdn. Bhd. (“NBSB”), subscribed an additional 1,590,000 new ordinary shares in its 51% subsidiary company, SPT for a total cash consideration of RM1,590,000. As a result of this acquisition, SPT became a 60% owned subsidiary of NBSB.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 15. INVESTMENTS IN SUBSIDIARIES (continued)

##### (e) Dissolution/Disposal of subsidiaries

###### Current financial year

##### (i) Dissolution of Hydrovest Sdn. Bhd. (“Hydrovest”)

Hydrovest, a 60%-owned subsidiary of the Company was dissolved on 12 July 2018.

##### (ii) Dissolution of Selangor Tiles Sdn. Bhd. (“Selangor Tiles”)

Selangor Tiles, a 86%-owned subsidiary of the Company was dissolved on 14 August 2018. There is no financial impact to the Group arising from the dissolution.

##### (iii) Disposal of 100% of equity stake in Cengreen Global Sdn. Bhd. (“Cengreen”)

On 24 August 2018, Prestige Packages Sdn. Bhd. (“Prestige Packages”), a wholly-owned subsidiary of Century Bond Bhd. (“CBB”), which in turn is an indirect 98.9%-owned subsidiary of the Company via Perangsang Packaging Sdn. Bhd., had entered into a Share Sale Agreement with Global Highmarks Sdn. Bhd. (“Global Highmarks”) to dispose of its entire 100% equity interest in Cengreen to Global Highmarks for a cash consideration of RM1.0 million (“Disposal”).

The Disposal was completed on 29 October 2018.

##### (iv) Effects of dissolution/disposal of subsidiaries

The dissolution of Hydrovest and disposal of Cengreen had the following effects on the financial position and financial performance of the Group and of the Company for the year ended 31 December 2018:

Group	Hydrovest RM'000	Cengreen RM'000	Total RM'000
Property, plant and equipment	-	492	492
Trade and other receivables	4,310	1,050	5,360
Current tax assets	-	52	52
Cash and bank balances	896	21	917
Trade and other payables	-	(2,171)	(2,171)
Borrowings (Note 24(s))	-	(205)	(205)
Net assets/(liabilities)	5,206	(761)	4,445

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 15. INVESTMENTS IN SUBSIDIARIES (continued)

## (e) Dissolution/Disposal of subsidiaries (continued)

Current financial year (continued)

## (iv) Effects of dissolution/disposal of subsidiaries (continued)

The dissolution of Hydrovest and disposal of Cengreen had the following effects on the financial position and financial performance of the Group and of the Company for the year ended 31 December 2018 (continued):

Group	Hydrovest RM'000	Cengreen RM'000	Total RM'000
Net assets/(liabilities)	5,206	(761)	4,445
Less: Non-controlling interests	(1,486)	-	(1,486)
Less: Settlement of inter-company balances	(4,655)	-	(4,655)
Less: Disposal consideration	-	(1,000)	(1,000)
Gain on dissolution/disposal	(935)	(1,761)	(2,696)
Cash inflow arising from dissolution/disposal:			
Disposal consideration	-	1,000	1,000
Cash and cash equivalent of subsidiaries dissolved/disposed	-	(21)	(21)
Net cash inflow arising from dissolution/disposal	-	979	979
<b>Company</b>			<b>Hydrovest RM'000</b>
Cost of investment			3,238
Less: Accumulated impairment loss			(990)
			2,248
Carrying amount			2,248
Settlement of inter-company balances			(1,697)
Net cash inflow arising from dissolution			(537)
			14
Loss on dissolution			14
			537
Net cash inflow arising from dissolution			537

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 15. INVESTMENTS IN SUBSIDIARIES (continued)

(f) Summarised financial information on subsidiaries with significant non-controlling interests

(i) Summarised statements of financial position

	Kaiserkorp Group		Aqua-Flo Sdn. Bhd.		Total	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current assets	<b>140,331</b>	197,905	<b>3,432</b>	3,263	<b>143,763</b>	201,168
Current assets	<b>49,485</b>	34,847	<b>66,363</b>	59,035	<b>115,848</b>	93,882
<b>Total assets</b>	<b>189,816</b>	232,752	<b>69,795</b>	62,298	<b>259,611</b>	295,050
Non-current liabilities	<b>46,039</b>	56,906	<b>5</b>	19	<b>46,044</b>	56,925
Current liabilities	<b>12,209</b>	9,151	<b>31,292</b>	27,975	<b>43,501</b>	37,126
<b>Total liabilities</b>	<b>58,248</b>	66,057	<b>31,297</b>	27,994	<b>89,545</b>	94,051
<b>Net assets</b>	<b>131,568</b>	166,695	<b>38,498</b>	34,304	<b>170,066</b>	200,999
Equity attributable to owners of the parent	<b>78,941</b>	100,017	<b>19,634</b>	17,495	<b>98,575</b>	117,512

(ii) Summarised statements of profit or loss and other comprehensive income

	Kaiserkorp Group		Aqua-Flo Sdn. Bhd.		Total	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	<b>70,670</b>	35,818	<b>111,068</b>	101,338	<b>181,738</b>	137,156
Profit for the financial year	<b>11,770</b>	788	<b>7,084</b>	5,774	<b>18,854</b>	6,562
Profit attributable to owners of the parent	<b>14,119</b>	788	<b>7,084</b>	5,774	<b>21,203</b>	6,562

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**15. INVESTMENTS IN SUBSIDIARIES (continued)**

(f) Summarised financial information on subsidiaries with significant non-controlling interests (continued)

(iii) Summarised statements of cash flows

	Kaiserkorp Group		Aqua-Flo Sdn. Bhd.		Total	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Net cash flows generated from operating activities	10,099	304	2,752	5,625	12,851	5,929
Net cash flows (used in)/ generated from investing activities	(6,798)	(151)	13	(421)	(6,785)	(572)
Net cash flows used in financing activities	(1,813)	(160)	(2,368)	(1,837)	(4,181)	(1,997)
Net increase/(decrease) in cash and cash equivalents	1,488	(7)	397	3,367	1,885	3,360
Cash and cash equivalents at 1 January	19,165	21,810	9,039	5,672	28,204	27,482
Effect of foreign exchange	1,472	(2,638)	-	-	1,472	(2,638)
Cash and cash equivalents at 31 December	22,125	19,165	9,436	9,039	31,561	28,204

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 15. INVESTMENTS IN SUBSIDIARIES (continued)

(f) Summarised financial information on subsidiaries with significant non-controlling interests (continued)

(iv) Summarised financial information of KaiserCorp Corporation Sdn. Bhd. (“KaiserCorp Group”) and Aqua-Flo Sdn. Bhd. which have non-controlling interests (“NCI”) that are material to the Group, are set out below. The summarised financial information presented below is the amount before inter-companies elimination. The NCI in respect of other entities within the Group are not material to the Group.

	KaiserCorp Group RM'000	Aqua-Flo Sdn. Bhd. RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
<b>At 31 December 2018</b>				
NCI percentage of ownership interest and voting interest	40%	49%	-	
Carrying amount of NCI	52,627	18,864	36,939	108,430
Profit attributable to NCI	4,708	3,471	613	8,792
<b>At 31 December 2017</b>				
NCI percentage of ownership interest and voting interest	40%	49%	-	
Carrying amount of NCI	66,678	16,809	9,480	92,967
Profit attributable to NCI	315	2,829	1,110	4,254

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

16. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
In Malaysia:				
- Unquoted shares	298,625	313,633	131,809	131,809
Share of post acquisition reserves	631,266	858,065	-	-
	<b>929,891</b>	<b>1,171,698</b>	<b>131,809</b>	<b>131,809</b>

- (a) Investments in associates are measured at cost less impairment losses, if any, and accounted for using the equity method in the consolidated financial statements.

Management reviews the investments in associates, which is assessed by reference to the higher of the fair values less cost to sell and value in use of the associates. Estimating a value in use requires management to make an estimate of the expected future cash flows to be derived from continuing use of the asset and from its ultimate disposal, expectations about possible variations in the amount, timing of those cash flows, the time value of money, price for inherent uncertainty risk and others relevant factors.

- (b) Details of the associates are as follows:

Name of associates	Country of incorporation	Effective interest in equity (%)		Principal activities
		2018	2017	
<b>Held by the Company:</b>				
+ Sistem Penyuraian Trafik KL Barat Holdings Sdn. Bhd. ("SPRINT")	Malaysia	20.0	20.0	Investment holding and provision of management services
+ Perangsan Water Management Sdn. Bhd. ("PWM")	Malaysia	40.0	40.0	Water project operation and management

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 16. INVESTMENTS IN ASSOCIATES (continued)

(b) Details of the associates are as follows (continued):

Name of associates	Country of incorporation	Effective interest in equity (%)		Principal activities
		2018	2017	
<b>Held by Viable Chip (M) Sdn. Bhd.:</b>				
+ Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH Holdings")	Malaysia	<b>30.0</b>	30.0	Investment holding
<b>Held by Perangsang Oil and Gas Sdn. Bhd.:</b>				
+ NGC Energy Sdn. Bhd. ("NGC Energy")	Malaysia	<b>40.0</b>	40.0	Operation, marketing and selling of liquefied petroleum gas
<b>Held by Perangsang Telco Sdn. Bhd.:</b>				
+ ^ Ceres Telecom Sdn. Bhd.	Malaysia	-	34.35	Provision of wireless and mobile telecommunications services to end users
+ Associates not audited by BDO PLT or member firms of BDO International				
^ Disposed during the financial year				

The above investments are accounted for as investments in associates by virtue of ability of the Group to exercise significant influence over the financial and operating policies of the investee companies through representation in the Board of Directors of these associates.

(c) Disposal of an associate

*Disposal of 34.35% of equity stake in Ceres Telecom Sdn. Bhd. ("Ceres")*

On 29 October 2018, the Group's wholly owned subsidiary, Perangsang Telco Sdn. Bhd. ("PTSB"), had disposed of its entire 34.35% interest in Ceres to a third party for a cash consideration of RM100,000 resulting in the Group recording a loss from disposal of RM2,131,757.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**16. INVESTMENTS IN ASSOCIATES (continued)**

(d) The summarised financial information of the material associates which are accounted for using the equity method are as follows:

**At 31 December 2018**

Summarised statements of financial position

	SPLASH Holdings RM'000	SPRINT RM'000	NGC Energy RM'000	Other individually immaterial associates RM'000	Total RM'000
Non-current assets	-	1,431,684	276,158	1,014	1,708,856
Current assets	5,990,611	366,850	151,784	18,337	6,527,582
<b>Total assets</b>	<b>5,990,611</b>	<b>1,798,534</b>	<b>427,942</b>	<b>19,351</b>	<b>8,236,438</b>
Non-current liabilities	-	782,859	26,509	-	809,368
Current liabilities	3,356,345	816,490	181,894	3,819	4,358,548
<b>Total liabilities</b>	<b>3,356,345</b>	<b>1,599,349</b>	<b>208,403</b>	<b>3,819</b>	<b>5,167,916</b>
Net assets attributable to owners of associates	2,634,266	199,185	219,539	15,532	3,068,522

Summarised statements of profit or loss and other comprehensive income

	SPLASH Holdings RM'000	SPRINT RM'000	NGC Energy RM'000	Other individually immaterial associates RM'000	Total RM'000
Revenue	360,648	221,095	734,698	3,121	1,319,562
(Loss)/Profit for the financial year	(693,096)	(7,199)	30,340	2,420	(667,535)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 16. INVESTMENTS IN ASSOCIATES (continued)

- (d) The summarised financial information of the material associates which are accounted for using the equity method are as follows (continued):

##### At 31 December 2018 (continued)

##### Reconciliation of net assets to carrying amount of Group's interest in associates

	SPLASH Holdings RM'000	SPRINT RM'000	NGC Energy RM'000	Other individually immaterial associates RM'000	Total RM'000
Group's share of net assets	790,280	39,837	87,816	6,213	924,146
Goodwill	-	3,356	2,389	-	5,745
Carrying amount of Group's interest in associates	790,280	43,193	90,205	6,213	929,891
Group's share of results of associates	(207,929)	(1,440)	12,136	(342)	(197,575)
Dividends received from associates	42,000	-	-	-	42,000

##### At 31 December 2017

##### Summarised statements of financial position

	SPLASH Holdings RM'000	SPRINT RM'000	NGC Energy RM'000	Other individually immaterial associates RM'000	Total RM'000
Non-current assets	6,367,217	1,503,260	258,147	20,956	8,149,580
Current assets	397,285	377,508	161,840	18,949	955,582
Total assets	6,764,502	1,880,768	419,987	39,905	9,105,162
Non-current liabilities	2,096,916	924,038	48,233	-	3,069,187
Current liabilities	1,200,223	750,345	182,553	8,978	2,142,099
Total liabilities	3,297,139	1,674,383	230,786	8,978	5,211,286
Net assets attributable to owners of associates	3,467,363	206,385	189,201	30,927	3,893,876

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

16. INVESTMENTS IN ASSOCIATES (continued)

- (d) The summarised financial information of the material associates which are accounted for using the equity method are as follows (continued):

At 31 December 2017 (continued)

Summarised statements of profit or loss and other comprehensive income

	SPLASH Holdings RM'000	SPRINT RM'000	NGC Energy RM'000	Other individually immaterial associates RM'000	Total RM'000
Revenue	360,648	228,510	700,413	9,199	1,298,770
Profit/(loss) for the financial year	292,507	(18,997)	27,883	(1,827)	299,566

Reconciliation of net assets to carrying amount of Group's interest in associates

	SPLASH Holdings RM'000	SPRINT RM'000	NGC Energy RM'000	Other individually immaterial associates RM'000	Total RM'000
Group's share of net assets	1,040,209	41,277	75,680	11,197	1,168,363
Goodwill	-	3,356	2,389	7,231	12,976
Impairment loss	-	-	-	(9,641)	(9,641)
Carrying amount of Group's interest in associates	1,040,209	44,633	78,069	8,787	1,171,698
Group's share of results of associates	87,752	(3,799)	11,153	(431)	94,675
Dividends received from associates	-	-	-	1,050	1,050

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

### 16. INVESTMENTS IN ASSOCIATES (continued)

- (e) The financial statements of the associates of the Group are coterminous with those of the Group, except for SPLASH Holdings and SPRINT which have a financial year end of 31 March to conform with their respective holding companies' financial year end.

The share of results of SPLASH Holdings and SPRINT for the current financial year are for the twelve (12) months period ended 31 December 2018, incorporating the three (3) months period ended 31 March 2018 based on the latest audited financial statements and the management financial statements for the nine (9) months period ended 31 December 2018.

- (f) Recoverability of investment in SPLASH Holdings

On 3 August 2018, the Company's indirect 30% associate, SPLASH Holdings received a Letter of Offer from Pengurusan Air Selangor Sdn. Bhd. ("Air Selangor") in respect of Air Selangor's proposed purchase of 100% equity interest held by SPLASH Holdings in Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd. ("SPLASH") ("the Offer") for a total purchase consideration of RM2.55 billion. Subsequently, on 9 August 2018, SPLASH Holdings had accepted the Offer.

On 28 September 2018, SPLASH Holdings had entered into a conditional SPA with Air Selangor for the proposed disposal of its entire 50,000,000 ordinary shares and 350,000,000 Redeemable Unsecured Loan Stocks ("RULS") in SPLASH to Air Selangor for a total cash disposal consideration of RM2.55 billion.

On 17 December 2018, SPLASH Holdings and Air Selangor have mutually agreed to extend the Cut-Off Date from 27 December 2018 to 28 February 2019 in order to fulfil the Conditions Precedent in the SPA. Subsequently on 27 February 2019, SPLASH Holdings and Air Selangor have mutually agreed to extend the Cut-Off Date from 28 February 2019 to 31 March 2019 in order to fulfil the Conditions Precedent in the SPA.

The Proposed Disposal is conditional upon and subject to the fulfilment or waiver of conditions precedent within a period of three (3) months from the date of the execution of the SPA, or such other date as may be mutually agreed in writing by Air Selangor and SPLASH Holdings.

The completion date shall be a date no later than 14 calendar days from the date the last condition precedent is satisfied or waived.

During the financial year, the Group has recognised share of losses of RM207,929,000 in SPLASH Holdings due to impairment losses on receivables and intangible assets recognised. The Board of Directors are of the opinion that the recoverable amount of investment in SPLASH Holdings will not be lower than its carrying amount as at 31 December 2018 based on the Offer and expected dividends to be received from SPLASH Holdings before the completion date.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17. INTANGIBLE ASSETS

Group	Trademarks RM'000	Website and software development RM'000	Brand name RM'000	Customer relationship RM'000	Total RM'000
<b>2018</b>					
<b>Cost</b>					
At 1 January 2018	325	969	192,994	12,253	206,541
Addition	-	306	-	-	306
Exchange differences	-	(12)	3,633	-	3,621
At 31 December 2018	325	1,263	196,627	12,253	210,468
<b>Accumulated amortisation</b>					
At 1 January 2018	163	628	-	1,027	1,818
Amortisation charge for the financial year	51	262	-	1,027	1,340
Exchange differences	7	39	-	-	46
At 31 December 2018	221	929	-	2,054	3,204
<b>Carrying amount</b>					
At 31 December 2018	104	334	196,627	10,199	207,264
<b>2017</b>					
<b>Cost</b>					
At 1 January 2017	275	1,041	213,139	12,253	226,708
Addition	108	72	-	-	180
Exchange differences	(58)	(144)	(20,145)	-	(20,347)
At 31 December 2017	325	969	192,994	12,253	206,541
<b>Accumulated amortisation</b>					
At 1 January 2017	121	354	-	-	475
Amortisation charge for the financial year	86	366	-	1,027	1,479
Exchange differences	(44)	(92)	-	-	(136)
At 31 December 2017	163	628	-	1,027	1,818
<b>Carrying amount</b>					
At 31 December 2017	162	341	192,994	11,226	204,723

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 17. INTANGIBLE ASSETS (continued)

- (a) Intangible assets are initially measured at cost. The cost of intangible assets recognised in a business combination is their fair values as at the date of acquisition. After initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.
- (b) Trademarks include cost of registration and renewals of trademark, product line and product names which are capitalised and amortised over the estimated useful life of five (5) years.
- (c) Cost of website and software development expenditure are capitalised and amortised over the estimated useful life of five (5) years.
- (d) Brand name relates to the King Koil<sup>®</sup> brand names for the Group's specialised bedding and licensing components. The useful life of the brand is estimated to be indefinite. Details of impairment testing of brand name are disclosed in Note 18 to the financial statements.
- (e) The customer relationships are recognised separable from goodwill on acquisition of a subsidiary. The useful lives of the customer relationships are in the range of nine (9) to nineteen (19) years, determined based on customer attrition from the acquired relationships.

#### 18. GOODWILL ON CONSOLIDATION

	Group	
	2018	2017
	RM'000	RM'000
<b>Cost</b>		
At 1 January	45,351	46,617
Foreign exchange translation	359	(1,989)
Acquisition of subsidiaries (Note 15)	127,675	723
At 31 December	<b>173,385</b>	45,351
<b>Accumulated impairment</b>		
At 1 January/31 December	<b>(2,591)</b>	(2,591)
<b>Carrying amount</b>		
At 31 December	<b>170,794</b>	42,760

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

18. GOODWILL ON CONSOLIDATION (continued)

- (a) Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost. After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the CGUs based on estimation of the value-in-use, which requires significant judgements, estimates about the future results and key assumptions made by the management. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

- (b) Goodwill arising from business combinations and brand name has been allocated to three individual CGU for impairment testing, namely licensing, manufacturing and infrastructure.

The carrying amounts of goodwill and brand name allocated to each CGU are as follows:

	Goodwill RM'000	Brand name RM'000	Total RM'000
<b>2018</b>			
Licensing	19,410	196,627	216,037
Manufacturing	150,535	-	150,535
Infrastructure	849	-	849
	<b>170,794</b>	<b>196,627</b>	<b>367,421</b>
<b>2017</b>			
Licensing	19,051	192,994	212,045
Manufacturing	22,860	-	22,860
Infrastructure	849	-	849
	<b>42,760</b>	<b>192,994</b>	<b>235,754</b>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 18. GOODWILL ON CONSOLIDATION (continued)

- (c) For the purpose of impairment testing, the recoverable amount of a CGU is determined based on its value-in-use. The value-in-use is determined by discounting the pre-tax cash flows based on financial budgets prepared by the Group covering a five-year period based on the following key assumptions:

	Licensing	Manufacturing	Infrastructure
Discount rate	10.5%	11.0%	7.4%
Revenue growth rate	29.5%	10.0%	9.0%

Terminal growth rates are assumed to be nil.

Based on the annual impairment testing undertaken by the Group, no impairment losses were required for the carrying amounts of the remaining goodwill and brand name assessed as at 31 December 2018 as their recoverable amounts were in excess of their carrying amounts.

#### Sensitivity to changes in assumptions

Changes in the discount rate and revenue growth rates would reduce the recoverable amount of goodwill and brand name of the licensing CGU to its carrying amount as follows:

	2018	2017
	%	%
<b>Licensing</b>		
Increase in discount rate	1.6	0.4
Decrease in revenue growth rate	0.9	2.7

A reasonably possible change in the assumptions above would not cause any impairment loss on goodwill allocated to manufacturing and infrastructure CGU.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

19. LONG TERM RECEIVABLES

	Note	Group	
		2018 RM'000	2017 RM'000
Long term receivables	(a)	25,551	33,893
Finance lease receivable	(b)	-	202
		<b>25,551</b>	<b>34,095</b>

(a) Long term receivables

	Group	
	2018 RM'000	2017 RM'000
Long term receivables	43,350	43,350
Less: Impairment losses	(7,799)	(9,457)
	<b>35,551</b>	<b>33,893</b>

Presented in statements of financial position as:

Current	10,000	-
Non-current	25,551	33,893
	<b>33,551</b>	<b>33,893</b>

- (i) Long term receivables are classified as financial assets measured at amortised cost.
- (ii) Included in the long-term receivable is an amount of RM3,350,000 (2017: RM3,350,000) receivable from Leo Hospitality Sdn. Bhd. arising from lease income and business commission receivables which is charged a fixed profit rate of 4.5% per annum over a period of 23 months commenced from April 2017. Sensitivity analysis for fixed rate finance lease receivable at the end of the reporting period is not presented as fixed rate instrument is not affected by change in interest rates. Full allowance for impairment has been recognised in the prior year due to default on payments by the lessee.
- (iii) The remaining long-term receivables represent receivable from redevelopment agreement with Setia Eco Templer Sdn. Bhd. and is repayable over four (4) annual installments commencing 2019.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 19. LONG TERM RECEIVABLES (continued)

##### (a) Long term receivables (continued)

- (iv) The Group recognises lifetime expected credit losses (“ECL”) for long term receivables as disclosed in Note 21 to the financial statements. The reconciliation of movement of impairment loss for long term receivables at the end of each of the reporting period are as follows:

	Group	
	2018 RM'000	2017 RM'000
At 1 January	9,457	7,687
Charge for the financial year	-	3,350
Reversal of impairment losses	(1,658)	(1,580)
At 31 December	7,799	9,457

##### (b) Finance lease receivable

Finance lease receivables represent lease rental and interest receivable in relation to the rental of motor vehicle by the Group.

	Group	
	2018 RM'000	2017 RM'000
<b>Minimum lease receivables:</b>		
Not later than one (1) year	-	30
Later than one (1) year and not later than two (2) years	-	60
Later than two (2) years and not later than five (5) years	-	90
Later than five (5) years	-	91
Total minimum lease payments	-	271
Less: Amounts representing finance charges	-	(49)
Present value of minimum lease payments	-	222
<b>Present value of finance lease receivables:</b>		
Not later than one (1) year	-	20
Later than one (1) year and not later than two (2) years	-	44
Later than two (2) years and not later than five (5) years	-	74
Later than five (5) years	-	84
Present value of minimum lease payments	-	222
Less: Amount due within twelve (12) months	-	(20)
Amount due after twelve (12) months	-	202

In the previous financial year, the finance lease bore interest at the rate of 4.62% per annum. Sensitivity analysis for fixed rate finance lease receivables at the end of the reporting period is not presented as fixed rate instrument is not affected by change in interest rates.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**20. INVENTORIES**

	Group	
	2018 RM'000	2017 RM'000
<b>At cost:</b>		
Raw materials	57,839	35,214
Work-in-progress	5,484	1,075
Finished goods	19,086	13,035
	<b>82,409</b>	<b>49,324</b>

- (a) Inventories are stated at the lower of cost and net realisable value. Cost of inventories consists of purchase price and is determined using the first-in, first-out formula.
- (b) During the financial year, inventories recognised as an expense in cost of sales of the Group is RM293,596,000 (2017: RM 218,047,000).
- (c) During the financial year, inventories written down amounted to RM10,579 (2017: RM268,000), which is recognised as other expenses in the statements of profit or loss.
- (d) In the previous financial year, inventories written off amounted to RM110,000, which was recognised as other expenses in the statements of profit or loss.

**21. TRADE AND OTHER RECEIVABLES**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Non-current</b>				
<b>Other receivable</b>				
Amount due from a subsidiary	-	-	10,262	167,845
<b>Current</b>				
<b>Trade receivables</b>				
Third parties	144,835	81,084	345	506
Related company	91,131	53,622	-	-
Less: impairment loss on third parties	(7,103)	(6,656)	(136)	(136)
Trade receivables, net	<b>228,863</b>	128,050	<b>209</b>	370

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 21. TRADE AND OTHER RECEIVABLES (continued)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Other receivables</b>				
Sundry receivables and deposits	22,755	8,862	999	675
Amounts due from subsidiaries	-	-	180,004	19,929
Amounts due from related companies	20,827	27,531	2,142	2,144
Amount due from an associate	4,000	4,360	-	-
	<b>47,582</b>	<b>40,753</b>	<b>183,145</b>	<b>22,748</b>
Less: Impairment loss				
- others	(161)	(161)	(102)	(102)
- subsidiaries	-	-	(5,049)	(3,750)
	<b>(161)</b>	<b>(161)</b>	<b>(5,151)</b>	<b>(3,852)</b>
Other receivables, net	<b>47,421</b>	<b>40,592</b>	<b>177,994</b>	<b>18,896</b>
Total receivables	<b>276,284</b>	<b>168,642</b>	<b>178,203</b>	<b>19,266</b>
<b>Other current assets</b>				
Goods and services tax ("GST") receivables	3,661	1,390	351	431
Prepayments	13,183	371	1,177	-
	<b>16,844</b>	<b>1,761</b>	<b>1,528</b>	<b>431</b>
Trade and other receivables	<b>293,128</b>	<b>170,403</b>	<b>179,731</b>	<b>19,697</b>

- (a) Total receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables are unsecured and interest-free with normal trade credit terms ranges from 30 to 90 days (2017: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.
- (c) Trade amounts due from related companies are unsecured, interest-free except for an amount of RM77,802,000 (2017: RM38,917,000) bears a fixed profit rate of 10% (2017: 10%) per annum with trade credit terms ranges from 30 days (2017: 30 days). Sensitivity analysis for fixed profit rate at the end of reporting period is not presented as changes in fixed profit rate would not materially affect profit or loss.
- (d) Non-trade amounts due from subsidiaries (current and non-current) represent advances and payment on behalf, which are unsecured, interest-free except for an amount of RM177,143,905 (2017: RM159,293,252) bears a fixed profit rate of 6.10% (2017: 5.45%) per annum and payable within next twelve (12) months. The amount due from a subsidiary under non-current is receivable after twelve (12) months. Sensitivity analysis for fixed profit rate at the end of reporting period is not presented as changes in fixed profit rate would not materially affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

21. TRADE AND OTHER RECEIVABLES (continued)

- (e) Non-trade amounts due from related companies represent advances and payment on behalf, which are unsecured, interest-free and payable within next twelve (12) months.
- (f) Non-trade amount due from an associate represents advances, which is unsecured, bears a fixed profit rate of 4.50% (2017: 4.50%) per annum and repayable within next twelve (12) months. Sensitivity analysis for fixed profit rate at the end of reporting period is not presented as changes in fixed profit rate would not materially affect profit or loss.
- (g) Currency exposure profile of total receivables are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Ringgit Malaysia	203,075	136,872	178,203	19,266
United States Dollar	64,615	24,105	-	-
Singapore Dollar	4,933	5,807	-	-
Euro	2,905	-	-	-
Thailand Baht	545	1,801	-	-
Brunei Darussalam Dollar	67	57	-	-
China Yuan	144	-	-	-
	<b>276,284</b>	<b>168,642</b>	<b>178,203</b>	<b>19,266</b>

- (h) The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the United States Dollar ("USD"), Singapore Dollar ("SGD") and Euro ("EUR") exchange rates being the main foreign currencies of which the Group is exposed to against the functional currencies of the Group, with all other variables held constants:

	Group	
	2018 RM'000	2017 RM'000
<b>(Loss)/Profit net of tax and zakat</b>		
USD/RM - strengthen by 10%	(4,911)	1,832
- weaken by 10%	4,911	(1,832)
SGD/RM - strengthen by 10%	(375)	441
- weaken by 10%	375	(441)
EUR/RM - strengthen by 10%	(221)	-
- weaken by 10%	221	-

The exposures to the other currencies are not significant, hence the effects of the changes in the exchange rates are not presented.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 21. TRADE AND OTHER RECEIVABLES (continued)

- (i) The Group applies the MFRS 9 simplified approach in measuring expected credit losses (“ECL”) which uses a lifetime expected loss allowance for trade receivables. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted to reflect current and forward-looking information such as consumer price index affecting the ability of the customers to settle the receivables.

For all other financial assets, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for the financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result in default events on a financial instrument that are possible within 12 months after the reporting date.

For the purpose of assessing whether the credit risk of the Group has increased significantly since initial recognition, the Group compares the risk of a default occurring at the reporting date with the risk of a default occurring at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that are reasonable and supportable, including historical experience and forward-looking information, which are available without undue cost or effort.

Significant judgement is required in determining the probabilities of default by receivables and appropriate forward looking information in assessing the expected credit loss allowance.

- (j) The ageing analysis of trade receivables of the Group and the Company are as follows:

<b>Group</b>	<b>Gross carrying amount RM'000</b>	<b>Impairment loss RM'000</b>	<b>Net carrying amount RM'000</b>
<b>2018</b>			
Current	77,573	-	77,573
1 to 90 days	103,336	-	103,336
More than 91 days	55,057	(7,103)	47,954
	<b>235,966</b>	<b>(7,103)</b>	<b>228,863</b>
<b>2017</b>			
Current	52,418	-	52,418
1 to 90 days	70,541	-	70,541
More than 91 days	11,747	(6,656)	5,091
	<b>134,706</b>	<b>(6,656)</b>	<b>128,050</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

21. TRADE AND OTHER RECEIVABLES (continued)

(j) The ageing analysis of trade receivables of the Group and the Company are as follows (continued):

Company	Gross carrying amount RM'000	Impairment loss RM'000	Net carrying amount RM'000
<b>2018</b>			
Current	50	-	50
1 to 90 days	159	-	159
More than 91 days	136	(136)	-
	<b>345</b>	<b>(136)</b>	<b>209</b>
<b>2017</b>			
Current	326	-	326
1 to 90 days	44	-	44
More than 91 days	136	(136)	-
	<b>506</b>	<b>(136)</b>	<b>370</b>

(k) The reconciliation of movements of impairment loss for trade and other receivables at the end of each reporting period are as follows:

	Lifetime ECL allowance* RM'000	Group Credit impaired RM'000	Total allowance RM'000	Lifetime ECL allowance* RM'000	Company Credit impaired RM'000	Total allowance RM'000
<b>2018</b>						
<b>Trade receivables</b>						
As at 1 January 2018 under FRS 139	-	6,656	6,656	-	136	136
Effect of adoption of MFRS 9	-	-	-	-	-	-
Opening impairment losses of trade receivables in accordance with MFRS 9	-	6,656	6,656	-	136	136
Charge for the financial year	-	447	447	-	-	-
As at 31 December 2018	-	7,103	7,103	-	136	136
<b>Other receivables</b>						
As at 1 January 2018 under FRS 139	-	161	161	-	102	102
Effect of adoption of MFRS 9	-	-	-	-	-	-
Opening impairment losses of other receivables in accordance with MFRS 9	-	161	161	-	102	102
Charge for the financial year	-	-	-	-	-	-
As at 31 December 2018	-	161	161	-	102	102

\* The effects of expected credit loss is insignificant.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 21. TRADE AND OTHER RECEIVABLES (continued)

- (k) The reconciliation of movements of impairment loss for trade and other receivables at the end of each reporting period are as follows (continued):

	Lifetime ECL allowance* RM'000	Group Credit impaired RM'000	Total allowance RM'000	Lifetime ECL allowance* RM'000	Company Credit impaired RM'000	Total allowance RM'000
<b>2018</b>						
<b>Subsidiaries</b>						
As at 1 January 2018 under FRS 139	-	-	-	-	3,750	3,750
Effect of adoption of MFRS 9	-	-	-	-	-	-
Opening impairment losses of amounts due from subsidiaries in accordance with MFRS 9	-	-	-	-	3,750	3,750
Charge for the financial year	-	-	-	-	1,299	1,299
As at 31 December 2018	-	-	-	-	5,049	5,049
<b>2017</b>						
<b>Trade receivables</b>						
As at 1 January 2017 under FRS 139	-	1,539	1,539	-	136	136
Effect of adoption of MFRS 9	-	-	-	-	-	-
Opening impairment losses of trade receivables in accordance with MFRS 9	-	1,539	1,539	-	136	136
Charge for the financial year	-	5,117	5,117	-	-	-
As at 31 December 2017	-	6,656	6,656	-	136	136
<b>Other receivables</b>						
As at 1 January 2017 under FRS 139	-	161	161	-	102	102
Effect of adoption of MFRS 9	-	-	-	-	-	-
Opening impairment losses of other receivables in accordance with MFRS 9	-	161	161	-	102	102
Charge for the financial year	-	-	-	-	-	-
As at 31 December 2017	-	161	161	-	102	102
<b>Subsidiaries</b>						
As at 1 January 2017 under FRS 139	-	-	-	-	3,750	3,750
Effect of adoption of MFRS 9	-	-	-	-	-	-
Opening impairment losses of amounts due from subsidiaries in accordance with MFRS 9	-	-	-	-	3,750	3,750
Charge for the financial year	-	-	-	-	-	-
As at 31 December 2017	-	-	-	-	3,750	3,750

\* The effects of expected credit loss is insignificant.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**21. TRADE AND OTHER RECEIVABLES (continued)**

- (l) No expected credit loss is recognised arising from other financial assets as the amount is negligible.
- (m) As at the end of each reporting period, trade receivables of the Group are not secured by any collaterals and are not subject to significant risk of concentration. The Group did not renegotiate the terms of any trade receivables at the end of each reporting periods.

**22. CASH AND BANK BALANCES AND SHORT TERM FUNDS**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash on hand and at banks	75,557	50,246	1,552	510
Sinking Fund Trust Account	823	663	-	-
Deposits with licensed banks and financial institutions	65,886	23,877	28,872	1,136
Total cash and bank balances	142,266	74,786	30,424	1,646
Short term funds	24,182	4,258	6,500	-
Cash and bank balances and short term funds	166,448	79,044	36,924	1,646

- (a) Total cash and bank balances are classified as financial assets measured at amortised cost.
- (b) The Sinking Fund Trust Account is maintained in accordance with the provisions of the Trust Deed entered between a subsidiary and the trustee.
- (c) Certain deposits of the Group and of the Company placed with licensed banks amounting to RM31,725,362 (2017: RM6,862,051) and RM26,172,099 (2017: RM1,135,471) respectively, are pledged for credit facilities granted to the Group and the Company as disclosed in Note 32 to the financial statements.
- (d) Deposits with licensed banks of the Group and of the Company have an average maturity period of 340 days and 281 days (2017: 123 days and 87 days) respectively.
- (e) Weighted average effective interest rate of deposits with licensed banks of the Group and of the Company as at the end of each reporting period are as follows:

	Group		Company	
	2018 %	2017 %	2018 %	2017 %
Fixed rate	3.74	2.80	1.79	3.10

Sensitivity analysis for fixed rate deposits with licensed banks at the end of the reporting period is not presented as fixed rate instrument is not affected by change in interest rates.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 22. CASH AND BANK BALANCES AND SHORT TERM FUNDS (continued)

- (f) Short term funds represent money market deposits and are classified as fair value through profit or loss, and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss. The fair value is categorised as Level 1 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.
- (g) Currency exposure profile of cash and bank and short term funds are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Ringgit Malaysia	119,162	53,111	36,924	1,646
United States Dollar	35,463	22,653	-	-
Singapore Dollar	6,101	3,015	-	-
Euro	5,637	31	-	-
Japanese Yen	46	44	-	-
Australian Dollar	21	-	-	-
Hong Kong Dollar	9	181	-	-
Thailand Baht	9	9	-	-
	<b>166,448</b>	<b>79,044</b>	<b>36,924</b>	<b>1,646</b>

- (h) The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the United States Dollar ("USD"), Singapore Dollar ("SGD") and Euro ("EUR") exchange rates being the main foreign currencies of which the Group is exposed to against the functional currencies of the Group, with all other variables held constants:

	Group	
	2018 RM'000	2017 RM'000
<b>(Loss)/Profit net of tax and zakat</b>		
USD/RM - strengthen by 10%	(2,695)	1,722
- weaken by 10%	2,695	(1,722)
SGD/RM - strengthen by 10%	(464)	229
- weaken by 10%	464	(229)
EUR/RM - strengthen by 10%	(428)	2
- weaken by 10%	428	(2)

The exposures to the other currencies are not significant, hence the effects of the changes in the exchange rates are not presented.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

22. CASH AND BANK BALANCES AND SHORT TERM FUNDS (continued)

(i) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the reporting date:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
As reported in statements of financial position	166,448	79,044	36,924	1,646
Less: Deposits with licensed banks with maturity period of more than three (3) months	(381)	(1,085)	-	-
Less: Deposits pledged with licensed banks	(31,725)	(6,862)	(26,172)	(1,136)
Less: Short term funds	(24,182)	(4,258)	(6,500)	-
Less: Sinking Fund Trust Account	(823)	(663)	-	-
As reported in statements of cash flows	109,337	66,176	4,252	510

(j) No expected credit losses were recognised arising from the deposits, cash and bank balances and short term funds because the probability of default by these financial institutions are negligible.

23. NON-CURRENT ASSETS HELD FOR SALE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Property, plant and equipment	24,200	-	103	-

(a) Non-current assets held for sale are in relation to disposal of property, plant and equipment as disclosed in Note 13 to the financial statements.

(b) On the 5 July 2018, the Group had entered into a Sale and Purchase Agreement with Lerttral (Malaysia) Sdn. Bhd. ("Lerttral") to dispose Brisdale International Hotel Sdn. Bhd.'s property to Lerttral. The disposal was completed on 4 February 2019.

On 21 December 2018, the Company had entered into a Sale and Purchase Agreement with a third party to dispose of a building. The disposal is expected to be completed within 12 months from the end of the reporting period.

The property, plant and equipment classified as held for sale at end of the reporting period are as follows:

Group 2018	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	2,968	-	2,968
Building	35,402	(14,453)	20,949
Office equipment, furniture and fittings	1,697	(1,414)	283
	40,067	(15,867)	24,200

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 23. NON-CURRENT ASSETS HELD FOR SALE (continued)

(b) The property, plant and equipment classified as held for sale at the end of the reporting period are as follows (continued):

Company 2018	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Building	313	(210)	103

(c) Certain freehold land and buildings of the Group with carrying amounts of RM2,968,051 and RM20,845,449 respectively have been pledged as securities to banks for loans and borrowings granted to the Group as disclosed in Note 24 to the financial statements.

#### 24. LOANS AND BORROWINGS

	Maturity	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Non-current</b>					
Secured:					
Revolving credits	2020-2023	27,000	-	27,000	-
Obligations under finance leases	2020-2023	2,186	207	-	-
Ijarah Term Financing-i	2020-2021	51,500	77,250	-	-
Term loan I	2020-2021	31,759	48,509	-	-
Term loan II	2020	-	11	-	-
Term loan III	2020-2023	100,000	100,000	100,000	100,000
Term loan IV	2020-2023	10,073	-	10,073	-
Term loan V	2020-2026	178,571	-	-	-
Term loan VII	2020-2025	4,561	-	-	-
		<b>405,650</b>	<b>225,977</b>	<b>137,073</b>	<b>100,000</b>
<b>Current</b>					
Secured:					
Revolving credits	on demand	75,000	39,000	65,000	39,000
Obligations under finance leases	2019	542	51	-	-
Ijarah Term Financing-i	2019	25,750	25,750	-	-
Term loan I	2019	16,750	16,750	-	-
Term loan II	2019	-	130	-	-
Term loan V	2019	21,429	-	-	-
Term loan VI	2019	50,102	-	-	-
Term loan VII	2019	1,671	-	-	-
Trust receipt	2019	14,242	-	-	-
		<b>205,486</b>	<b>81,681</b>	<b>65,000</b>	<b>39,000</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24. LOANS AND BORROWINGS (continued)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Total</b>				
Revolving credits	102,000	39,000	92,000	39,000
Obligations under finance leases	2,728	258	-	-
Ijarah Term Financing-i	77,250	103,000	-	-
Term loan I	48,509	65,259	-	-
Term loan II	-	141	-	-
Term loan III	100,000	100,000	100,000	100,000
Term loan IV	10,073	-	10,073	-
Term loan V	200,000	-	-	-
Term loan VI	50,102	-	-	-
Term loan VII	6,232	-	-	-
Trust receipt	14,242	-	-	-
<b>Total loans and borrowings</b>	<b>611,136</b>	<b>307,658</b>	<b>202,073</b>	<b>139,000</b>

(a) Loan and borrowings are classified as financial liabilities measured at amortised cost.

(b) The remaining maturities of the loans and borrowings as at the end of each of reporting period are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Within one year	205,486	81,681	65,000	39,000
More than one (1) year and less than two (2) years	126,979	42,609	53,398	-
More than two (2) years and less than five (5) years	214,388	158,368	83,675	75,000
More than five (5) years	64,283	25,000	-	25,000
<b>Total</b>	<b>611,136</b>	<b>307,658</b>	<b>202,073</b>	<b>139,000</b>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 24. LOANS AND BORROWINGS (continued)

(c) The weighted average effective interest/profit rates per annum at the reporting date for loans and borrowings are as follows:

	Group		Company	
	2018	2017	2018	2017
	%	%	%	%
<b>Fixed rate</b>				
Obligations under finance leases	4.97	4.33	-	-
<b>Floating rate</b>				
Revolving credits	6.30	4.95	5.79	4.95
Ijarah Term Financing-i Facility	6.30	5.75	-	-
Term loan I	6.25	5.95	-	-
Term loan II	3.00	3.66	-	-
Term loan III	5.15	4.95	5.15	4.95
Term loan IV	5.15	-	5.15	-
Term loan V	5.80	-	-	-
Term loan VI	7.98	-	-	-
Term loan VII	3.33	-	-	-
Trust receipt	4.22	-	-	-

(d) Sensitivity analysis of interest rates for floating rate instruments at the end of the reporting period assuming all other variable remain constant is as follows:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Effect of 100 basis point changes to (loss)/profit net of tax and zakat				
Floating rate instruments	4,624	2,335	1,536	1,056

(e) Revolving credits are secured by way of a legal charge over certain property, plant and equipment and investment properties of the Group and of the Company as disclosed in Notes 13 and 14 to the financial statements.

(f) Ijarah Term Financing-i Facility

In 2016, Perangsang Packaging Sdn. Bhd. ("PPSB"), a wholly-owned subsidiary of the Company has secured an Ijarah Term Financing-i Facility of RM103.0 million to part finance the acquisition cost of Century Bond Bhd. ("CBB").

The tenure of the Ijarah Term Financing-i Facility is five (5) years and matures on 8 November 2021.

The Ijarah Term Financing-i Facility is secured via the following:

- (i) First legal charge over the ordinary shares of CBB;
- (ii) 3<sup>rd</sup> party second charge over a property held under PN 9955, Lot 1702 Section, Town and District of Kuala Lumpur together with a building erected thereon namely Quality Hotel City Centre;
- (iii) Assignment of all dividend income and other income and receivables of capital or revenue in nature received by PPSP from CBB;

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**24. LOANS AND BORROWINGS (continued)**

(f) Ijarah Term Financing-i Facility (continued)

The Ijarah Term Financing-i Facility is secured via the following (continued):

(iv) An irrevocable unconditional letter of undertaking from the Company that proceeds from the disposal of its investment in an associate of up to RM50.0 million shall be remitted into a sinking fund account to be utilised to reduce the facility in an inverse order of maturity; and

(v) Corporate guarantee by the Company.

(g) Term loan I Facility of RM67.0 million

In 2016, PPSB has secured a term loan facility of RM67.0 million to part finance the acquisition cost of CBB.

The tenure of the term loan facility is five (5) years and matures on 8 November 2021.

The term loan facility is secured via the following:

(i) First legal charge over the ordinary shares of CBB;

(ii) 3rd party second charge over a property held under PN 9955, Lot 1702 Section, Town and District of Kuala Lumpur together with a building erected thereon namely Quality Hotel City Centre;

(iii) Assignment of all dividend income and other income and receivables of capital or revenue in nature received by PPSB from CBB;

(iv) An irrevocable unconditional letter of undertaking from the Company that proceeds from the disposal of its investment in an associate of up to RM50.0 million shall be remitted into a sinking fund account to be utilised to reduce the facility in an inverse order of maturity; and

(v) Corporate guarantee by the Company.

(h) Term loan II facility of RM0.7 million

Kyco Industries, Inc (“Kyco”), a wholly-owned subsidiary of Kaiserkorp Corporation Sdn Bhd (“Kaiserkorp”) had secured a term loan facility of RM0.7 million to finance the purchase of warehouse equipment.

The tenure of the term loan facility is five (5) years and matures on 22 January 2020.

The term loan II facility is secured via the following:

(i) Assignment of all rights, title, interest and guarantee in relation to the KingKoil® trademark as in the Exclusivity Agreement entered between Kyco and a third party;

(ii) Assignment of proceeds arising from royalty/licensing fees and other related fees as spelled out in the Exclusivity Agreement and to be received by Kyco in relation to the KingKoil® trademark;

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

### 24. LOANS AND BORROWINGS (continued)

(h) Term loan II facility of RM0.7 million (continued)

The term loan II facility is secured via the following (continued):

- (iii) Fixed charge over certain warehouse equipments of Kyco; and
- (iv) First legal charge over the Designated Accounts and monies standing to the credit of the Designated Accounts of Kyco.

Term loan II was fully settled during the financial year.

(i) Term loan III facility of RM100.0 million

The Company has secured a Tawarruq Facility of RM100.0 million for working capital purposes.

The tenure of the Tawarruq Facility is six (6) years and matures on 15 November 2023.

The Tawarruq Facility is secured via the following:

- (i) First legal party charge over a property held under HS(D) 92260, PT 6, Town and District of Shah Alam together with a building erected thereon namely Plaza Perangsang; and
- (ii) Irrevocable letter of instruction issued by Cash Band (M) Berhad to Setia Eco Templer Sdn. Bhd. in respect on long term receivables disclosed in Note 19 to the financial statements.

(j) Term loan IV facility of RM13.0 million

During the financial year, the Company has utilised part of the Tawarruq Facility of RM13.0 million for refurbishment cost of Plaza Perangsang.

The tenure of the Tawarruq Facility is five (5) years and matures on 28 March 2023.

The Tawarruq Facility is secured via first legal party charge over a property held under HS(D) 92260, PT 6, Town and District of Shah Alam together with a building erected thereon namely Plaza Perangsang.

(k) Term loan V facility of RM200.0 million

During the financial year, Perangsang Dinamik Sdn. Bhd. ("PDSB"), a wholly-owned subsidiary of the Company has secured a Murabahah Tawarruq Term Financing-i of RM200.0 million to part finance the acquisition cost of CPI.

The tenure of the term loan facility is eight (8) years and matures on 27 March 2026.

The Murabahah Tawarruq Term Financing-i is secured via the following:

- (i) First legal charge over the shares of CPI;
- (ii) First party debenture by way of fixed and floating charge over all PDSB's present and future assets;
- (iii) First party deed of assignment and charge over dividend income from CPI;
- (iv) First party deed of assignment and charge over Designated Accounts to be opened and maintained by the PDSB;

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24. LOANS AND BORROWINGS (continued)

- (k) Term loan V facility of RM200.0 million (continued)

The Murabahah Tawarruq Term Financing-i is secured via the following (continued):

- (v) Deed of assignment and charge other relevant arrangement over a differential amount between retention sum and profit guarantee;
- (vi) Irrecoverable and unconditional letter of undertaking from the Company to honour any shortfall of PDSB's financing obligations;
- (vii) Negative pledge by CPI in favour of the financier; and
- (viii) Corporate guarantee by the Company.

- (l) Term loan VI facility of RM120.0 million

During the financial year, KPS-HCM Sdn Bhd ("KPS-HCM"), a wholly-owned subsidiary of the Company has secured a Business Cash Line-I Facility of RM120.0 million to part finance the infrastructure works for the development of Phase 3C, Pulau Indah Industrial Park, Selangor.

The tenure of the Business Cash Line-I Facility is one (1) year or twelve (12) months subject to yearly review.

The Business Cash Line-I Facility is secured via the following:

- (i) Legal Assignment via Tripartite Agreement between KPS-HCM, Central Spectrum (M) Sdn. Bhd. and the financier to remit the contract proceeds directly to KPS-HCM's Non Checking Account with the financier;
- (ii) Collection of 5% sinking fund from every contract proceeds or progress payment received; and
- (iii) Corporate Guarantee by the Company and non-controlling interest.

- (m) Term loan VII facility of RM7.3 million

During the financial year, King Koil Manufacturing West, LLC has secured a loan of RM3.5 million for the purpose of working capital and financing for the leasehold plant of RM3.8 million. The average interest rate for the borrowings secured is 3.33% with a loan tenure of two (2) to seven (7) years.

- (n) On 4 February 2019, the Ijarah Term Financing-i Facility of RM103.0 million and Term Loan I facility of RM67.0 million were fully settled while Term Loan V was partially settled from proceeds of SUKUK issued by Perangsang Capital Sdn. Bhd., a wholly-owned subsidiary of the Company.

- (o) Currency exposure profile of loan and borrowings are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Ringgit Malaysia	604,904	307,517	202,073	139,000
United States Dollar	6,232	141	-	-
	<b>611,136</b>	<b>307,658</b>	<b>202,073</b>	<b>139,000</b>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 24. LOANS AND BORROWINGS (continued)

- (p) The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the United States Dollar (“USD”) exchange rates against the functional currencies of the Group, with all other variables held constants:

	Group	
	2018	2017
	RM'000	RM'000
<b>(Loss)/Profit net of tax and zakat</b>		
USD/RM - strengthen by 10%	474	(11)
- weaken by 10%	(474)	11

- (q) Fair value of loan and borrowings that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value.

	Group	
	Carrying amount	Fair value
	RM'000	RM'000
<b>At 31 December 2018</b>		
Obligations under finance leases	2,728	2,714
<b>At 31 December 2017</b>		
Obligations under finance leases	258	312

Fair values of the obligation under finance leases are estimated by discounting future contracted cash flows at the current market interest rate available to the Group for similar financial instruments.

The carrying amounts of loans and borrowings, except for fixed rate obligations under finance leases are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

Fair value of the loans and borrowings of the Group and of the Company are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24. LOANS AND BORROWINGS (continued)

(r) The table below summarises the maturity profile of the Group's and the Company's loans and borrowings at the reporting date based on contractual undiscounted repayment obligations:

Group	On demand or within one year RM'000	One to five years RM'000	Over five years RM'00	Total RM'000
<b>2018</b>				
Revolving credits	81,423	28,562	-	109,985
Obligations under finance leases	676	2,430	-	3,106
Ijarah Term Financing-i	30,617	56,367	-	86,984
Term loans	114,459	292,878	68,011	475,348
Trust receipt	14,843	-	-	14,843
Total undiscounted financial liabilities	242,018	380,237	68,011	690,266
<b>2017</b>				
Revolving credits	40,931	-	-	40,931
Obligations under finance leases	65	126	121	312
Ijarah Term Financing-i	31,672	84,653	-	116,325
Term loans	25,718	138,196	26,237	190,151
Total undiscounted financial liabilities	98,386	222,975	26,358	347,719
<b>Company</b>				
<b>2018</b>				
Revolving credits	70,323	28,562	-	98,885
Term loans	5,669	120,051	-	125,720
Total undiscounted financial liabilities	75,992	148,613	-	224,605
<b>2017</b>				
Revolving credits	40,931	-	-	40,931
Term loans	4,950	84,900	26,237	116,087
Total undiscounted financial liabilities	45,881	84,900	26,237	157,018

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**24. LOANS AND BORROWINGS (continued)**

(s) Reconciliation of liabilities arising from financing activities

Group	Revolving credits and trust receipt RM'000	Ijarah Term Financing-i RM'000	Term loans RM'000	Obligation under finance leases RM'000	Total RM'000
As at 1 January 2017	108,000	103,000	56,291	88	267,379
Cash flows:					
Drawdowns	-	-	141,259	-	141,259
Repayments	(69,000)	-	(32,150)	(52)	(101,202)
Non-cash flows:					
- Acquisition of property, plant and equipment (Note 13)	-	-	-	222	222
As at 31 December 2017/1 January 2018	39,000	103,000	165,400	258	307,658
Cash flows:					
Drawdowns	257,988	-	274,914	-	532,902
Repayments	(180,746)	(25,750)	(32,582)	(272)	(239,350)
Non-cash flows:					
- Acquisition of property, plant and equipment (Note 13)	-	-	7,337	2,947	10,284
- Disposal of a subsidiary (Note 15)	-	-	-	(205)	(205)
- Exchange differences	-	-	(153)	-	(153)
<b>As at 31 December 2018</b>	<b>116,242</b>	<b>77,250</b>	<b>414,916</b>	<b>2,728</b>	<b>611,136</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24. LOANS AND BORROWINGS (continued)

(s) Reconciliation of liabilities arising from financing activities (continued):

Company	Revolving credits and trust receipt RM'000	Term loans RM'000	Total RM'000
As at 1 January 2017	108,000	-	108,000
Cash flows:			
Drawdowns	-	100,000	100,000
Repayments	(69,000)	-	(69,000)
As at 31 December 2017/1 January 2018	39,000	100,000	139,000
Cash flows:			
Drawdowns	222,000	10,073	232,073
Repayments	(169,000)	-	(169,000)
<b>As at 31 December 2018</b>	<b>92,000</b>	<b>110,073</b>	<b>202,073</b>

25. DEFERRED TAX

(a) The deferred tax assets/(liabilities) are made up of the followings:

	Group	
	2018 RM'000	2017 RM'000
As at 1 January	(62,414)	(69,329)
Recognised in profit or loss (Note 10)	(1,283)	1,134
Acquisition of a subsidiary (Note 15)	(3,811)	(62)
Exchange differences	(1,481)	5,843
At 31 December	(68,989)	(62,414)
Presented after appropriate offsetting as follows:		
Deferred tax assets	353	477
Deferred tax liabilities	(69,342)	(62,891)
	(68,989)	(62,414)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 25. DEFERRED TAX (continued)

- (b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

##### Deferred tax liabilities of the Group:

	Intangible assets RM'000	Property, plant and equipment RM'000	Provision and others RM'000	Offsetting RM'000	Total RM'000
As at 1 January 2018	(59,149)	(4,056)	(913)	1,227	(62,891)
Recognised in profit or loss	314	(1,685)	913	(701)	(1,159)
Acquisition of a subsidiary (Note 15)	-	(3,811)	-	-	(3,811)
Exchange differences	(1,481)	-	-	-	(1,481)
<b>As at 31 December 2018</b>	<b>(60,316)</b>	<b>(9,552)</b>	<b>-</b>	<b>526</b>	<b>(69,342)</b>
As at 1 January 2017	(64,075)	(4,745)	(1,473)	631	(69,662)
Recognised in profit or loss	(888)	699	562	596	969
Acquisition of a subsidiary (Note 15)	-	(62)	-	-	(62)
Exchange differences	5,814	52	(2)	-	5,864
<b>As at 31 December 2017</b>	<b>(59,149)</b>	<b>(4,056)</b>	<b>(913)</b>	<b>1,227</b>	<b>(62,891)</b>

##### Deferred tax assets of the Group:

	Tax losses and unabsorbed capital allowances RM'000	Accrued lease rental RM'000	Others RM'000	Offsetting RM'000	Total RM'000
As at 1 January 2018	789	146	769	(1,227)	477
Recognised in profit or loss	(342)	-	(483)	701	(124)
<b>As at 31 December 2018</b>	<b>447</b>	<b>146</b>	<b>286</b>	<b>(526)</b>	<b>353</b>
As at 1 January 2017	154	296	514	(631)	333
Recognised in profit or loss	635	(129)	255	(596)	165
Exchange difference	-	(21)	-	-	(21)
<b>As at 31 December 2017</b>	<b>789</b>	<b>146</b>	<b>769</b>	<b>(1,227)</b>	<b>477</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

25. DEFERRED TAX (continued)

- (c) The temporary differences for which no deferred tax asset has been recognised in the statements of financial position are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unutilised tax losses	119,648	116,361	51,497	48,421
Unabsorbed capital allowances	58,043	56,448	7,902	5,491
Other deductible temporary differences	9,148	8,897	(1,760)	(3,948)
	<b>186,839</b>	181,706	<b>57,639</b>	49,964

Deferred tax assets have not been recognised in respect of unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Group and the Company were able to recognise all unrecognised deferred tax assets, the retained earnings would increase by RM44,841,000 (2017: RM43,609,000) and RM13,833,000 (2017: RM11,991,000) respectively.

For the Malaysian entities, the unutilised tax losses and unutilised capital allowances up to the year of assessment 2018 shall be deductible until year of assessment 2025. The unutilised tax losses and unutilised capital allowances for the year of assessment 2019 onwards expires in seven (7) years.

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Non-current</b>				
Other payable	51,424	-	51,424	-
<b>Current</b>				
Trade payables	111,984	86,722	914	1,380

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 26. TRADE AND OTHER PAYABLES (continued)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Current (continued)</b>				
<b>Other payables</b>				
Accruals	17,544	18,099	4,040	4,493
Sundry payables	30,089	12,349	5,698	3,530
Amount due to immediate holding company	203	203	-	-
Amount due to related companies	9,583	26	9,583	26
Amounts due to subsidiaries	-	-	6,664	2,574
	<b>57,419</b>	<b>30,677</b>	<b>25,985</b>	<b>10,623</b>
	<b>169,403</b>	<b>117,399</b>	<b>26,899</b>	<b>12,003</b>
GST payables	652	1,081	-	-
	<b>170,055</b>	<b>118,480</b>	<b>26,899</b>	<b>12,003</b>
Total trade and other payables excluding GST payables	<b>220,827</b>	<b>117,399</b>	<b>78,323</b>	<b>12,003</b>

- (a) Total trade and other payables, excluding GST payables are classified as financial liabilities measured at amortised cost.
- (b) The normal trade credit terms granted to the Group and the Company range from 30 to 120 days (2017: 30 to 120 days). These amounts are non-interest bearing.
- (c) Other payable under non-current liabilities represents contingent consideration including interest accrued payable to vendor of CPI as disclosed in Note 15 of the financial statements.
- (d) Sundry payables are non-interest bearing and normally settled on an average term of 30 to 90 days (2017: 30 to 90 days).
- (e) The amounts due to immediate holding company, related companies and subsidiaries are unsecured, non-interest bearing and payable within the next twelve (12) months.
- (f) Currency exposure profile of total payables are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Ringgit Malaysia	137,688	91,010	26,899	12,003
United States Dollar	25,753	16,048	-	-
Singapore Dollar	602	3,382	-	-
Euro	5,568	7,903	-	-
Chinese Yuan	432	-	-	-
Hong Kong Dollar	12	-	-	-
Brunei Dollar	-	137	-	-
	<b>170,055</b>	<b>118,480</b>	<b>26,899</b>	<b>12,003</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

26. TRADE AND OTHER PAYABLES (continued)

- (g) The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the United States Dollar (“USD”), Euro (“EUR”) and Singapore Dollar (“SGD”) exchange rates against the functional currencies of the Group, with all other variables held constants:

	Group	
	2018 RM'000	2017 RM'000
<b>(Loss)/Profit net of tax and zakat</b>		
USD/RM - strengthen by 10%	(1,957)	1,220
- weaken by 10%	1,957	(1,220)
EUR/RM - strengthen by 10%	(423)	601
- weaken by 10%	423	(601)
SGD/RM - strengthen by 10%	(46)	257
- weaken by 10%	46	(257)

The exposures to the other currencies are not significant, hence the effects of the changes in the exchange rates are not presented.

- (h) Maturity profile of trade and other payables of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one (1) year, except for an amount of RM51,424,000, which is payable within the next twenty-four (24) months.

27. CONTRACT LIABILITIES

	Group	
	2018 RM'000	2017 RM'000
<b>Current</b>		
Unsatisfied performance obligations in respect of:		
Deferred income	8,490	-

- (a) The Group provides moulding tools fabrication services on contract basis for manufactured product sold to customers. Deferred income represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structure and/or negotiated with customers to reflect physical completion of the contracts. Contract liabilities are recognised as revenue when performance obligations are satisfied.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 27. CONTRACT LIABILITIES (continued)

(b) Movement of contract liabilities as at the end of each reporting period are as follows:

	Group	
	2018 RM'000	2017 RM'000
As at 1 January	-	-
Acquisition of a subsidiary (Note 15)	2,263	-
Invoiced during the year	6,227	-
As at 31 December	8,490	-

(c) Revenue of RM8,490,000 is expected to be recognised within the next twelve (12) months in the future in respect of unsatisfied contract liabilities as at the end of the reporting period.

#### 28. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2018 '000	2017 '000	2018 RM'000	2017 RM'000
<b>Issued and fully paid:</b>				
As at 1 January	499,004	499,004	538,092	499,004
Transfer from share premium account pursuant to the Companies Act 2016 (Note 29)	-	-	-	39,088
Issuance of bonus shares	38,381	-	-	-
Expenses incurred for issuance of bonus shares	-	-	(165)	-
As at 31 December	537,385	499,004	537,927	538,092

(a) During the financial year, the number of issued and paid up ordinary shares of the Company was increased from 499,004,119 to 537,385,383 ordinary shares by way of issuance of bonus issue of 38,381,264 new ordinary shares on the basis of one (1) new ordinary share for every thirteen (13) existing ordinary shares held in the Company.

The newly issued ordinary shares ranked pari passu in all respects with the existing shares of the Company. There were no other issues of shares or debentures during the financial year.

(b) The owners of the Company are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meeting of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**28. SHARE CAPITAL (continued)**

- (c) In the previous financial year, with the introduction of the Companies Act 2016 effective 31 January 2017, the concepts of authorised share capital and par value of share capital have been abolished. Consequently, balance within the share premium account of RM39,088,000 has been transferred to the share capital account pursuant to the transitional provisions set out in Section 618(2) of the Companies Act 2016. Notwithstanding this provision, the Company may utilise its share premium account for purposes stipulated in Section 618(3) of the Companies Act 2016 for a transitional period of twenty four (24) months from 31 January 2017. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the member as a result of this transition.

As at the end of reporting period, the Company has unutilised share premium account amounting to RM541,698 (2017: RM39,087,843).

**29. RESERVES**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Non-distributable</b>				
Foreign currency translation reserve	1,141	(976)	-	-
<b>Distributable</b>				
Retained earnings	595,140	824,463	84,265	124,474
	<b>596,281</b>	<b>823,487</b>	<b>84,265</b>	<b>124,474</b>

- (a) Foreign currency translation reserve

The foreign currency translation reserve represents the exchange differences arising from the translation of the financial statements of foreign operations of the subsidiaries whose functional currencies are different from that of the Group's presentation currency and the exchange differences arising from translation of intangible assets and goodwill denominated in foreign currencies.

- (b) Retained earnings

The entire retained earnings of the Company as at 31 December 2018 and 31 December 2017 may be distributed as dividend under the single-tier system.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 30. RELATED PARTY DISCLOSURES

##### (a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) direct and indirect subsidiaries as disclosed in Note 15 to the financial statements;
  - (ii) associates as disclosed in Note 16 to the financial statements;
  - (iii) direct and indirect subsidiaries and associates of the ultimate holding corporation, Menteri Besar Selangor (Pemerbadanan); and
  - (iv) key management personnel are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel include the Executive Directors of the Group and of the Company;
- (b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Construction revenue from a related company:				
- Central Spectrum (M) Sdn. Bhd.	72,194	36,708	-	-
Rental income received from immediate holding company:				
- Kumpulan Darul Ehsan Berhad	-	13	-	-
Rental income received from a related company:				
- Konsortium Abass Sdn. Bhd.	-	46	-	46

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

30. RELATED PARTY DISCLOSURES (continued)

- (b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year (continued):

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Sale of products to subsidiaries of non-controlling interest:				
- Sungai Harmoni Sdn. Bhd.	17,417	16,228	-	-
- Taliworks (Langkawi) Sdn. Bhd.	1,430	1,803	-	-
Sale of products to related companies:				
- Konsortium Air Selangor Sdn. Bhd.	1,144	1,056	-	-
- PNSB Water Sdn. Bhd.	38,604	35,945	-	-
- Konsortium Abass Sdn. Bhd.	8,189	9,136	-	-
- Pengurusan Air Selangor Sdn. Bhd.	964	-	-	-
- KDEB Waste Management Sdn. Bhd.	-	14	-	-
- Hebat Abadi Sdn. Bhd.	-	11	-	-

The related party transactions described above were carried out on agreed contractual terms and conditions and in the ordinary course of business between the related parties of the Group and of the Company.

- (c) Compensation of key management personnel

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Total Directors' Remuneration (Note 9)	2,299	1,755	1,211	1,072

**Other key management personnel:**

Salaries, wages and bonuses	7,188	5,036	3,068	2,571
Fees and allowances	216	162	216	112
Defined contribution plan	585	434	398	337
Other employee benefits	154	76	81	76
	8,143	5,708	3,763	3,096
	10,442	7,463	4,974	4,168

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 31. COMMITMENTS

##### (a) Operating lease commitments - as lessor

The Group and the Company entered into commercial property leases on their investment properties. These non-cancellable leases have remaining lease terms of between one (1) to five (5) (2017: one (1) to nineteen (19)) years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

The Group's and the Company's future minimum rentals receivable under non-cancellable operating leases at the end of each reporting date are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Not later than one (1) year	6,887	10,357	5,279	8,197
Later than one (1) year but not later than five (5) years	10,244	15,038	1,142	6,398
Later than five (5) years	-	28,440	-	-
	<b>17,131</b>	<b>53,835</b>	<b>6,421</b>	<b>14,595</b>

##### (b) Operating lease commitments - as lessee

The Group entered into non-cancellable commercial arrangements with its third parties on rental of office space and showroom. These leases have remaining lease terms of between one (1) to two (2) years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

The Group's future minimum rentals payable under non-cancellable operating leases at the end of each reporting date are as follows:

	Group	
	2018 RM'000	2017 RM'000
Not later than one (1) year	2,929	3,344
Later than one (1) year but not later than five (5) years	1,220	3,651
	<b>4,149</b>	<b>6,995</b>

##### (c) Capital commitments

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Capital expenditure in respect of purchase of property, plant and equipment:				
Approved but not contracted for	30,719	43,464	19,800	24,400
Approved and contracted for	32,242	9,507	-	-
	<b>62,961</b>	<b>52,971</b>	<b>19,800</b>	<b>24,400</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**32. GUARANTEES AND CONTINGENT LIABILITIES**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
(a) Secured:				
(i) Provision of corporate guarantee for an associate:				
For financing/refinancing of the credit facilities for the purchase consideration of business and identifiable assets	8,815	20,729	-	-
Working capital and issuance of bank guarantees	43,872	28,000	-	-
(ii) Provision of corporate guarantee for subsidiaries:				
For financing of the loan and borrowings	-	-	376,491	168,259
(b) Unsecured:				
- Performance guarantees to third parties	677	677	677	677

The Group and the Company designate guarantees given to third parties in respect of trade and contracts and to financial institutions for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group and the Company recognise these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Directors are of the view that the chances of the third parties and financial institutions to call upon the guarantees are remote.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 33. CAPITAL AND FINANCIAL RISK MANAGEMENT

##### (a) Capital management

The primary objective of the Group's capital management is to ensure that it maintains an optimal capital structure in order to support its business and maximise shareholders' value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust its capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2018 and 31 December 2017.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group includes within its net debt, trade and other payables, loans and borrowings less cash and bank balances and short term funds. Capital includes equity attributable to the owners of the parent.

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade and other payables	221,479	118,480	78,323	12,003
Loans and borrowings	611,136	307,658	202,073	139,000
Less: Cash and bank balances and short term funds	(166,448)	(79,044)	(36,924)	(1,646)
Net debt	666,167	347,094	243,472	149,357
Total capital, equity attributable to the owners of the parent	1,134,208	1,361,579	622,192	662,566
Capital and net debt	1,800,375	1,708,673	865,664	811,923
Gearing ratio	37%	20%	28%	18%

##### (b) Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, profit/interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are regularly reviewed by the Audit Committee.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**33. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)**

## (b) Financial risk management (continued)

The following sections provide details regarding the Group's and the Company's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

## (i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

As at the end of the reporting period, the maximum exposure to credit risk and credit risk profiles of the Group and of the Company have been disclosed in Note 21 to the financial statements.

## (ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The exposure to liquidity risk of the Group and of the Company arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group and the Company maintain sufficient levels of cash to meet its working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities at a reasonable level to its overall debt position.

At the reporting date, approximately 34% (2017: 27%) and 32% (2017: 28%) of the Group's and the Company's loans and borrowings as disclosed in Note 24 to financial statements matures in less than one (1) year based on the carrying amount reflected in the financial statements.

The analysis of financial instruments by remaining contractual activities has been disclosed in Note 24 and Note 26 to the financial statements respectively.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

### 33. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

#### (b) Financial risk management (continued)

##### (iii) Profit/interest rate risk

Profit/interest rate risk is the risk that the fair value or future cash flows of the Group and of the Company financial instruments fluctuates because of changes in profit/interest rates..

The exposure to profit/interest rate risk of the Group and of the Company arises primarily from their loans and borrowings. The Group and of the Company has both short and long term debts. The tenure of the debts is matched against its underlying assets. For short term working capital requirements, the cost of borrowings is principally on floating rate basis.

In addition, the Group has borrowed on a long term basis where the cost of borrowings are matched to the tenure of the underlying assets. These borrowings are based on Islamic principle and are not subject to profit/interest rate risk.

It is the Group's policy not to trade in profit/interest rate swap agreements.

The profit/interest rate profile and sensitivity analysis of profit/interest rate risk have been disclosed in Note 19, Note 21, Note 22 and Note 24 to the financial statements respectively.

##### (iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales and purchases that are denominated in a currency other than Ringgit Malaysia ("RM"). The foreign currencies in which these transactions are denominated are mainly United States Dollar ("USD"), Great Britain Pound ("GBP"), Singapore Dollar ("SGD"), Euro ("EUR") and Thailand Baht ("THB").

The Group has introduced its foreign exchange policy to minimise the adverse exchange rate fluctuations. Currency exposure arising from the Group's import of goods from various countries is managed by using foreign currency forward contracts with maturities of less than twelve (12) months, to hedge against fluctuation in the foreign currency exchange rate. The Group uses foreign currency forward contracts for this purpose only.

The sensitivity analysis for foreign currency risk has been disclosed in Note 21, Note 22, Note 24 and Note 26 to the financial statements respectively.

### 34. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has six (6) key reportable operating segments as follows:

- Investment holding
- Infrastructure and utilities
- Manufacturing
- Licensing
- Trading
- Oil and gas

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

34. SEGMENT INFORMATION (continued)

	2018							Consolidated RM'000	
	Investment holding RM'000	Infrastructure and utilities RM'000	Manufacturing RM'000	Licensing RM'000	Trading RM'000	Oil & gas RM'000	Others RM'000		Adjustments and eliminations RM'000
<b>Revenue</b>									
External revenue	9,013	73,093	357,548	30,335	111,068	-	1,256	-	582,313
Inter-segment	82,589	19,314	-	-	-	-	-	(101,903)	A
	91,602	92,407	357,548	30,335	111,068	-	1,256	(101,903)	582,313
<b>Results:</b>									
Profit rate/interest income	11,047	4,479	1,085	196	422	-	4,211	(10,019)	11,421
Depreciation and amortisation	4,551	312	10,443	655	108	-	2,715	236	19,020
Finance costs	40,110	2,264	472	689	6	-	-	(10,019)	33,522
Share of results of associates	-	(208,401)	-	-	-	12,136	(1,310)	-	(197,575)
Segment profit/(loss)	54,873	5,068	42,793	20,084	9,395	-	3,015	(314,867)	(179,639)
<b>Assets:</b>									
Investments in associates	929,891	-	-	-	-	-	-	-	929,891
Additions to:									
Property, plant and equipment	815	2,247	37,485	239	277	-	-	-	41,063
Investment properties	4,316	-	-	-	-	-	-	-	4,316
Intangible assets	-	-	-	306	-	-	-	-	306
Segment assets	1,450,792	95,436	386,307	168,879	69,796	-	79,029	(93,116)	2,157,123
<b>Liabilities:</b>									
Segment liabilities	268,841	33,968	80,284	4,970	30,440	-	6,319	489,663	914,485



**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**34. SEGMENT INFORMATION (continued)**

	Investment holding		Infrastructure and utilities		Manufacturing		Licensing		Trading		Oil & gas		Others		Adjustments and eliminations		Note	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>2017</b>																		
<b>Revenue</b>																		
External revenue	9,402	40,873	174,064	35,818	101,338	-	-	-	-	-	-	-	-	-	-	-	-	361,495
Inter-segment	88,121	-	-	-	-	-	-	-	-	-	-	-	-	-	(88,121)	-	A	-
	97,523	40,873	174,064	35,818	101,338	-	-	-	-	-	-	-	-	-	(88,121)	-		361,495
<b>Results:</b>																		
Profit rate/interest income	595	233	679	142	408	-	-	-	-	-	-	-	-	-	-	-	-	2,057
Depreciation and amortisation	7,300	56	5,078	985	117	-	-	-	-	-	-	-	-	-	234	-	-	13,770
Finance costs	25,453	14	5	8	35	-	-	-	-	-	-	-	-	-	(9,455)	-	-	16,060
Share of results of associates	-	84,779	-	-	-	-	-	-	-	-	11,153	-	-	-	(1,257)	-	-	94,675
Segment profit/(loss)	67,476	1,379	7,611	853	10,593	-	-	-	-	-	-	-	-	-	(18,026)	-	-	69,886
<b>Assets:</b>																		
Investment in associates	1,171,698	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,171,698
Additions to:																		
Property, plant and equipment	2,611	6	426	114	763	-	-	-	-	-	-	-	-	-	271	-	-	4,191
Investment properties	8,295	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,295
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	180
Segment assets	1,191,518	45,537	165,408	147,229	62,298	-	-	-	-	-	-	-	-	-	332,932	-	B	1,944,922
<b>Liabilities:</b>																		
Segment liabilities	197,945	36,751	36,567	9,022	27,379	-	-	-	-	-	-	-	-	-	182,712	-	C	490,376

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**34. SEGMENT INFORMATION (continued)**

Other operations of the Group mainly comprise management services, which are not of a sufficient size to be reported separately.

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

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 operating profit or loss, which in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

A Inter-segment revenues are eliminated on consolidation.

B The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Investments in associates	<b>929,891</b>	1,171,698
Deferred tax assets	<b>353</b>	477
Current tax assets	<b>6,853</b>	1,730
Inter-segment assets	<b>(1,030,213)</b>	(840,973)
	<b>(93,116)</b>	332,932

C The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Deferred tax liabilities	<b>69,342</b>	62,891
Current tax liabilities	<b>4,038</b>	1,347
Loans and borrowings	<b>611,136</b>	307,658
Inter-segment liabilities	<b>(194,853)</b>	(189,184)
	<b>489,663</b>	182,712

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 35. SIGNIFICANT AND SUBSEQUENT EVENTS

##### (a) Termination of Lease Agreement with Leo Hospitality Sdn. Bhd. (“LEO”)

On 17 January 2018, Perangsang Hotel and Properties Sdn. Bhd. (“PHP”), an indirect subsidiary of the Company has terminated its Lease Agreement with LEO due to default in payments for sales commission fee and lease fee by LEO. The vacant possession of the premise has been delivered to PHP on 19 March 2018.

##### (b) Incorporation of King Koil Manufacturing West, LLC (“KKMW”)

Kyco Industries, Inc. (“Kyco”), an indirect 60%-owned subsidiary of the Company, had on 22 January 2018 formed a wholly-owned subsidiary named KKMW under the Delaware Limited Liability Company Act of the State of Delaware, the United States of America. Subsequently, a Members’ Agreement was signed on 29 January 2018 with a US-based partner on a 60:40 equity basis on a total initial capital contribution of USD3.3 million (approximately RM13.0 million). Kyco’s portion of the investment is funded via internally generated funds.

The principal activities of KKMW are to carry out the business of the production, sale and distribution of mattresses, related bedding and sleep products as well as any other activities necessary or incidental thereto as disclosed in Note 15 to the financial statements.

##### (c) Acquisition of 100% equity interest in CPI by the Company and its nominee, Perangsang Dinamik Sdn Bhd (“PDSB”), a wholly-owned subsidiary of the Company

On 14 February 2018, the Company and PDSB, had entered into a conditional share sale agreement with HK Resources Sdn. Bhd., TCS Resources Sdn. Bhd. (“TCSR”) and Mr. Lim Lai Chin, the Chief Executive Officer of CPI as the primary obligor for the Profit Guarantee and TCSR, whereby the Company agreed to acquire 10,000,000 ordinary shares in CPI, representing 100% of the issued share capital of CPI for a total purchase consideration of RM250.0 million (“SSA”), upon completion of the terms and conditions contained in the SSA (“Acquisition”).

Perangsang Selangor nominated its wholly-owned subsidiary, PDSB to be the purchaser and transferee of the Sale Shares in respect of the Acquisition.

On 16 March 2018, the SSA became unconditional and the Acquisition was completed on 27 March 2018.

Following the completion of the Acquisition, CPI became an indirect subsidiary of the Company. Accordingly, PCM Manufacturing Sdn. Bhd., a 60%-owned subsidiary of CPI, also became an indirect subsidiary of the Company as disclosed in Note 15 to the financial statements.

##### (d) Internal re-organisation of an indirect subsidiary, Hongda Century Packaging and Printing Sdn. Bhd. (“Hongda”) (formerly known as Imej Harmoni Sdn. Bhd.)

Multiview Enterprises Sdn. Bhd. (“Multiview”) had on 15 March 2018 transferred its 100% shareholding in Hongda to Pro Pulp Packages Sdn. Bhd. (“Pro Pulp”).

Multiview and Pro Pulp are the wholly-owned subsidiaries of Century Bond Bhd., which is an indirect 98.9% owned subsidiary of the Company as disclosed in Note 15 to the financial statements.

##### (e) Bonus issue of new ordinary shares in the Company

On 30 March 2018, the Company undertook a bonus issue of new ordinary shares in the Company on the basis of one (1) bonus share for every thirteen (13) existing shares (“Bonus Issue”).

Listing application was submitted to Bursa Securities on 12 April 2018. Bursa Securities had approved the listing vide its letter dated 23 April 2018.

The Bonus Issue was approved by the shareholders at the EGM held on 24 May 2018. Subsequently, bonus issue of 38,381,264 of new ordinary shares for existing shares in the Company held on 11 June 2018 has been listed and quoted on the Main Market of Bursa Securities as disclosed in Note 28 to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**35. SIGNIFICANT AND SUBSEQUENT EVENTS (continued)**
**(f) Extension of Aqua-Flo Sdn. Bhd.'s ("Aqua Flo") contracts for the supply and delivery of water chemicals**

Aqua Flo received a Letter of Extension dated 3 May 2018 from PNSB Water Sdn. Bhd., Konsortium ABASS Sdn. Bhd. and Konsortium Air Selangor Sdn. Bhd. ("Air Selangor Group") to extend the duration for the supply and delivery of water chemicals to Air Selangor Group for a further period of five (5) and a half months from 16 May 2018 and expiring on 31 October 2018. The estimated value of the extended contract is RM25.1 million.

**(g) Acceptance of letter of award by Smartpipe Technology Sdn. Bhd. ("SPT")**

On 2 July 2018, SPT, an indirect 60% owned subsidiary of the Company has accepted the letter of award dated 25 June 2018 for a total estimated contract sum of RM20.0 million for the pipe replacement at Hulu Langat and Kuala Lumpur ("Contract") from Pengurusan Air Selangor Sdn. Bhd. ("Air Selangor"), a wholly-owned subsidiary of Kumpulan Darul Ehsan Berhad.

The contract will cover 16.3 kilometres and is estimated to be completed within fifteen (15) months from its commencement date on 9 July 2018.

**(h) Disposal of Cengreen Global Sdn. Bhd. ("Cengreen")**

On 24 August 2018, Prestige Packages Sdn. Bhd. ("Prestige Packages"), a wholly-owned subsidiary of Century Bond Bhd. ("CBB"), which in turn is an indirect 98.9%-owned subsidiary of the Company via Perangsang Packaging Sdn. Bhd., had entered into a Share Sale Agreement with Global Highmarks Sdn. Bhd. ("Global Highmarks") to dispose of its entire 100% equity stake in Cengreen to Global Highmarks for a cash consideration of RM1.0 million ("Disposal") as disclosed in Note 15 to the financial statements. The Disposal was completed on 29 October 2018.

**(i) Incorporation of Perangsang Capital Sdn. Bhd. ("PCSB")**

On 10 October 2018, the Company subscribed two (2) ordinary shares in PCSB representing 100% equity interest for a total consideration of RM2.00.

**(j) Framework Agreement ("FA") entered into between Aqua Flo Sdn. Bhd. ("Aqua Flo") and Pengurusan Air Selangor Sdn. Bhd. ("Air Selangor")**

On 17 October 2018, Aqua Flo, a 51%-owned subsidiary of the Company, had entered into a FA with Air Selangor for the supply and delivery of chemicals to water treatment plants in Selangor and Federal Territories of Kuala Lumpur and Putrajaya for a period of two (2) years commencing from 1 November 2018 until 31 October 2020 for a total estimated contract sum of RM162.5 million.

**(k) Disposal of Ceres Telecom Sdn. Bhd. ("Ceres")**

On 29 October 2018, wholly owned subsidiary of the Company, Perangsang Telco Sdn. Bhd. ("PTSB"), had disposed of its entire 34.35% interest in Ceres to a third party for a cash consideration of RM100,000 as disclosed in Note 16 to the financial statements.

**(l) Proposed disposal of Brisdale International Hotel Sdn. Bhd. ("BIH")**

On 5 July 2018, BIH entered into a Sale and Purchase Agreement with Lertrtal (Malaysia) Sdn. Bhd. ("Lertrtal") for the disposal of BIH's property to Lertrtal for a purchase consideration of RM26.0 million. The disposal was completed on 4 February 2019 as disclosed in Note 23 to the financial statements.

**(m) Proposed disposal of 100% equity interest held by Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH Holdings") in Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd. ("SPLASH") to Air Selangor ("Proposed Disposal")**

On 3 August 2018, the indirect 30% associate of the Company, SPLASH Holdings received a Letter of Offer from Air Selangor in respect of Air Selangor's proposed purchase of 100% equity interest held by SPLASH Holdings in SPLASH ("the Offer") for a total purchase consideration of RM2.55 billion. Subsequently, on 9 August 2018, SPLASH Holdings had accepted the Offer.

On 28 September 2018, SPLASH Holdings had entered into a conditional share purchase agreement with Air Selangor for the proposed disposal of its entire 50,000,000 ordinary shares and 350,000,000 Redeemable Unsecured Loan Stocks ("RULS") in SPLASH to Air Selangor for a total cash disposal consideration of RM2.55 billion.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 35. SIGNIFICANT AND SUBSEQUENT EVENTS (continued)

**(m) Proposed disposal of 100% equity interest held by Syarikat Pengeluar Air Selangor Holdings Berhad (“SPLASH Holdings”) in Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd. (“SPLASH”) to Air Selangor (“Proposed Disposal”) (continued)**

On 17 December 2018, SPLASH Holdings and Air Selangor have mutually agreed to extend the Cut-Off Date from 27 December 2018 to 28 February 2019 in order to fulfil the Conditions Precedent in the SPA. Subsequently on 27 February 2019, SPLASH Holdings and Air Selangor have mutually agreed to extend the Cut-Off Date from 28 February 2019 to 31 March 2019 in order to fulfil the Conditions Precedent in the SPA.

The Proposed Disposal is conditional upon and subject to the fulfilment or waiver of conditions precedent within a period of three (3) months from the date of the execution of the SPA, or such other date as may be mutually agreed in writing by Air Selangor and SPLASH Holdings.

The completion date shall be a date no later than fourteen (14) calendar days from the date the last condition precedent is satisfied or waived.

**(n) Issuance of RM300.0 million in nominal value of Sukuk Murabahah pursuant to an Unrated Sukuk Murabahah Programme of up to RM500.0 million in nominal value under the Shariah Principle of Murabahah**

The Company had on 30 January 2019 via Perangsang Capital Sdn. Bhd. made an inaugural issuance of RM300.0 million in nominal value Sukuk Murabahah under the Sukuk Murabahah Programme.

The proceeds from the Sukuk Murabahah Programme was used to fully settle Term Loan I facility and partially settled Term Loan V facility as disclosed in Note 24 to the financial statements.

#### 36. MATERIAL LITIGATION

**Issuance of Writ of Summons and Statement of Claim by Perangsang Hotel & Properties Sdn Bhd (“PHP”) against Leo Hospitality Sdn. Bhd. (“LEO”)**

PHP, a wholly-owned subsidiary of Cash Band (M) Berhad, which in turn is a wholly-owned subsidiary of the Company, had on 8 August 2018 via its solicitors Messrs Shearn Delamore & Co. filed and served the Writ of Summons and Statement of Claim both dated 6 August 2018 against LEO for a claim arising out of the Lease Agreement which was entered into between PHP and LEO on 27 December 2016 (“Lease Agreement”).

PHP’s claims as set out under the Statement of Claim are as follows:

- (i) RM3,820,489.64 being the outstanding Lease Fee and Sales Commission Fee together with interest thereon at the rate of 4.5% per annum from 20 March 2018, or from such other date as the Court deems fit, to the date of full payment;
- (ii) RM4,531,966.56 being the outstanding monthly instalments together with interest at the rate of 4.5% per annum from 20 March 2018, or from such other date as the Court deems fit, to the date of full payment;
- (iii) RM81,252.17 being the outstanding utilities from Tenaga Nasional Berhad, Syarikat Bekalan Air Selangor Sdn. Bhd. and Telekom Malaysia Berhad together with interest thereon at the rate of 5% per annum from the date of filing the Writ of Summons, or from such other date as the Court deems fit, to the date of full payment;
- (iv) RM1,269.32 being the outstanding payment to City-Link Express Sdn. Bhd. together with interest thereon at the rate of 5% per annum from the date of filing the Writ of Summons, or from such other date as the Court deems fit, to the date of full payment;
- (v) A declaration that the Plaintiff is entitled to forfeit the Deposit of RM450,000 that has been paid to the Plaintiff;
- (vi) General damages, together with interest thereon at the rate of 5% per annum from the date of filing the Writ of Summons, or from such other date as the Court deems fit, to the date of full payment;
- (vii) Costs; and
- (viii) Such further or other relief as the Court may deem fit.

**NOTES TO THE FINANCIAL STATEMENTS**  
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**36. MATERIAL LITIGATION**
**Issuance of Writ of Summons and Statement of Claim by Perangsang Hotel & Properties Sdn Bhd (“PHP”) against Leo Hospitality Sdn. Bhd. (“LEO”) (continued)**

LEO was served with the Writ of Summons and Statement of Claims on 8 August 2018. Upon receipt of the Write Summons and Statement of Claims, as required under the law, LEO has fourteen (14) days to enter its appearance and to file its defence should LEO intend to defence the Civil Suit. Nonetheless, upon expiry of fourteen (14) days period, LEO failed to file its appearance and defence.

PHP had then on 7 September 2018 applied for Judgement in Default to be entered against LEO as consequent of LEO’s failure to file its appearance and defence, seeking a declaratory relief for the claims as prayed in PHP’s Writ of Summons and Statement of Claims. PHP’s application for the Judgement in Default was fixed for hearing on 4 January 2019.

On 4 January 2019, after hearing oral submissions, the Shah Alam High Court had allowed PHP’s application to enter Judgement in Default of Defence (“the Order”) as prayed for in the Statement of Claim together with costs of RM1,000 to be paid to PHP.

A Statutory Demand pursuant to Section 465(1)(e), 466(1)(a) and 466(2) of the Companies Act 2016 was issued to LEO on 7 February 2019.

PHP has in fact, in its attempt to execute the Order, issued and delivered a Statutory Demand Notice upon LEO on 7 February 2019. The Statutory Demand Notice was made pursuant to Section 465(1)(e), 466(1)(a) and 466(2) of the Companies Act 2016. The Statutory Demand Notice requires LEO to comply with the Order within 21 days upon receipt of the Statutory Demand Notice. Nonetheless, upon expiry of the 21 days period, LEO failed to comply with the Statutory Demand Notice.

Due to LEO’s failure to comply with the Statutory Demand Notice, PHP has then filed a Petition for a winding-up against LEO on 11 March 2019. An Affidavit verifying the Petition was filed on 19 March 2019. The Hearing for the winding-up petition has been fixed by the Court on 15 May 2019.

**37. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs**
**37.1 New MFRSs adopted during the current financial year**

The Group and the Company are transitioning entities as defined by the Malaysian Accounting Standards Board (“MASB”), and adopted the MFRS Framework during the financial year ended 31 December 2018. Accordingly, these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

In adopting the new MFRS Framework, the Group applied the transition requirements in MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*. In addition to the adoption of the new MFRS Framework, the following new MFRSs and Amendments to the MFRSs issued by MASB were adopted by the Group during the financial year:

<b>Title</b>	<b>Effective Date</b>
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 37. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

##### 37.2 Explanation of transition to MFRSs

The Group adjusted amounts previously reported in the financial statements that were prepared in accordance with the previous FRS Framework. In preparing the opening statements of financial position at 1 January 2017, an explanation on the impact arising from the transition from FRSs to MFRSs on the financial position and financial performance of the Group is set out as follows:

(a) Reconciliation of financial position as at 1 January 2017

Group	Previously reported under FRSs RM'000	Effects on adoption of MFRS 1/ MFRS 121 restatement RM'000	Restated under MFRSs RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	100,252	-	100,252
Investment properties	91,787	-	91,787
Investments in associates	1,078,986	-	1,078,986
Intangible assets	208,821	17,412	226,233
Goodwill on consolidation	40,322	3,704	44,026
Long term receivables	35,663	-	35,663
Deferred tax assets	333	-	333
Club memberships	523	-	523
	1,556,687	21,116	1,577,803
<b>Current assets</b>			
Inventories	31,412	-	31,412
Trade and other receivables	117,035	-	117,035
Cash and bank balances and short term funds	131,995	-	131,995
Current tax assets	1,522	-	1,522
	281,964	-	281,964
<b>TOTAL ASSETS</b>	1,838,651	21,116	1,859,767

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

37. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

37.2 Explanation of transition to MFRSs (continued)

(a) Reconciliation of financial position as at 1 January 2017 (continued)

Group	Previously reported under FRSs RM'000	Effects on adoption of MFRS 1/ MFRS 121 restatement RM'000	Restated under MFRSs RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	499,004	-	499,004
Share premium	39,088	-	39,088
Other reserves	11,029	1,638	12,667
Retained earnings	778,909	8,000	786,909
Shareholders' equity	1,328,030	9,638	1,337,668
<b>Non-controlling interests</b>	90,692	6,426	97,118
<b>TOTAL EQUITY</b>	1,418,722	16,064	1,434,786
<b>Non-current liabilities</b>			
Loans and borrowings	159,201	-	159,201
Deferred tax liabilities	64,610	5,052	69,662
	223,811	5,052	228,863
<b>Current liabilities</b>			
Loans and borrowings	108,178	-	108,178
Trade and other payables	82,184	-	82,184
Current tax liabilities	5,756	-	5,756
	196,118	-	196,118
<b>TOTAL LIABILITIES</b>	419,929	5,052	424,981
<b>TOTAL EQUITY AND LIABILITIES</b>	1,838,651	21,116	1,859,767

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

37. **ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)**

37.2 **Explanation of transition to MFRSs (continued)**

(a) Reconciliation of financial position as at 1 January 2017 (continued)

Company	Previously reported under FRSS RM'000	Effects on adoption of MFRS 1/ MFRS 121 restatement RM'000	Restated under MFRSs RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11,501	-	11,501
Investment properties	48,300	-	48,300
Investments in subsidiaries	378,893	-	378,893
Investments in associates	133,008	-	133,008
Club memberships	523	-	523
	572,225	-	572,225
<b>Current assets</b>			
Trade and other receivables	221,887	-	221,887
Cash and bank balances and short term funds	3,182	-	3,182
	225,069	-	225,069
<b>TOTAL ASSETS</b>	797,294	-	797,294
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	499,004	-	499,004
Share premium	39,088	-	39,088
General reserves	8,000	(8,000)	-
Retained earnings	127,939	8,000	135,939
<b>TOTAL EQUITY</b>	674,031	-	674,031
<b>Current liabilities</b>			
Trade and other payables	15,263	-	15,263
Loans and borrowings	108,000	-	108,000
<b>TOTAL LIABILITIES</b>	123,263	-	123,263
<b>TOTAL EQUITY AND LIABILITIES</b>	797,294	-	797,294

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

37. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

37.2 Explanation of transition to MFRSs (continued)

(b) Reconciliation of financial position as at 31 December 2017

Group	Previously reported under FRSS RM'000	Effects on adoption of MFRS 1/ MFRS 121 restatement RM'000	Restated under MFRSs RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	94,602	-	94,602
Investment properties	95,863	-	95,863
Investments in associates	1,171,698	-	1,171,698
Intangible assets	207,456	(2,733)	204,723
Goodwill on consolidation	41,045	1,715	42,760
Long term receivables	34,095	-	34,095
Deferred tax assets	477	-	477
Club memberships	203	-	203
	1,645,439	(1,018)	1,644,421
<b>Current assets</b>			
Inventories	49,324	-	49,324
Trade and other receivables	170,403	-	170,403
Cash and bank balances and short term funds	79,044	-	79,044
Current tax assets	1,730	-	1,730
	300,501	-	300,501
<b>TOTAL ASSETS</b>	1,945,940	(1,018)	1,944,922

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**37. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)**

**37.2 Explanation of transition to MFRSs (continued)**

(b) Reconciliation of financial position as at 31 December 2017 (continued)

Group	Previously reported under FRSs RM'000	Effects on adoption of MFRS 1/ MFRS 121 restatement RM'000	Restated under MFRSs RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	538,092	-	538,092
Other reserves	7,160	(8,136)	(976)
Retained earnings	816,463	8,000	824,463
Shareholders' equity	1,361,715	(136)	1,361,579
<b>Non-controlling interests</b>	93,057	(90)	92,967
<b>TOTAL EQUITY</b>	1,454,772	(226)	1,454,546
<b>Non-current liabilities</b>			
Loans and borrowings	225,977	-	225,977
Deferred tax liabilities	63,683	(792)	62,891
	289,660	(792)	288,868
<b>Current liabilities</b>			
Loans and borrowings	81,681	-	81,681
Trade and other payables	118,480	-	118,480
Current tax liabilities	1,347	-	1,347
	201,508	-	201,508
<b>TOTAL LIABILITIES</b>	491,168	(792)	490,376
<b>TOTAL EQUITY AND LIABILITIES</b>	1,945,940	(1,018)	1,944,922

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

37. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

37.2 Explanation of transition to MFRSs (continued)

(b) Reconciliation of financial position as at 31 December 2017 (continued)

Company	Previously reported under FRSs RM'000	Effects on adoption of MFRS 1/ MFRS 121 restatement RM'000	Restated under MFRSs RM'000
<b>Asset</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11,325	-	11,325
Investment properties	53,484	-	53,484
Investments in subsidiaries	427,610	-	427,610
Investments in associates	131,809	-	131,809
Other receivable	167,845	-	167,845
Club memberships	153	-	153
	792,226	-	792,226
<b>Current assets</b>			
Trade and other receivables	19,697	-	19,697
Cash and bank balances and short term funds	1,646	-	1,646
	21,343	-	21,343
<b>TOTAL ASSETS</b>	813,569	-	813,569
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	538,092	-	538,092
General reserve	8,000	(8,000)	-
Retained earnings	116,474	8,000	124,474
<b>TOTAL EQUITY</b>	662,566	-	662,566
<b>Non-current liabilities</b>			
Loans and borrowings	100,000	-	100,000
<b>Current liabilities</b>			
Trade and other payables	12,003	-	12,003
Loans and borrowings	39,000	-	39,000
	51,003	-	51,003
<b>TOTAL LIABILITIES</b>	151,003	-	151,003
<b>TOTAL EQUITY AND LIABILITIES</b>	813,569	-	813,569

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

37. **ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)**

37.2 **Explanation of transition to MFRSs (continued)**

(c) Reconciliation of comprehensive income for the financial year ended 31 December 2017

Group	Previously reported under FRSs RM'000	Effects on adoption of MFRS 1/ MFRS 121 restatement RM'000	Restated under MFRSs RM'000
<b>Profit net of tax and zakat</b>	63,016	-	63,016
<b>Other comprehensive income, net of tax</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Loss on foreign currency translations	(5,274)	(16,290)	(21,564)
<b>Total comprehensive income/(loss) for the financial year</b>	57,742	(16,290)	41,452
<b>Total comprehensive income/(loss) attributable to:</b>			
Owners of the parent	54,893	(9,774)	45,119
Non-controlling interests	2,849	(6,516)	(3,667)
	57,742	(16,290)	41,452

(d) Notes to the reconciliations

(i) Transition from FRS Framework to MFRS Framework

The Group elected to apply MFRS 3 *Business Combinations* prospectively from the date FRS 3 *Business Combinations* was adopted and to deem the carrying amount of investment in each subsidiary, joint venture and associate to be the cost of the investment in the separate financial statements as at the date of transition to MFRSs. The optional exemptions elected by the Group that have an impact on the reported financial positions previously prepared in accordance with FRSs are as follows:

Exemption for general reserves

Under FRSs, the Group recognised general reserves in equity.

Upon transition to MFRSs, the Group has elected to deem all general reserves that arose prior to the date of transition to be nil at the date of transition.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**37. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)**
**37.2 Explanation of transition to MFRSs (continued)**

 (d) Notes to the reconciliations (continued)

## (i) Transition from FRS Framework to MFRS Framework (continued)

MFRS 121 restatement

Goodwill, intangible assets and the deferred tax arising from acquisition of a foreign subsidiary are expressed in the functional currency of the subsidiary and are translated at the closing rate at the end of each of the reporting period in accordance with MFRS 121 *The Effects of Changes in Foreign Exchange Rate*.

## (ii) Adoption of MFRS 15

MFRS 15 establishes a comprehensive framework for revenue recognition and measurement. It replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts*, FRS 201 (2004) *Property Development Activities* and related Interpretations. Under MFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control, at a point in time or over time, requires significant judgement.

In applying MFRS 15 retrospectively, the Group applied the practical expedients for completed contracts, contracts that begin and end within the same annual reporting period were not restated.

The MFRS 15 adjustments are mainly due to:

- (a) Reclassification of excess of revenue earned over the billings on construction and property development contracts to contract assets; and
- (b) Reclassification of excess of billings over revenue earned on construction and property developments contracts, deferred income and customers deposit to contract liabilities.

## (iii) Adoption of MFRS 9

MFRS 9 replaces MFRS 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, encompassing all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

## (a) Classification of financial assets and financial liabilities

The Group and the Company classify their financial assets into the following measurement categories depending on the business model of the Group and the Company for managing the financial assets and the terms of contractual cash flows of the financial assets:

- (i) Those to be measured at amortised cost; and
- (ii) Those to be measured subsequently at fair value either through other comprehensive income or through profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 37. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

##### 37.2 Explanation of transition to MFRSs (continued)

(d) Notes to the reconciliations (continued)

(iii) Adoption of MFRS 9 (continued)

(a) Classification of financial assets and financial liabilities (continued)

The following summarises the key changes:

- (i) The Available-For-Sale, Held-To-Maturity and Loans and Receivables financial asset categories were removed.
- (ii) A new financial asset category measured at Amortised Cost was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows.
- (iii) A new financial asset category measured at Fair Value Through Other Comprehensive Income was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- (iv) A new financial asset category for non-traded equity investments measured at Fair Value Through Other Comprehensive Income was introduced.

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities.

However, under MFRS 139 all fair value changes of liabilities designated as Fair Value Through Profit or Loss are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:

- (i) Amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in Other Comprehensive Income; and
- (ii) The remaining amount of change in the fair value is presented in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**37. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)**
**37.2 Explanation of transition to MFRSs (continued)**

(d) [Notes to the reconciliations \(continued\)](#)

(iii) Adoption of MFRS 9 (continued)

(a) Classification of financial assets and financial liabilities (continued)

(v) Reclassification of the financial assets and financial liabilities as follows:

	Group		Company	
	Existing under MFRS 139	New under MFRS 9	Existing under MFRS 139	New under MFRS 9
<b>Financial assets</b>				
Long term receivables	Loans and receivables	Amortised cost	N/A	N/A
Trade and other receivables	Loans and receivables	Amortised cost	Loans and receivables	Amortised cost
Cash and bank balances	Loans and receivables	Amortised cost	Loans and receivables	Amortised cost
Short term funds	Fair value through profit or loss			
<b>Financial liabilities</b>				
Loans and borrowings	Other financial liabilities	Amortised cost	Other financial liabilities	Amortised cost
Trade and other payables	Other financial liabilities	Amortised cost	Other financial liabilities	Amortised cost

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

#### 37. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

##### 37.2 Explanation of transition to MFRSs (continued)

(d) Notes to the reconciliations (continued)

(iii) Adoption of MFRS 9 (continued)

(b) Impairment of financial assets

The adoption of MFRS 9 has fundamentally changed the accounting for impairment losses for financial assets of the Group by replacing the incurred loss approach of MFRS 139 with a forward-looking expected credit loss approach. MFRS 9 requires the Group to record an allowance for expected credit losses for all debt financial assets not held at fair value through profit or loss.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the original effective interest rate of the asset.

Impairment for trade receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Impairment for receivables from related parties are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**37. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)**
**37.3 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2019**

The following are Standards, Amendments and Interpretations of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective date
MFRS 16 Leases	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
<i>MFRS 17 Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards, Amendments and Interpretation since the effects would only be observable for future financial years.

**ANALYSIS OF SHAREHOLDINGS**

AS AT 14 MARCH 2019

- A. Issued and paid-up share capital : RM537,385,383.00 comprising 537,385,383 ordinary shares  
 Voting rights : One vote per ordinary share

**B. ANALYSIS BY SIZE OF SHAREHOLDINGS**

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES HELD	% SHARES HELD
Less than 100	687	9.28	27,375	0.01
100 to 1,000	1,980	26.75	1,106,145	0.20
1,001 to 10,000	2,901	39.19	11,980,623	2.23
10,001 to 100,000	1,603	21.66	44,599,147	8.30
100,001 to less than 5%	229	3.09	138,973,601	25.86
5% and above	2	0.03	340,698,492	63.40
<b>Total</b>	<b>7,402</b>	<b>100.00</b>	<b>537,385,383</b>	<b>100.00</b>

**C. LIST OF SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE)**

NO.	NAMES	SHAREHOLDINGS	%
1.	KUMPULAN DARUL EHSAN BERHAD <u>Shares held in CDS accounts as follows:</u>		
	a) Own Account – 1,461,916		
	b) ABB Nominee (Tempatan) Sdn Bhd – 309,561,538	311,023,454	57.88
2.	PERBADANAN KEMAJUAN NEGERI SELANGOR <u>Shares held in CDS account as follows:</u>		
	a) Own Account – 54,276 + 29,620,762 = 29,675,038	29,675,038	5.52

**D. LIST OF THIRTY (30) LARGEST SHAREHOLDERS**

NO.	NAME	SHAREHOLDINGS	%
1.	ABB NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KUMPULAN DARUL EHSAN BERHAD	309,561,538	57.61
2.	PERBADANAN KEMAJUAN NEGERI SELANGOR	29,620,762	5.51
3.	LEMBAGA TABUNG HAJI	20,832,153	3.88
4.	CITIGROUP NOMINEES (ASING) SDN BHD CBLDN FOR POLUNIN EMERGING MARKETS SMALL CAP FUND, LLC	8,353,545	1.55
5.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR NG CHIEW ENG @ NG CHIEW MING (MY3087)	7,350,000	1.37
6.	LIM CHEE MENG	5,411,215	1.01
7.	TABUNG WARISAN NEGERI SELANGOR	5,384,615	1.00

**ANALYSIS OF SHAREHOLDINGS**  
 AS AT 14 MARCH 2019

**D. LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONTINUED)**

NO.	NAME	SHAREHOLDINGS	%
8.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NOOR AZMAN @ NOOR HIZAM B MOHD NURDIN (CEB)	4,843,000	0.90
9.	GOH CHYE KEAT	3,145,776	0.59
10.	CK GOH HOLDINGS SDN BHD	2,962,500	0.55
11.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEW HAN NGIN (8108397)	2,670,000	0.50
12.	KENANGA NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RA WHA HYUN (009)	2,650,000	0.49
13.	OLIVE LIM SWEE LIAN	2,565,000	0.48
14.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	2,409,561	0.45
15.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	2,279,707	0.42
16.	LIM SI PIN	2,153,846	0.40
17.	CIMB GROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR DBS BANK LTD (SFS)	2,077,723	0.39
18.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR DANIEL LIM HWA YEW (MY1618)	1,600,900	0.30
19.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	1,560,746	0.29
20.	KUMPULAN DARUL EHSAN BERHAD	1,461,916	0.27
21.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NGU KEE LENG	1,324,146	0.25
22.	JUMA'AH BINTI MOKTAR	1,128,615	0.21
23.	MAL MONTE SDN BHD	1,087,692	0.20
24.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR PACIFIC INCOME FUND	1,050,000	0.20
25.	HELLY LYKE TABALUJAN	1,040,000	0.19
26.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT CHIN KAN SIN	1,001,769	0.19
27.	PUBLIC NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHEE WEE (E-JBU)	970,000	0.18
28.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR PACIFIC PEARL FUND (UT-PM-PPF)(419471)	965,200	0.18
29.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NOOR AZMAN @ NOOR HIZAM B MOHD NURDIN (8037673)	960,615	0.18
30.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LIM CHEE MENG (PB)	948,876	0.18

ANALYSIS OF **SHAREHOLDINGS**

AS AT 14 MARCH 2019

## E. LIST OF DIRECTORS AND MANAGING DIRECTOR/GROUP CHIEF EXECUTIVE OFFICER SHAREHOLDINGS

NO.	NAMES	SHAREHOLDINGS	%
<b>DIRECTORS</b>			
1.	YM RAJA SHAHREEN BIN RAJA OTHMAN	0	0.00
2.	YBHG DATO' KAMARUL BAHARIN BIN ABBAS <u>Shares held in CDS account as follows :-</u> a) RHB Nominees (Tempatan) Sdn Bhd – 5	5	0.00
3.	ENCIK SUHAIMI BIN KAMARALZAMAN <u>Shares held in CDS account as follows :-</u> a) RHB Nominees (Tempatan) Sdn Bhd – 10,769	10,769	0.00
4.	YBHG DATO' MOHAMED ROSS BIN MOHD DIN <u>Shares held in CDS account as follows :-</u> a) Own Account – 11,113	11,113	0.00
5.	YBHG DATO' IDRIS BIN MD TAHIR	0	0.00
6.	YBHG DATO' IKMAL HIJAZ BIN HASHIM	0	0.00
7.	PUAN RITA BENOY BUSHON	0	0.00
8.	PUAN NORLIZA BINTI KAMARUDDIN	0	0.00
9.	ENCIK KOAY LI ONN (LEON)	0	0.00
<b>MANAGING DIRECTOR/GROUP CHIEF EXECUTIVE OFFICER</b>			
1.	ENCIK AHMAD FARIZ BIN HASSAN	0	0.00

## ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

In compliance with Part A of Appendix 9C of the MMLR, the following additional information in respect of the financial year ended 31 December 2018 are provided:

### 1. Material Contract and Material Loans

Other than as disclosed in Note 35 to the financial statements, there were no material contracts entered into by the Company and its subsidiaries involving the interests of the Directors, Managing Director/Group Chief Executive Officer and major shareholders of the Company.

### 2. Utilisation of Proceeds

The Company did not raise any proceeds from any corporate proposal during the financial year ended 31 December 2018.

### 3. Audit Fees and Non-Audit Fees

The amount of audit and non-audit fees paid or payable to external auditors by the Group and the Company for the financial year ended 31 December 2018 are as follows:

	Group (RM)	Company (RM)
<b>Audit Fees</b>	618,000	100,000
<b>Non-Audit Fees</b>		
- Review of statement on risk management and internal control	5,000	5,000
<b>Total</b>	<b>623,000</b>	<b>105,000</b>

## ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

### 4. Recurrent Related Party Transactions (“RRPT”) of a Revenue or Trading Nature

Pursuant to Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the MMLR, details of the RRPT of a revenue or trading nature entered into during the financial year ended 31 December 2018 (“FY 2018”) by Perangsang Selangor Group pursuant to the shareholders’ mandate obtained from the shareholders of Perangsang Selangor at the 41st AGM of the Company held on 24 May 2018 are as follows:

No.	Company within Perangsang Selangor Group	Transacting Related Parties	Nature of Transactions	Transaction Value during FY 2018 (RM’000)	Interested Related Parties	
					Name	Nature of relationship
(a)	Aqua-Flo ®	ABASS, KASB and PNSB	Sales of chemical products, laboratory & monitoring equipment and disinfection system by Aqua-Flo to ABASS, KASB and PNSB	48,901	<p><i>Interested Major Shareholders</i></p> <ul style="list-style-type: none"> <li>• MBI</li> <li>• KDEB</li> </ul> <p><i>Interested Persons Connected</i></p> <ul style="list-style-type: none"> <li>• Air Selangor</li> <li>• PKNS</li> <li>• TWNS</li> </ul> <p><i>Interested Directors</i></p> <ul style="list-style-type: none"> <li>• YM Raja Dato’ Idris Raja Kamarudin</li> </ul>	<p>KDEB is a major shareholder of Perangsang Selangor with direct shareholding of 57.88%. MBI is a holding company of KDEB.</p> <p>PNSB, ABASS and KASB are subsidiaries of Air Selangor which in turn is a wholly-owned subsidiary of KDEB.</p> <p>PKNS is a substantial shareholder of Perangsang Selangor with direct shareholding of 5.52% and a person connected to KDEB.</p> <p>TWNS is a shareholder of Perangsang Selangor with direct shareholding of 1.00% and a person connected to KDEB.</p> <p>YM Raja Dato’ Idris Raja Kamarudin sit on the board of KDEB. He was the Chairman, a Non-Independent Non-Executive Director of Perangsang Selangor with direct shareholding of 0.042% and also held directorship in Air Selangor.</p>

## ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

No.	Company within Perangsang Selangor Group	Transacting Related Parties	Nature of Transactions	Transaction Value during FY 2018 (RM'000)	Interested Related Parties	
					Name	Nature of relationship
					<ul style="list-style-type: none"> <li>YM Raja Shahreen bin Raja Othman</li> <li>Encik Suhaimi bin Kamaralzaman</li> </ul>	<p>YM Raja Shahreen bin Raja Othman sits on the board of KDEB. He is the Chairman, a Non-Independent Non-Executive Director of Perangsang Selangor.</p> <p>Encik Suhaimi bin Kamaralzaman is the President of KDEB. He is also the Chief Executive Officer and Director of Air Selangor and a Non-Independent Non-Executive Director of Perangsang Selangor with direct shareholding of 0.002%. He also holds directorships in ABASS, KASB and PNSB.</p>
(b)	Aqua-Flo <sup>®</sup>	Sg. Harmoni and Taliworks (Langkawi) ("Taliworks Group")	Sales of chemical products, laboratory and monitoring equipment and disinfection system by Aqua-Flo to Taliworks Group	18,847	<p><i>Interested Major Shareholder</i></p> <ul style="list-style-type: none"> <li>Taliworks</li> </ul>	Taliworks is a Major Shareholder of Aqua-Flo with direct shareholding of 24%. Sg.harmoni and Taliworks Langkawi are the wholly-owned subsidiaries of Taliworks.

**Notes:**

@ Aqua-Flo is a 51%-owned subsidiary of Perangsang Selangor. The balance of 25% and 24% equity interests in Aqua-Flo is owned by Prismachem and Taliworks respectively. Neither Prismachem and Taliworks nor their directors and shareholders hold any shares in Perangsang Selangor.

**5. List of Group's Properties**

The Group's list and particulars of the properties in which the net book value is 5% or more of the consolidated total assets of the Group as at the end of the financial year is set out in pages 300 to 302 of this Annual Report.

**6. Directors' Training**

Trainings attended by the Directors during FY 2018 is set out in pages 148 to 150 of this Annual Report.

## LIST OF GROUP PROPERTIES

### 1. KUMPULAN PERANGSANG SELANGOR BERHAD

Location	Registered Owner	Beneficiary Owner	Land Area	Tenure/ Lease Expiry (Years)	Existing Use	Approximately Age of building (Years)	Date of Revaluation/ Acquisition	Net Book Value as at 31/12/2018 (RM'000)
Batang Kali, Hulu Selangor	Perangsang Selangor	Perangsang Selangor	1,763 sq. ft	Freehold	Apartment	34	02-Jan-85	103
Shah Alam, Selangor	Perangsang Selangor	Perangsang Selangor	108,360 sq. ft	Leasehold 99/2086	Office & Hotel	31	05-Jul-00	53,881
Tanjong Tuan, Port Dickson	Perangsang Selangor	Perangsang Selangor	1,099 sq. ft	Leasehold 99/2081	Apartment	33	14-Mar-03	161
Wisma SAP Bandar Baru Selayang Mukim Batu	Perangsang Selangor	Perangsang Selangor	9,957 sq. ft	Leasehold 99 / 2091	Land and 3 storey shop office building	27	03-Nov-10	6,249

### 2. AQUA FLO SDN BHD

Location	Registered Owner	Beneficiary Owner	Land Area	Tenure/ Lease Expiry (Years)	Existing Use	Approximately Age of building (Years)	Date of Revaluation/ Acquisition	Net Book Value as at 31/12/2018 (RM'000)
Sg Buluh Daerah Kuala Selangor	Aqua-Flo Sdn Bhd	Aqua-Flo Sdn Bhd	3,000 sq. ft	Leasehold 98/2091	Warehouse Store	26	31-Dec-00	248
Damansara Intan Petaling Jaya	Aqua-Flo Sdn Bhd	Aqua-Flo Sdn Bhd	1,130 sq. ft	Freehold	Office	18	31-Dec-00	179
			1,249 sq. ft	Freehold	Office	15	20-Sep-03	191
Bandar Sultan Suleiman Pelabuhan Klang	Aqua-Flo Sdn Bhd	Aqua-Flo Sdn Bhd	14,400 sq. ft	Leasehold 99/2110	Warehouse Store	3	26-May-15	2,772

### 3. CASH BAND (M) BERHAD

Location	Registered Owner	Beneficiary Owner	Land Area	Tenure/ Lease Expiry (Years)	Existing Use	Approximately Age of building (Years)	Date of Revaluation/ Acquisition	Net Book Value as at 31/12/2018 (RM'000)
<b>PERANGSANG HOTEL AND PROPERTIES SDN BHD</b>								
1702 Section 46 Bandar Kuala Lumpur	Perangsang Hotel & Properties Sdn Bhd	Perangsang Hotel & Properties Sdn Bhd	34,714 sq. ft	Leasehold 99/2072	Hotel	45	19-Dec-12	41,273

**LIST OF GROUP PROPERTIES**
**4. CENTURY BOND BHD**

Location	Registered Owner	Beneficiary Owner	Land Area	Tenure/ Lease Expiry (Years)	Existing Use	Approximately Age of building (Years)	Date of Revaluation/ Acquisition	Net Book Value as at 31/12/2018 (RM'000)
PT 3292 & 3293 Mukim Sentul District of Seremban, Negeri Sembilan	Polyplus Packages Sdn Bhd	Polyplus Packages Sdn Bhd	103,764 sq. ft	Freehold	A single storey factory with an annexed three storey office building	21	02-Jan-85	4,733
PTD 65029, Mukim of Senai-Kulai, District of Johor Bahru	Prestige Packages Sdn Bhd	Prestige Packages Sdn Bhd	90,604 sq. ft	Leasehold 60/2060	A single storey detached factory, a double storey detached factory, guard house and bin centre	19	05-Jul-00	3,505
PTD 8856 Mukim of Senai-Kulai, District of Johor Bahru	Prestige Packages Sdn Bhd	Prestige Packages Sdn Bhd	116,740 sq. ft	Leasehold 60/2055	A single storey detached factory	24	14-Mar-03	2,043
PTD 8848 Mukim of Senai-Kulai, District of Johor Bahru	Prestige Packages Sdn Bhd	Prestige Packages Sdn Bhd	108,900 sq. ft	Leasehold 60/2054	A single storey detached factory and a guard house	25	03-Nov-10	1,793
PTD 8849 Mukim of Senai-Kulai, District of Johor Bahru	Eversynergy Sdn Bhd	Eversynergy Sdn Bhd	98,446 sq. ft	Leasehold 60/2055	A single storey detached factory	24	1997	2,339
PLO 178, Mukim Senai-Kulai, Senai Industrial Estate III, Johor	Prestige Packages Sdn Bhd	Prestige Packages Sdn Bhd	21,780 sq. ft	Leasehold 25/2034	A single storey detached factory	10	31-Oct-04	777
PTD 46029, Mukim Senai-Kulai Senai Industrial Estate III, Johor	Prestige Packages Sdn Bhd	Prestige Packages Sdn Bhd	43,560 sq. ft	Leasehold 30/2025	A single storey detached factory with a double storey front office	24	28-Feb-07	384
JL, Dosomuko Ujung Baru Pelabuhan Belawan, Medan Indonesia	PT Prestige Packages Indonesia	PT Prestige Packages Indonesia	5,653 sq. ft	Leasehold 2/2019	A single storey detached factory	NA	01-Sept-07	643
31 Woodlands Close 01-14 Woodlands Horizon, Singapore	Esteem Packaging Pte Ltd	Esteem Packaging Pte Ltd	171 sq. ft	Leasehold 58/2072	Factory unit on the 1 <sup>st</sup> storey of the Building	5	01-Oct-12	2,721

## LIST OF GROUP PROPERTIES

5. CPI (PENANG) SDN BHD								
Location	Registered Owner	Beneficiary Owner	Land Area	Tenure/ Lease Expiry (Years)	Existing Use	Approximately Age of building (Years)	Date of Revaluation/ Acquisition	Net Book Value as at 31/12/2018 (RM'000)
Plot 79 Land Building 1 Building 2 Lot 12150, Mukim 12 Barat Daya Pulau Pinang	CPI (Penang) Sdn. Bhd.	CPI (Penang) Sdn. Bhd.	174,601 sq. ft	Leasehold 60/2057	Land, 4 storey office building and double storey factory	20	15-Oct-99	2,150 9,886 9,200
Plot 29 Hilir Sungai Keluang Satu Land Building - Warehouse Lot 12382, Mukim 12 Barat Daya Pulau Pinang	CPI (Penang) Sdn. Bhd.	CPI (Penang) Sdn. Bhd.	65,337 sq. ft	Leasehold 60/2051	Land, 2 storey office building and single storey warehouse	26	14-May-16	6,903 3,364

## CORPORATE DIRECTORY

## REGISTERED AND BUSINESS ADDRESSES OF KUMPULAN PERANGSANG SELANGOR BERHAD AND SUBSIDIARY COMPANIES

NAME OF COMPANY	REGISTERED ADDRESS	BUSINESS ADDRESS
<b>KUMPULAN PERANGSANG SELANGOR BERHAD</b> (Company No. 23737-K)	16 <sup>th</sup> Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan Tel : 03-5524 8400 Fax : 03-5524 8444	16 <sup>th</sup> & 17 <sup>th</sup> Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan Tel : 03-5524 8400 Fax : 03-5524 8444
<b>CENTURY BOND BHD</b> (Company No. 228669-V)	Suite 5.11 & 5.12, 5th Floor, Menara TJB No. 9, Jalan Syed Mohd. Mufti 80000 Johor Bahru, Johor Tel : 07-2242823 Fax : 07-2230229	PLO 96,97,98 & 99, Jalan Cyber 5 Senai Industrial Estate Phase III 81400 Senai, Johor Tel : 07 598 1185 Fax : 07 598 1195
<b>AQUA-FLO SDN BHD</b> (Company No. 324865-U)	17 <sup>th</sup> Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan Tel : 03-5524 8400 Fax : 03-5524 8444	827, 8 <sup>th</sup> Floor, Block A Damansara Intan No. 1, Jalan SS 20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel : 03-7725 7279 Fax : 03-7725 6277
<b>KAISERKORP CORPORATION SDN BHD</b> (Company No. 292197-D)	D117, Block D, First Floor Kelana Square 17 Jalan SS 7/26 Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan Tel : 03-78063338, 03-78063268 Fax : 03-78062928	16 <sup>th</sup> Floor, Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan Tel : 03-5524 8400 Fax : 03-5524 8444
<b>KPS-HCM SDN BHD</b> (Company No. 791130-P)	13A Jalan SS 21/56B, Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel : 03-77295912 Fax : 03-77295904	87-G, Jalan Kampong Pandan 55100 Kuala Lumpur Tel : 03-92822246 Fax : 03-92820321
<b>SMARTPIPE TECHNOLOGY SDN BHD</b> (Company No. 989033-T)	17 <sup>th</sup> Floor, Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan Tel : 03-5524 8400 Fax : 03-5524 8444	17 <sup>th</sup> Floor, Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan Tel : 03-5524 8400 Fax : 03-5524 8444
<b>CASH BAND (M) BERHAD</b> (Company No. 735830-K)	17 <sup>th</sup> Floor, Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan Tel : 03-5524 8400 Fax : 03-5524 8444	17 <sup>th</sup> Floor, Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan Tel : 03-5524 8400 Fax : 03-5524 8444
<b>CPI (PENANG) SDN. BHD</b> (Company No. 191708-P)	54-3-2 Wisma Sri Mata Jalan Van Praagh 11600 Jelutong Pulau Pinang Tel : 04-2832268 Fax : 04-2837268	Plot 79 Kawasan Perindustrian Bayan Lepas 4 Lintang Bayan Lepas 7 11900 Bayan Lepas Pulau Pinang Tel : 04-6476788 Fax : 04-6444686

## NOTICE OF 42<sup>ND</sup> ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE FORTY SECOND (“42<sup>ND</sup>”) ANNUAL GENERAL MEETING (“AGM”) OF **KUMPULAN PERANGSANG SELANGOR BERHAD** (“PERANGSANG SELANGOR” OR “THE COMPANY”) WILL BE HELD AT THE **SHAH ALAM 2, SACC CONVEC, NO. 4, JALAN PERBADANAN 14/9, 40000 SHAH ALAM, SELANGOR DARUL EHSAN ON THURSDAY, 23 MAY 2019 AT 10.00 A.M.** FOR THE FOLLOWING PURPOSES:-

### ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**
2. To approve a single tier final dividend of 4.25 sen per share in respect of the financial year ended 31 December 2018. **(Ordinary Resolution 1)**
3. To re-elect the following Directors who retire pursuant to Article 90 of the Company’s Constitution and who being eligible offer themselves for re-election:-
  - a. Encik Koay Li Onn (Leon) **(Ordinary Resolution 2)**
  - b. Encik Ahmad Fariz bin Hassan **(Ordinary Resolution 3)**
4. To re-elect the following Directors who retire by rotation pursuant to Article 84 of the Company’s Constitution and who being eligible offer themselves for re-election:-
  - a. Encik Suhaimi bin Kamaralzaman **(Ordinary Resolution 4)**
  - b. YBhg Dato’ Mohamed Ross bin Mohd Din **(Ordinary Resolution 5)**
  - c. YBhg Dato’ Idris bin Md Tahir **(Ordinary Resolution 6)**
5. To approve the payment of Directors’ remuneration to the Directors up to an amount of RM2,608,683 from the 42<sup>nd</sup> AGM until the next AGM of the Company. **(Ordinary Resolution 7)**
6. To re-appoint Messrs BDO as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 8)**

### SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following Ordinary and Special Resolutions:-

7. Proposed Renewal of Existing Shareholders’ Mandate and New Shareholders’ Mandate for Recurrent Related Party Transactions (“RRPT”) of a Revenue or Trading Nature

“THAT pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”), the Company and its subsidiaries (“the Group”) be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.3 of the Circular to Shareholders dated 24 April 2019 (“Related Parties”) provided that such transactions and/or arrangements are:-

- a) necessary for the day-to-day operations;

NOTICE OF 42<sup>ND</sup> ANNUAL GENERAL MEETING

- b) are undertaken in the ordinary course of business at arm's length basis and are on normal commercial terms and transaction prices which are not more favourable to the Related Parties than those generally available to the public; and
- c) are not detrimental to the minority shareholders of the Company,

(collectively known as "Shareholders' Mandate");

**AND THAT** such approval, shall continue to be in force until:-

- a) the conclusion of the next AGM of the Company at which time the authority will lapse, unless the authority is renewed by a resolution passed at such AGM; or
- b) the expiration of the period within which the next AGM of the Company after that date is required to be held under Section 340(2) of the Companies Act, 2016 ("CA 2016") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the CA 2016); or
- c) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever is earlier;

**AND THAT** the Directors of the Company be and are hereby authorised to complete and do all such acts, deeds and things to give effect to the aforesaid Shareholders' Mandate and transactions contemplated under this resolution."

**(Ordinary Resolution 9)**

8. **Proposed Alteration of the Existing Memorandum and Articles of Association by Replacing with a new Constitution of the Company ("Proposed Alteration")**

"THAT the existing Memorandum and Articles of Association of the Company be hereby altered by replacing with a new Constitution of the Company as set out in Appendix A attached to the Notice of AGM with effect from the date of passing this special resolution.

AND THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and things and to take all such steps as they deem fit, necessary, expedient and/or appropriate in order to complete and give full effect to the Proposed Alteration with full powers to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities."

**(Special Resolution)**

## NOTICE OF 42<sup>ND</sup> ANNUAL GENERAL MEETING

### ANY OTHER BUSINESS:

9. To transact any other business for which due notice has been given in accordance with the Constitution of the Company and the CA 2016.

### NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT DATE

NOTICE IS ALSO HEREBY GIVEN that a single tier final dividend of 4.25 sen per share, in respect of the financial year ended 31 December 2018 ("FY 2018") if approved by shareholders at the 42<sup>nd</sup> AGM, will be payable on 19 July 2019 to shareholders registered in the Records of Depositors at the close of business on 28 June 2019.

A depositor shall qualify for entitlement only in respect of:-

- a) shares transferred to the Depositor's Securities Account before 4.00 p.m. on 28 June 2019 in respect of ordinary shares.
- b) shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

**HASHIMAH BINTI MOHD ISA** (MACS 01269)  
**SELFIA BINTI MUHAMMAD EFFENDI** (MAICSA 7046782)  
*Joint Company Secretaries*  
Shah Alam

24 April 2019

**NOTICE OF 42<sup>ND</sup> ANNUAL GENERAL MEETING**
**Explanatory Notes on Ordinary and Special Businesses**
**1. Item 1 of the Agenda - Audited Financial Statements for the financial year ended 31 December 2018**

The Agenda item is meant for discussion as the provisions of Sections 248(2) and 340(1)(a) of the CA 2016 do not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

**2. Item 2 of the Agenda - Final dividend**

With reference to Section 131 of the CA 2016, a company may only make a distribution to the shareholders out of profits of the company available if the company is solvent. On 28 March 2019, the Board had considered the amount of dividend and decided to recommend the same for the shareholders' approval at the forthcoming 42<sup>nd</sup> AGM.

**3. Item 3(a) and 3(b) of the Agenda - Re-election of Directors pursuant to Article 90 of the Company's Constitution**

Article 90 of the Company's Constitution provides amongst others, that the Board shall have the power to appoint any person to be a Director to fill a casual vacancy or as an additional Director to the existing Board, and that any Director so appointed shall hold office until the next following AGM and shall then be eligible for re-election.

Accordingly, Encik Koay Li Onn (Leon) and Encik Ahmad Fariz bin Hassan, who were appointed as Independent Director and Managing Director/Group Chief Executive Officer respectively of Perangsang Selangor on 1 January 2019, shall hold office until the conclusion of the 42<sup>nd</sup> AGM and shall then be eligible for re-election pursuant to Article 90 of the Company's Constitution.

**4. Item 4(a), 4(b) and 4(c) of the Agenda - Re-election of Directors who retire in accordance with Article 84 of the Company's Constitution**

Article 84 of the Company's Constitution provides that one-third (1/3) of the Directors of the Company for the time being shall retire by rotation at an AGM of the Company. In determining the number of Directors who are to retire by rotation at the 42<sup>nd</sup> AGM, three (3) out of eight (8) Directors are to retire in accordance with Article 84 of the Company's Constitution.

The Nomination and Remuneration Committee ("NRC") has determined the eligibility of each of the Directors standing for re-election at the AGM based on performance of the Directors, taking into account the results of their latest Annual Board Evaluation, contribution in the areas of Board dynamics and participation, competency and capability, independence and objectivity together with their ability to make analytical inquiries and offer advice and guidance.

The Board approved the NRC's recommendation that the Directors who retire in accordance with Articles 90 and 84 of the Company's Constitution are eligible to stand for re-election. All these retiring Directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant Board meeting.

**5. Item 5 of the Agenda – Directors' remuneration**

Section 230(1) of the CA 2016 provides amongst others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the shareholders' approval shall be sought at the 42<sup>nd</sup> AGM on the Directors' remuneration under Ordinary Resolution 7 on payment of Directors' remuneration in respect of the period from the 42<sup>nd</sup> AGM to the next AGM of the Company ("Relevant Period").

The total amount of Directors' remuneration payable to the Directors is estimated to be up to RM2,608,683 for the Relevant Period which will take effect from 23 May 2019 subject to the shareholders' approval and taking into account various factors including the number of scheduled meetings for the Board, Board of subsidiaries and Board Committees as well as the number of Directors involved in these meetings. Payment of Directors' remuneration to the Directors of the Company will be made by the Company on a monthly basis and/or as and when incurred effective 23 May 2019.

**6. Item 6 of the Agenda – Re-appointment of Auditors**

The Audit Committee ("AC") at its meeting held on 26 March 2019 undertook an annual assessment of the suitability, objectivity and independence of the external auditors, BDO, in accordance with the External Auditors Assessment Policy which was approved by the Board in March 2017. In its assessment, the AC was satisfied with the suitability of BDO based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Group. The AC was also satisfied in its review that the provision of audit and non-audit services by BDO to the Company for financial year ended 31 December 2018 did not in any way impair their objectivity and independence as external auditors of the Company.

The Board at its meeting held on 28 March 2019 approved the AC's recommendation for the shareholders' approval to be sought at the 42<sup>nd</sup> AGM on the re-appointment of BDO as external auditors of the Company for the financial year ending 31 December 2019 under Resolution 8.

**7. Item 7 of the Agenda – Proposed Renewal of Existing Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature**

The proposed Ordinary Resolution 9, if passed, is primarily to procure new mandate and renew its existing mandate ("Shareholders' Mandate") by authorising the Company and/or its subsidiaries ("Group") to enter into recurrent transactions with the related parties which are necessary for the day-to-day operations of the Group and are based on normal commercial terms and transaction prices that are not more favorable to the related parties than those generally made available to the public and the Shareholders' Mandate shall lapse at the conclusion of the next AGM unless the authority is renewed by a resolution passed at such general meeting.

For more details, please refer to the Circular to Shareholders dated 24 April 2019.

## NOTICE OF 42<sup>ND</sup> ANNUAL GENERAL MEETING

### 8. Item 8 of the Agenda – Proposed Alteration.

This proposed Special Resolution, if passed, will enable the Company to alter its existing Memorandum and Articles of Association by replacing with a new Constitution which is drafted in accordance with the relevant provisions of the CA 2016, relevant amendments of Chapter 7 and other Chapters of the Listing Requirements of Bursa Securities and other provisions of laws and regulations that are applicable to the Company.

For further information on the Proposed Alteration, please refer to the Appendix A attached to the Notice of AGM.

#### NOTES:-

1. For the purpose of determining a member who shall be entitled to attend this 42<sup>nd</sup> AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 50(b) of the Company's Constitution and Section 34(l) of the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") to issue a General Meeting Record of Depositors as at 16 May 2019. Only a depositor whose name appears on the Record of Depositors as at 16 May 2019 shall be entitled to attend the said meeting and to speak or vote thereat.
2. The proxy need not be a Member. There shall be no restriction as to the qualification of the proxy.
3. A Member of the Company, who is entitled to attend and vote at a meeting of the Company, or at a meeting of any class of Members of the Company, may appoint more than one (1) proxy to attend and vote instead of the Member at the meeting.
4. Where a Member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint more than one (1) proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), 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. Where a Member or the authorised nominee appoints more than one (1) proxy, or where an exempt authorised nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
7. If the appointer is a corporation, the proxy form must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.
8. If the name is not inserted in the space for the name of your proxy, the Chairman of the meeting will act as your proxy.
9. The proxy form must be deposited at the Registrar's Office of Boardroom Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time of holding the AGM or any adjournment thereof.
10. The lodging of a form of proxy does not preclude a member from attending and voting in person at the meeting, should the member subsequently decide to do so.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

### Details of individual who is standing for election as Director

No individual is seeking election as a Director at the 42<sup>nd</sup> AGM of the Company.

## **Appendix A**

This is the "Appendix A" referred to the Special Resolution in the Notice of the 42<sup>nd</sup> Annual General Meeting ("AGM") of Kumpulan Perangsang Selangor Berhad dated 24 April 2019.

### **PROPOSED ALTERATION OF THE EXISTING MEMORANDUM AND ARTICLES OF ASSOCIATION BY REPLACING WITH A NEW CONSTITUTION**

Company No. 23737-K

#### **COMPANIES ACT 2016 MALAYSIA**

#### **PUBLIC COMPANY LIMITED BY SHARES**

#### **CONSTITUTION**

#### **OF**

#### **KUMPULAN PERANGSANG SELANGOR BERHAD**

**Incorporated in Malaysia**

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Companies Act 2016  
Public Company Limited by Shares

Constitution of  
**KUMPULAN PERANGSANG SELANGOR BERHAD**

**Name of Company**

1. The name of the Company is **Kumpulan Perangsang Selangor Berhad**. *Company name*

**Registered Office**

2. The registered office of the Company is situated in Malaysia. *Registered office*

**DEFINITIONS AND INTERPRETATION**

**Definitions**

3. In this Constitution: *Definitions*

“Act”	Means the Companies Act 2016, as amended, substituted or re-enacted from time to time.
“Annual General Meeting”	Means a meeting of the Company required to be held pursuant to Section 340 of the Act.
“Auditors”	Means the auditors of the Company.
“Board” or “Board of Directors”	Means the board of directors for the time being of the Company.
“Board Meeting”	Means a meeting of the Directors of the Company.
“Bursa Securities”	Means Bursa Malaysia Securities Berhad.
“Central Depositories Act”	Means the Securities Industry (Central Depositories) Act 1991 and regulations made thereunder, as amended or re-enacted from time to time.
“Company”	Means <b>Kumpulan Perangsang Selangor Berhad</b> .

“Company’s Documents” Including, but not limited to any of the following documents that may be issued by the Company from time to time:

- (a) In respect of a Member and person entitled to a Security in consequence of an Event of Transmission:
  - (i) Notices relating to General Meetings, instrument appointing a proxy (including electronic proxy appointment and voting manner), annual reports, audited financial statements, circular to shareholders, notices to holders of Securities, prospectus, information memorandum, notice of resolution, statement and other documents relating thereto;
  - (ii) All other documents as required under the Act, the Listing Requirements, applicable laws, guidelines, practice directives etc;
  - (iii) Other publication concerning the Company; and/or
  - (iv) All written communications.
- (b) In respect of a Director:
  - (i) Notices relating to meetings of Board
  - (ii) Notices relating to General Meetings, annual reports, audited financial statements, circular to shareholders, and other documents relating thereto;
  - (iii) All other documents as required under the Act, the Listing Requirements, applicable laws, guidelines, practice directives etc;
  - (iv) Other publication concerning the Company; and/or
  - (v) All written communications.

- (c) In respect of the Auditors:
  - (i) Notices relating to General Meetings, audited financial statements, and other documents relating thereto;
  - (ii) All other documents as required under the Act, the Listing Requirements, applicable laws, guidelines, practice directives etc; and/or
  - (iii) All written communications.
- (d) In respect of a holder of Debt Securities:
  - (i) Notices relating to meeting of Debt Securities holders, audited financial statements, notices to Debt Securities holders and other documents relating thereto;
  - (ii) All other documents as required under the trust deed governing an issue of Debt Securities, Act, the Listing Requirements, applicable laws, guidelines, practice directives etc; and/or
  - (iii) All written communications.

“Constitution”	The constitution of the Company as constituted by this document, or as altered from time to time by a special resolution.
“Debt Securities”	Means debentures, loan stocks or other similar instruments representing or evidencing indebtedness, whether secured or unsecured, and whether convertible or not.
"Deposited Security"	Means a security standing to the credit of a Securities Account and includes a security in a Securities Account that is in suspense.
“Depositor”	Means a holder of a Securities Account.

"Depository"	Means Bursa Malaysia Depository Sdn Bhd.
"Directors"	Means the directors for the time being of the Company (inclusive of alternate or nominee directors).
"Event of Transmission"	Means the death, bankruptcy or insolvency of a Member or debenture holder which would result in the Member or debenture holder being unable to remain as the registered holder of a share or debenture or such other transmission by operation of law.
"General Meeting"	Means a meeting of Members of the Company.
"Joint Holder"	In respect of a Security (other than Deposited Security), means two (2) or more persons are jointly entitled to any Security in the Company.
"Jumbo Certificate"	In relation to a Deposited Security, means a certificate comprising not less than fifty thousand (50,000) units of Securities of the Company or such denominations as may be directed by the Depository which is registered in the name of the Depository or its nominee company, as nominee for Depositors.
"Listed Deposited Security"	Means a Deposited Security quoted on the official list of Bursa Securities.
"Listing Requirements"	Means Main Market Listing Requirements of Bursa Securities, including any amendment that may be made from time to time.
"Member"	Means:  (a) a person whose name is entered in the Register of Members as the holder for the time being of one or more shares in the Company; and/or  (b) a Depositor whose name appears in the Record of Depositors as the holder for the time being of one or more shares in the Company.  Shares include ordinary shares, preference shares or other type of shares that may be issued and allotted by the Company from time to time.
"Office"	Means the registered office of the Company.

“Officer”	Means any Director, Secretary or employee of the Company.
“Record of Depositors”	Means a record provided by the Depository to the Company under Chapter 24.0 of the Rules.
“Register of Members”	Means the record of members of the Company kept and maintained pursuant to Section 50 of the Act.
“Registrar”	Means the Registrar of Companies designated under Section 20A(1) of the Companies Commission of Malaysia Act 2001.
“Representative of Member”	Includes any of the following persons:  (a) Representative appointed by a corporation which is a Member; or  (b) Attorney appointed by the Member by a power of attorney.
“Rules”	Means the Rules of Depository, including any amendment that may be made from time to time.
“Seal”	Means the common seal of the Company.
“Secretary”	Means a secretary of the Company appointed under Section 236 of the Act.
“Security” or “Securities”	Has the meaning given in Section 2(1) of the Capital Markets and Services Act 2007.
“Securities Account”	Means an account established by the Depository for a Depositor for the recording of deposit of Securities and for dealing in such Securities by the Depositor.
“Shareholder”	Means a holder of one or more share(s) in the Company.
“Unlisted Deposited Security”	Means a Deposited Security other than Listed Deposited Security.

#### **Interpretation**

4. (1) Expressions referring to writing include, unless the contrary intention appear, references to printing, lithography, photography and other modes of representing or reproducing words in a visible form. *Interpretation*

- (2) Words importing the singular number only shall include the plural number, and vice versa.
- (3) Words importing the masculine gender only shall include the feminine gender.
- (4) Words importing persons shall include corporations.
- (5) Unless the context requires otherwise, other words and expressions contained in this Constitution shall bear the same meaning as in the Act when this Constitution becomes effective and binding on the Company.

**TYPE AND PURPOSE OF COMPANY**

**Type of Company**

- 5. (1) The Company is a public company limited by shares. *Public company*
- (2) The liability of the Members is limited to the amount, if any, unpaid on shares held by the Members. *Members' liability*

**Purpose of Company**

- 6. (1) The principal objects for which the Company is established are: *Objects*
  - (a) To carry on the business of investment holding and for that purpose to acquire and hold for investment shares, stocks, debentures, debenture stocks, bonds, obligations and securities issued or guaranteed by any company or private undertaking or any syndicate or persons constituted or carrying on business in Malaysia or elsewhere and debentures, debenture stocks, bonds, obligations and securities issued or guaranteed by any government, sovereign ruler, commissioners, public body or authority, supreme, municipal, local or otherwise and to acquire any such shares, stocks, debentures, debenture stocks, bonds, obligations or securities by original subscription, tender, purchase, transfer, exchange or otherwise and to exercise and generally to enforce and exercise all rights and powers conferred by or incidental to the ownership thereof and in particular to sell, transfer, exchange or otherwise dispose of the same;
  - (b) To provide management and administration services in respect of general management and administration, business planning and coordination, technical support and maintenance, advisory and other services in connection with the activities of any related companies;and

(c) To purchase or otherwise acquire for investment land, factories, houses, buildings, plantations and other immovable property of any tenure and/or any interest therein and any rights connected with such land and any movable property of any description and/or any interest therein and to create and sell freehold land and leasehold ground rents and/or to develop and turn to account any land acquired by the Company or in which it is interested and in particular by laying out and preparing the same for building purposes, constructing, altering, fitting up, decorating, demolishing, maintaining and improving buildings and by planting, paving, draining, letting on buildings leases or agreements and/or to make advances upon the security of land or house, or other property of any interest therein and generally to sell, lease or exchange land and house property and any other property whether real or personal and whether for valuable consideration or not.

(2) Without derogating from the generality of this Clause, the Company shall have the full capacity to carry on or undertake any business or activity that is in the best interest of the Company with full rights, powers and privileges for such purpose in accordance with Section 21 of the Act, subject always to the requirements of any applicable laws and regulations. *Legal capacity and powers of the Company*

## SECURITIES

### Classes of Shares

7. (1) The capital of the Company shall consist of ordinary shares. *Ordinary shares*
- (2) A holder of ordinary share(s) shall have the following voting rights: *Rights of ordinary shares*
- (a) Right to vote on a show of hands to one (1) vote on any resolution of the Company; and
- (b) Right to vote on a poll to one (1) vote for every share held on any resolution of the Company.

### Variation of Rights

8. (1) If at any time the share capital is divided into different classes of shares, the rights attached to each class of shares (unless otherwise provided by the terms of issue of the shares of that class) may only, whether or not the Company is being wound up, be varied: *Variation of rights*
- (a) with the consent in writing of the holders holding not less than seventy-five percent (75%) of the total voting rights of the holders of that class of shares; or

- (b) by a special resolution passed by a separate meeting of the holders of that class of shares sanctioning the variation.
  
- (2) The provisions of this Constitution relating to General Meetings apply with the necessary modifications to every separate meeting of the holders of the shares of the class referred to in Clause 8(1), except that:
  - (a) for a meeting other than an adjourned meeting, a quorum is constituted by two (2) persons present holding at least one-third (1/3) of the number of issued shares of such class, excluding any shares of that class held as treasury shares; *Class Meeting*
  
  - (b) if that class of shares only has one holder, a quorum is constituted by one (1) person present holding shares of such class; and
  
  - (c) for an adjourned meeting, a quorum is constituted by one (1) person present holding share(s) of such class. *Adjourned Class Meeting*
  
- (3) The rights attached to an existing class of preference shares shall be deemed to be varied by the issue of new preference shares that rank equally with the existing class of preference shares unless such issuance was authorised by:
  - (a) the terms of the issue of the existing preference shares; or
  
  - (b) this Constitution of the Company as in force at the time when the existing preference shares were issued. *Variation of rights of existing preference shares*

**Records of Members**

- 9. (1) The records of Members of the Company comprise the following: *Records of Members*
  - (a) Record of Depositors; and/or
  
  - (b) Register of Members.
  
- (2) In relation to Deposited Securities, a Depositor whose name appears in the Record of Depositors maintained by the Depository in accordance with Section 34 of the Central Depositories Act in respect of the Securities of the Company which have been deposited with the Depository shall be deemed to be a shareholder, debenture holder or option holder of the Company, as the case may be, and shall, subject to the provisions of the Central Depositories Act and any regulations made under that Act, be entitled to the number of securities stated in the Record of Depositors. *Record of Depositors*

- (3) In relation to non-Deposited Securities, the Company shall: *Register of Members*
- (a) maintain a Register of Members at its Office or such other place as may be determined by the Directors from time to time; and
  - (b) record the particulars of the Members as prescribed under Section 50 of the Act in the Register of Members.
- (4) The Company shall use the address of a Member in the Record of Depositors or Register of Members (as applicable) for the purpose of delivering Company's Documents and such address may be any one or more of the following: *Address*
- (a) a residential address;
  - (b) a postal address;
  - (c) a registered office (if the Member is a corporation);
  - (d) a business address;
  - (e) an email address;
  - (f) a facsimile number; and/or
  - (g) contact details as provided by the Depositor to the Depository.
- (5) (a) In relation to Deposited Securities, a Depositor must notify the Depository from time to time of any change of his particulars or such information as required under the Rules. *Notification of change of particulars of Record of Depositors*
- (b) In relation to non-Deposited Securities, each Member must notify the Company as soon as practicable (in any event no later than fourteen (14) days) of any change of his particulars to enable the Company to record such change in the Register of Members and notify the Registrar within the aforesaid timeline as stipulated in the Act. *Notification of change of particulars of Register of Members*

**Certificates of Shares or Debentures**

10. (1) The Company may, as required by the Depository, issue a Jumbo Certificate in the name of the Depository or its nominee company, as nominee for Depositors, for the Deposited Securities issued by the Company from time to time. *Issuance of Jumbo Certificate*
- (2) In relation to non-Deposited Securities:
- (a) every person whose name is entered as member in the Register of Members or holder in the register of debenture holders shall be entitled without payment to receive a certificate in respect of the shares or debentures issued under the Seal in accordance with the Act. *Issuance of share / debenture certificate*
- (b) in respect of shares or debentures held jointly by several persons, the Company is not bound to issue more than one (1) certificate for such shares or debentures, and delivery of a certificate for shares or debentures to one (1) of several Joint Holders is sufficient delivery to all such holders. *Issuance of share / debenture certificate to Joint Holders*
- (c) if a certificate of shares or debentures is worn out, defaced, lost or destroyed, it may be re-issued on payment of a fee not exceeding RM50.00 on the application by the Shareholder or debenture holder. The Directors may, at its absolute discretion and as they think fit, impose such terms and requirements (if any) as to evidence and indemnity and payment of out-of-pocket expenses of the Company incidental to the investigation, and in the case of defacement or wearing out, on delivery of the old certificate. *Loss or destruction of share / debenture certificate*

**Beneficial Ownership of Shares**

11. (1) Except as required by law, the Central Depositories Act, the Rules or pursuant to any order of the Court, no person is to be recognised by the Company as holding any share upon any trust. *Trust*
- (2) Except as required by law, this Constitution, the Central Depositories Act, the Rules or pursuant to any order of the Court, the Company is not bound by or compelled in any way to recognise or enter into the Register of Members or Record of Depositors: *Not compelled to recognise trust*
- (a) any equitable, contingent, future or partial interest in any share or unit of a share; or
- (b) any other rights in respect of any share or unit of share,
- other than the registered holder's rights to the entirety of the share or unit of share.
- (3) Clause 11(2) applies even when the Company has notice of any interest or right (including notice of any trust expressed, implied or constructive in this regard) referred to in Clauses 11(2)(a) or (b). *Notice of interest or right*

## DEALING IN SECURITIES

### Issue of Securities

12. (1) Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares but subject always to the Act, the Listing Requirements and this Constitution, the Directors have the right to:
- Allotment of shares or grant of rights*
- (a) issue and allot shares in the Company; and
  - (b) grant rights to subscribe for shares or options over unissued shares in the Company.
- (2) Subject to the Act, the Listing Requirements, this Constitution and the relevant Shareholders' approval being obtained, the Directors may issue any shares (including rights or options over subscription of such shares):
- Pre-emptive rights shall not apply*
- (a) with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine;
  - (b) to any person, whether a Member or not, in such numbers or proportions as the Directors may determine; and
  - (c) for such consideration as the Directors may determine.
- (3) (a) Subject to the Act, the Listing Requirements and any direction to the contrary that may be given by the Company in General Meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled.
- Issue of new shares or securities to Members*
- (b) The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company.
  - (c) The Directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.

- (4) Subject to Paragraph 6.06 of the Listing Requirements and notwithstanding the existence of a resolution pursuant to Sections 75(1) and 76(1) of the Act, the Company must not issue any shares or convertible securities if the total number of those shares or convertible securities, when aggregated with the total number of any such shares or convertible securities issued during the preceding twelve (12) months, exceeds ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company except where the shares or convertible securities are issued with the prior shareholder approval in a General Meeting of the precise terms and conditions of the issue. *General mandate for issue of securities*
- (5) (a) The Company may pay commission (including brokerage) subject to the following: *Permitted commission*
- (i) the commission shall not exceed the rate of ten percent (10%) of the price at which the shares in respect whereof the same is paid are issued; or
- (ii) the commission shall not exceed an amount equal to ten percent (10%) of that price,
- whichever is lesser;
- (b) The rate of commission shall be disclosed in the manner prescribed in the Act; and
- (c) The said commission may be satisfied by payment in cash or shares (fully or partly paid shares) or partly in one way and partly in the other. For the purpose of Clause 12(5), commission includes brokerage and the rates referred to in Clause 12(5)(a) shall not apply to brokerage.
- (6) Subject to Section 130 of the Act, where any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a long period, the Company may pay interest or returns on the amount of such share capital as is for the time being paid up and charge the interest or returns paid to share capital as part of the cost of construction of the works, buildings or the provision of any plant. *Power of Company to pay interest out of capital in certain cases*

**Transfer and Transmission of Securities under the Central Depository System**

13. Clauses 14 and 15 shall apply to Deposited Securities. *Application*

**Transfer of Securities**

14. The transfer of any Deposited Security or class of Deposited Security of the Company, shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the Deposited Securities. *Transfer of securities*

**Transmission of Securities**

15. Where: *Transmission of securities*

- (a) the Securities of the Company are listed on another stock exchange; and
- (b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such Securities,

the Company shall, upon request of a Securities holder, permit a transmission of Securities held by such Securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such Securities.

**Transfer and Transmission of Shares or Debentures**

16. Clauses 17 to 23 shall apply to non-Deposited Securities. *Application*

**Transfer of Shares or Debentures**

17. (1) Subject to this Constitution and other written laws, any Shareholder or debenture holder may transfer all or any of his shares or debentures by instrument of transfer as prescribed under the Act. *Instrument of transfer*

(2) The instrument of transfer must be executed by or on behalf of the transferor and the transferee. *Execution of instrument of transfer*

(3) The transferor shall remain as the holder of such shares or debentures until the transfer is registered and the name of the transferee is entered in the Register of Members or register of debenture holders in respect of the shares or debentures respectively. *Effect the transfer of shares or debentures*

18. (1) To enable the Company to register the name of the transferee, the following items in relation to the transfer of shares or debentures must be delivered by the transferor to the Office of the Company: *Items for transfer of shares or debentures*
- (a) the instrument of transfer duly executed and stamped;
  - (b) the certificate of the shares or debentures which the instrument of transfer relates; and
  - (c) any other evidence as the Directors may reasonably require showing the right of the transferor to make the transfer.
- (2) Upon receipt of the items referred to in Clause 18(1), the Company shall, upon the approval of the Board and unless otherwise resolved, register the name of the transferee in the Register of Members or register of debenture holders (as applicable). *Approval of registration*
19. (1) The Directors may decline or delay to register the transfer of shares within thirty (30) days from the receipt of the instrument of transfer if: *Refusal of registration*
- (a) the shares are not fully paid shares;
  - (b) the Directors passed a resolution with full justification to refuse or delay the registration of transfer;
  - (c) the Company has a lien on the shares; and/or
  - (d) the Shareholder fails to pay the Company an amount due in respect of those shares, whether by way of consideration for the issue of the shares or in respect of the sums payable by the Shareholder in accordance with this Constitution.
- (2) Where applicable, the Company shall send a notice of the resolution referred to in Clause 19(1)(b) to the transferor and transferee, within seven (7) days of the resolution being passed by the Directors. *Notification to transferor and transferee*
20. On giving at least fourteen (14) days' notice to the Registrar to close the Register of Members or register of debenture holders, the Company may close the Register of Members or register for any class of members or register of debenture holders (collectively, the "Registers") for the purpose of updating the Registers. The registration of transfer may be suspended at such time and for such period as the Directors may from time to time determine, provided that no part of the relevant Register(s) be closed for more than thirty (30) days in aggregate in any calendar year. *Closing the Register of Members or Register of Debenture Holders*

**Transmission on Death**

21. In case of the death of a Member or debenture holder, the only persons recognised by the Company as having any title to the interest of the deceased Member or debenture holder in the shares or debentures respectively shall be: *Transmission on death*

- (1) the survivor(s), where the deceased Member or debenture holder was a Joint Holder; and
- (2) the legal personal representatives of the deceased Member or debenture holder, where the deceased Member or debenture holder was a sole holder,

but nothing herein contained shall release the estate of a deceased Joint Holder from any liability in respect of any share which had been jointly held by him with other persons.

**Transmission by Operation of Law**

22. (1) Any person becoming entitled to a share or debenture in consequence of an Event of Transmission may, upon such evidence being produced as is properly required by the Directors, and subject as hereinafter provided, elect either to register himself as the holder of the share or debenture or to have some other person nominated by him registered as the transferee of the shares or debentures. *Registration of transmission*

(2) If the entitled person elects to register himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. *Elects to register himself as holder*

(3) If he elects to have another person registered, he shall execute an instrument of transfer of the share or debenture in favour of that person. *Elects to register other person as the holder*

(4) All limitations, restrictions and clauses of this Constitution relating to the right to transfer and the registration of transfers of shares or debentures shall be applicable to any such notice or transfer as if the Event of Transmission had not occurred and the notice or transfer were a transfer signed by that Shareholder or debenture holder. *Limitations, restrictions and clauses relating to transfer of shares or debentures shall apply to transmission*

23. (1) Upon an Event of Transmission and the receipt by the Company of the relevant notification as required under the Act together with such documentary evidence as required by the Directors from the person who is entitled to the title to the relevant shares or debentures, the Company shall register the person as a shareholder or debenture holder of the Company within sixty (60) days from its receipt of the notification (together with the required documentary evidence). *Entitled to the same rights as the registered holder*
- (2) The registration of transmission of shares or debentures under Clause 23(1) shall entitle the registered holder to the same dividends and other advantages, and to the same rights (whether in relation to meetings of the Company, or to voting or otherwise), as the registered holder would have been entitled to if the registered holder had not suffered an Event of Transmission.
- (3) Where two (2) or more persons are jointly entitled to any shares or debentures in consequence of the death of the registered holder, they shall, for the purpose of this Constitution, be deemed to be Joint Holders of the shares or debentures. *Joint Holder*

**Lien on Shares**

24. (1) The Company has a first and paramount lien on every share for: *Lien on shares*
- (a) any amount due or unpaid in respect of the share which has been called or is payable at a fixed date and/or time;
- (b) all amounts that the Company may be called on by law to pay in respect of the share; and/or
- (c) any reasonable interest in respect of the unpaid amounts on the share and reasonable expenses incurred by the Company in respect of receiving unpaid amounts on the share.
- (2) The Company's lien, if any, on a share extends to all dividends payable in respect of the share which may be retained and applied towards the satisfaction of any or all amounts due to the Company in respect of which the lien exists. *Dividends payable may be used for satisfaction of the amount due*
- (3) The Company's lien on shares and dividends from time to time declared in respect of such shares, shall be restricted to: *Company's lien on shares and dividends*
- (a) unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid,
- (b) if the shares were acquired under an employee share option scheme, amounts which are owed to the Company
- for acquiring them; and
- (c) such amounts as the Company may be called upon by law to pay, and has paid, in respect of the shares of the Member or deceased Member.

In each case, the lien extends to reasonable interest and expenses incurred because the amount is not paid.

- |     |  |   |
|-----|--|---|
| (4) | The Directors may at any time declare a share to be wholly or partly exempt from Clauses 24(1) or (2), or both.  | <i>Exemption</i>                            |
| 25. | No person is entitled to exercise any rights or privileges as a Member until the Member has paid all calls, instalments of calls and other moneys (including interest and expenses) for the time being payable in respect of which the lien exists.  | <i>Rights or privileges of a Member</i>     |
| 26. | The registration of a transfer of a share approved by the Directors shall operate as a waiver of the Company's lien over the share.  | <i>Registration of transfer</i>             |
| 27. | (1) Subject to Clause 27(2), the Company may sell, in any manner as the Directors think fit and appropriate, any shares over which the Company has a lien.   | <i>Sale of shares under lien</i>            |
|     | (2) A share on which the Company has a lien shall not be sold unless:  | <i>Enforcing sale of shares under lien</i>  |
|     | (a) a sum in respect of which the lien exists is presently payable; and  |   |
|     | (b) the Company has, not less than fourteen (14) days before the date of the sale, given to the registered holder for the time being of the share or the person entitled to the share by reason of the death or bankruptcy of the registered holder of the share, a notice in writing stating and demanding payment of such part of the amount in respect of which the privilege or lien exists and is presently payable.                                |   |
| 28. | (1) To give effect to any sale of shares under Clause 27, the Directors may authorise a person to transfer the shares sold to the purchaser of the shares.   | <i>Give effect to any sale of shares</i>    |
|     | (2) The Company shall register the purchaser as the holder of the shares comprised in any such transfer and the Directors shall not be bound to see to the application of the purchase money.  | <i>Register the purchaser as the holder</i> |
|     | (3) The title of the purchaser to the shares shall not be affected by any irregularity or invalidity in the proceedings relating to the sale of the shares.  | <i>Title of the purchaser</i>               |
| 29. | The proceeds of a sale of shares under Clause 27 shall be received and applied by the Company in payment first of the expenses of the sale, then of such part of the amount in respect of which the lien exists as is presently payable and the residue (if any) shall (subject to any similar lien for sums not presently payable that exists over the shares before the sale) be paid to the person entitled to the shares as at the date of the sale. | <i>Proceeds of sale of shares</i>           |

**Calls on shares**

30. (1) The Directors may from time to time make calls upon the Shareholders in respect of any money unpaid on the shares of the Shareholders and not by the conditions of the allotment of the shares made payable at fixed date, provided that: *Directors to make calls*
- (a) no call shall exceed one-fourth ( $\frac{1}{4}$ ) of the issue price of the share or be payable at less than thirty (30) days from the date fixed for the payment of the last preceding call; and
- (b) each Shareholder shall, upon receiving at least fourteen (14) days' notice specifying the date, time and place of payment, pay to the Company (at the time or times and place specified in the notice) amount called on the Shareholder's shares.
- (2) The Joint Holders of a share shall be jointly and severally liable to pay all calls in respect of their shares. *Joint Holder*
- (3) A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments. *Board's resolution authorising the call*
- (4) A call may be revoked or postponed as the Directors may determine. *Directors may revoke or postpone call*
31. (1) If a sum called in respect of a share is not paid before or on the day appointed for payment of the sum, the person from whom the sum is due shall pay interest on that sum from the appointed day for payment to the time of actual payment at a rate not exceeding eight percent (8%) per annum as the Board may determine. *Interest on late payment*
- (2) The Board may waive payment of any such interest in whole or in part. *Waiver of interest*
32. (1) Any sum which, by the terms of issue of a share, becomes payable on allotment or at any fixed date shall be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable. *Sum becomes due and payable*
- (2) In the case of non-payment of such sum, all the relevant provisions of this Constitution as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified. *Non-payment of such sum*

33. (1) The Company may accept from any Shareholder the whole or a part of the amount unpaid on a share although no part of that amount has been called up. *Advance from shareholder*
- (2) The Company may make arrangements on the issue of shares for varying the amounts and times of payment of calls as between Shareholders. *Arrangement to vary the amount and payment*
- (3) Upon all or any part of the money advanced by Shareholder (for all or any part of the money uncalled or unpaid upon the shares held by such Shareholder) received by the Directors from the Shareholder become payable, the Directors may authorise the Company to pay interest or return at a rate not exceeding eight percent (8%) per annum as may be agreed upon between the Directors and the Shareholder paying the sum in advance (unless the Company in a General Meeting otherwise directs). *Interest on advance*
- (4) However, the Company may not pay dividends in proportion to the amount paid up on each share where a larger amount is paid up on some shares than on others.

#### **Forfeiture of Shares**

34. (1) If a Shareholder fails to pay any call or instalment of a call on or before the day appointed for the payment of the call or instalment, the Directors may serve a notice on the Shareholder requiring payment of the amount unpaid, together with interest at such rate not exceeding eight percent (8%) per annum as the Directors shall determine. *Notice of forfeiture of shares*
- (2) The notice shall specify a date (not earlier than the expiration of fourteen (14) days from the date of service of the notice) on or before which the payment is required to be made and the notice shall state that, in the event of non-payment on or before the specified date, the shares in respect of which the call was made will be liable to be forfeited. *Contents of notice*
35. (1) If the requirements set out in the notice served under Clause 34 are not complied with, the shares in respect of which such notice has been given shall be forfeited by a resolution of the Directors to that effect, unless the required payment is made before such resolution. *Passing of Directors' resolution to forfeit the shares*
- (2) A forfeiture of shares as referred to in Clause 35(1) above shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture. *Forfeiture including all dividends declared*
36. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit and, at any time before a sale or disposition of the forfeited shares, the forfeiture may be cancelled on such terms as the Directors think fit. *Forfeited share may be sold, reissued or otherwise*

37. If any share is forfeited and sold, any residue after the satisfaction of the unpaid calls and accrued interest and expenses, shall be paid to the person whose shares have been forfeited, or his executors, administrators or assignees or as he directs. *Sale of shares forfeited*
38. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares. Notwithstanding that, such person shall remain liable to pay to the Company all money that, at the date of forfeiture, was payable by the person to the Company in respect of the shares (together with interest or compensation at the rate of eight percent (8%) per annum from the date of forfeiture on the money for the time being unpaid if the Directors think fit to enforce payment of the interest or compensation). Liability of the person shall cease if and when the Company receives payment in full of all the money (including interest or compensation) so payable in respect of the shares. *Cessation of Member in respect of forfeited shares*
39. A statutory declaration in writing by a Director or Secretary that a share in the Company has been duly forfeited on the date stated in the declaration shall be conclusive evidence of the facts stated in the declaration against all persons claiming to be entitled to the share. *Statutory declaration*
40. (1) The Company may receive the consideration (if any) given for a forfeited share on any sale or disposition of the shares and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of. *Consideration of the forfeited shares*
- (2) Upon the execution of the transfer of the share, the transferee shall be registered as the holder of the share and the Company shall not be bound to see to the application of the purchase money (if any). *Transfer of forfeited shares*
- (3) The title of the transferee to the share is not affected by any irregularity or invalidity in the proceedings in connection with the forfeiture, sale or disposal of the share. *Title of the transferee*
41. The provision of this Constitution as to forfeiture of shares shall apply in the case of non-payment of any sum that, by the terms of issue of a share, become payable to the Company at a fixed date as if that sum of the shares had been payable by virtue of a call duly made and notified. *Provision of forfeited shares*

#### **Conversion of shares into stock**

42. The Company may by ordinary resolution passed at a General Meeting convert any paid-up shares into stock and reconvert any stock into paid-up shares in accordance with Sections 84(1)(b) and 86 of the Act. *Conversion of shares into stock and vice versa*
43. (1) The stockholders may transfer their stock or any part thereof in the same manner as the transfer of shares from which the stock arose may, before the conversion, have been transferred or be transferred in the closest manner as the circumstances allow. *Stock is transferable*
- (2) The Directors may from time to time fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of that minimum. *Directors' powers*

44. (1) The stockholders shall, according to the amount of the stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose.
- (2) However, no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by any such part of stock which would not, if existing shares have conferred that privilege or advantage. *Participation in dividends and profits*
45. For the purpose of Clauses 42 to 44, any reference in this Constitution as are applicable to paid-up shares shall apply to stock, and the words "share" and "shareholder" therein shall include "stock" and "stockholder" respectively. *Reference*

#### Alteration of Capital

46. (1) The Company may from time to time by ordinary resolution and subject to other applicable laws or requirements:
- (a) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived; or *Consolidation of shares*
- (b) subdivide its shares or any of them into shares, whichever is in the subdivision; the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived. *Subdivision of shares*
- (2) The Company may from time to time by special resolution and subject to other applicable requirements:
- (a) cancel shares which, at the date of the passing of the resolution in that regard, have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled or in such other manner allowed by law; or *Cancellation of shares*
- (b) reduce its share capital in such manner permitted by law, and (where applicable) subject to the relevant required approvals being obtained. *Reduction of share capital*
- (3) The Company shall have the power, subject to and in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines in respect thereof for the time being in force, to purchase its own shares and thereafter to deal with the shares purchased in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines thereunder or issued by Bursa Securities and any other relevant authorities in respect thereof. *Purchase of own shares*

## PASSING OF RESOLUTIONS OF MEMBERS

### Passing of Resolutions of Members

47. The Company may pass a resolution of the Members or of a class of Members at a meeting of the Members. *Passing a Members' Resolution*

## MEETINGS OF MEMBERS

### Convening General Meetings

48. (1) The Company shall hold an Annual General Meeting in every calendar year pursuant to Section 340 of the Act to transact the following ordinary business: *Annual general meeting*
- (a) The laying of audited financial statements and the reports of the Directors and Auditors; *Ordinary business*
  - (b) The declaration of dividend (if any);
  - (c) The election or re-election and the fixing of the fees and benefits of the Directors;
  - (d) The appointment and the fixing of the fees and benefits of the Directors; and
  - (e) The appointment or re-appointment and the fixing of the remuneration of the Auditors.
- (2) All businesses (except for those set out under Clause 48(1)) shall be special that is transacted at an Annual General Meeting and also that is transacted at other General Meeting. *Special business*
49. Subject to Clause 48, all meetings of Members shall be called General Meetings. *General Meetings*
50. The Board: *Board to convene General Meeting*
- (1) may, whenever it thinks fit, convene a meeting of the Members; and
  - (2) shall convene a General Meeting on the request of the Members pursuant to Section 311 of the Act.
51. A General Meeting may be requisitioned by: *Members to requisite a General Meeting*
- (a) any Member(s) holding at least ten percent (10%) of the issued and paid up share capital of the Company pursuant to Sections 310(b) and 311(3)(a) of the Act; or
  - (b) any of the Members representing more than one half of the total voting rights of all of the Members who requisitioned the General Meeting pursuant to Section 313(1) of the Act.

**Notice of General Meetings**

52. (1) A notice of a General Meeting must specify the following: *Contents of Notice of General Meeting*
- (a) the place, date and time of the General Meeting;
  - (b) the general nature of the business of the General Meeting; and
  - (c) the text of any proposed resolution and other information as the Directors think fit.
- (2) If the General Meeting is to be held in two (2) or more places, the notice of the General Meeting shall specify the technology or method that will be used to facilitate the General Meeting. *General Meeting held at two (2) or more venues*
- (3) The main venue of the General Meeting shall be in Malaysia and the chairperson shall be present at that main venue of the General Meeting. *Main venue*
53. (1) The notices convening General Meetings shall specify the place, day and hour of the General Meeting, and shall be given to all Shareholders at least fourteen (14) days before the General Meeting or at least twenty-one (21) days before the General Meeting where any special resolution is to be proposed or where it is an Annual General Meeting. Any notice of a General Meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any special resolution is proposed or where it is the Annual General Meeting, of every such meeting must be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the Company is listed. *Notice of General Meetings*
- (2) The notice of General Meeting shall exclude the date of issuing the notice and the date of the General Meeting.
- (3) An Annual General Meeting may be called by a notice shorter than the period referred to in Clause 53(1) if so agreed by all the Members entitled to attend and vote at the General Meeting.
- (4) The technology to be used for the purpose of this Clause must allow the Members who participate in the physical and/or virtual General Meeting to communicate simultaneously with the chairperson, Directors, other Members and advisers (if any) taking part in the main venue of the General Meeting and such technology may include telephone, television, video conferencing, or any other telecommunication or digital methods which permits instantaneous communication. *Technology to be used for physical and/or virtual General Meeting*

- (5) Subject to the Act, the Listing Requirements and other applicable laws and regulations, the physical and/or virtual General Meeting shall be deemed to constitute a General Meeting and all provisions of this Constitution relating to General Meetings shall apply to any physical and/or virtual General Meeting provided the following conditions are met: *Conditions for physical and/or virtual General Meeting*
- (a) All the Members for the time being entitled to receive notice of the General Meeting shall be entitled to receive notice of the physical and/or virtual General Meeting. Notice of any such meeting shall be given by an appropriate form of technology (or in such other manner) as determined by the Board of Directors and permitted by this Constitution; and
- (b) The Members who attend the General Meeting remotely may participate, speak and vote at the physical and/or virtual General Meeting provided that the remote locations should leverage on technology to facilitate voting, including voting in absentia and remote shareholders' participation at the physical and/or virtual General Meeting.
- (6) A General Meeting, other than an Annual General Meeting and a General Meeting for passing of a special resolution, may be called by a notice shorter than the period referred to in Clause 53(1) if so agreed by a majority in the number of the Members who collectively hold not less than ninety-five percent (95%) of the total number of shares giving the rights to attend and vote at the General Meeting, excluding any shares in the Company held as treasury shares. *Shorter notice*
54. Notice of every General Meeting shall be given in the manner authorised by Clause 127 to: *Persons entitled to receive notice of General Meeting*
- (1) every Member (including any person who is entitled to a share in consequence of the death or bankruptcy of a Member who, but for his death or bankruptcy, would be entitled to receive notice of the meeting and the Company has been notified of the person's entitlement in writing);
- (2) every Director; and
- (3) the Auditors.
55. (1) In relation to Deposited Securities, the Company shall request the Depository in accordance with the Rules, to issue a Record of Depositors to whom notices of General Meetings shall be given by the Company. *Record of Depositors*
- (2) The Company shall also request the Depository in accordance with the Rules, to issue a Record of Depositors, as at the latest date which is reasonably practicable which shall in any event be not less than three (3) market days before the General Meeting ("General Meeting Record of Depositors").
- (3) Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 (where applicable), a Depositor shall not be regarded as a Member entitled to attend any General Meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors.

**Quorum for General Meetings**

56. (1) No business is to be transacted at any General Meeting unless a quorum of Members is present at the time when the meeting proceeds to business. *Quorum*
- (2) Two (2) Members personally present at a meeting or by proxy or by Representative of Member shall constitute a quorum. *More than one (1) Member*
- (3) For the purpose of constituting a quorum:
- (a) one (1) or more representatives appointed by a corporation shall be counted as one (1) Member; *Corporate representative*
- (b) one (1) or more proxies appointed by a person shall be counted as one (1) Member; or *Proxy*
- (c) the presence of one (1) or more Joint Holders shall be counted as one (1) Member. *Joint Holders*

**No Quorum**

57. If a quorum is not present within half an hour after the time appointed for a General Meeting: *Quorum is not present*
- (1) where the General Meeting was convened upon the requisition of Members, the meeting shall be dissolved; or *Requisition of Member*
- (2) in any other case: *Other case*
- (a) if no determination is made by the Directors, the General Meeting shall stand adjourned to the same day in the next week at the same time and place or if that day falls on a public holiday then to the next business day following that public holiday; or *Adjournment of General Meeting*
- (b) the General Meeting shall stand adjourned to another day and at another time and place as the Directors may determine; and
- if at the adjourned General Meeting, a quorum is not present within half an hour from the time appointed for the meeting, then any Member present shall form a quorum. *Adjourned General Meeting*

**Chairperson of General Meetings**

58. The chairperson of a General Meeting is:
- (1) where the Board has appointed a chairperson or deputy chairperson amongst the Directors, the Chairperson of the Board; or *Chairperson of the Board*
  - (2) where:
    - (a) the Chairperson of the Board is unable or unwilling to act as the chairperson of the General Meeting; *Members to appoint Chairperson of General Meeting*
    - (b) the Chairperson is not present within fifteen (15) minutes after the time appointed for the holding of the General Meeting; or
    - (c) the Board has not appointed a chairperson amongst the Directors,

the Members present shall elect one of their Members present to be the chairperson of the General Meeting.
  - (3) For avoidance of doubt, a proxy or Representative of Member may be elected as the chairperson of the General Meeting by a resolution passed at the meeting.

**Adjournment of General Meetings**

- 59.
- (1) The chairperson shall adjourn a General Meeting, at which a quorum is present, from time to time and from place to place if the Members present with a majority of votes that may be cast at that meeting agree or direct the chairperson to do so. *Members' consent is required*
  - (2) No business shall be transacted at any adjourned General Meeting other than the business left unfinished at the General Meeting from which the adjournment took place (referred to as the "Original General Meeting"). *Only transact the business left unfinished at the General Meeting*
  - (3) There is no need to give any notice of an adjourned General Meeting or of the business to be transacted at an adjourned General Meeting unless the adjourned General Meeting is to be held thirty (30) days or more after the date of the Original General Meeting or otherwise as the chairperson directs. *Notice of adjourned General Meeting*

**Voting by Show of Hands**

60. (1) Subject to the Listing Requirements, at a General Meeting, a resolution put to the vote of the General Meeting shall be decided on a show of hands unless a poll is demanded before or on the declaration of the result of the show of hands. *By show of hands*
- (2) On a vote on a resolution at a General Meeting on a show of hands, a declaration by the chairperson that a resolution has been passed unanimously, or with a particular majority, or is lost, and an entry to that effect in the minutes of the proceeding shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. *Declaration by the chairperson*

**Voting by Poll**

61. (1) A poll may be demanded: *Demand a poll*
- (a) by the chairperson;
- (b) by at least three (3) Members present in person or by proxy;
- (c) by any Member or Members present in person or by proxy and representing not less than ten percent (10%) of the total voting rights of all the Members having the right to vote at the General Meeting; or
- (d) by a Member or Members holding shares in the Company conferring a right to vote at the General Meeting being shares on which an aggregate sum has been paid up equal to not less than ten percent (10%) of the total paid up shares conferring that right.

For purposes of this Clause, references to “Member” shall include Representative of Member.

- (2) The demand for a poll may be subsequently withdrawn. *Withdrawal of a demand for poll*
- (3) Subject to Clause 61(4), if a poll is duly demanded, it shall be taken in such manner and either at once or after an interval or adjournment or otherwise as the chairperson directs. *When a poll is to be held*
- (4) No poll shall be demanded on the election of a chairperson of a General Meeting or on a question of adjournment of a General Meeting. *No poll on election of chairperson or adjournment*
- (5) When a poll is properly demanded, the earlier vote by a show of hands shall be superseded by the result of the poll and the result of the poll shall be the resolution of the General Meeting at which the poll was demanded. *Result of the poll*

**Casting Vote**

62. In the case of an equality of votes, whether on a show of hands or on a poll, the chairperson of the General Meeting at which the show of hands takes place or at which the poll is carried out is entitled to a second or casting vote. *Chairperson shall have a casting vote*

**Voting Entitlement**

63. Subject to any rights or restrictions for the time being attached to any class or classes of shares:
- (1) at meetings or class meetings of Members, each Member entitled to vote may vote in person or by a proxy or by Representative of Member; *Voting by Member*
  - (2) on a vote by way of show of hands, every Member who is present in person or by proxy or Representative of Member has one (1) vote; *Voting by a show of hands*
  - (3) on a vote by way of poll, every Member who is present in person or by proxy or by Representative of Member shall have one (1) vote for each share or stock the Member holds; and *Voting by poll*
  - (4) in the case of Joint Holders, the joint holders shall be considered as one (1) Member. *Voting by Joint Holders*
64. For the purposes of Clause 63(2): *Votes by proxy*
- (1) where a Member entitled to vote on a resolution has appointed a proxy, the proxy shall be entitled to vote on a show of hands, provided that he is the only proxy appointed by the Member; *May vote by show of hands if one proxy is appointed*
  - (2) where a Member entitled to vote on a resolution has appointed more than one (1) proxy,
    - (a) the proxies shall only be entitled to vote on a poll; and *May only vote on a poll if more than one (1) proxy appointed*
    - (b) the appointment shall not be valid unless he specifies the proportions of his holdings to be represented by each proxy; and
  - (3) in respect of Clause 64(1), where the shares of the Company are quoted on a stock exchange and if a Member entitled to vote on a resolution has appointed more than one (1) proxy, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange. *Exception*
65. For the purposes of Clause 63(4), if the Joint Holders purport to exercise the power to vote in the same way, the power is treated as exercised in that way. If the Joint Holders do not purport to exercise the power in the same way, the power is treated as not exercised. *Votes of Joint Holders of shares*

66. For the purposes of Clause 63, when a corporate Member appoints more than one (1) representative, if its representatives purport to exercise the power to vote in the same way, the power is treated as exercised in that way. If the representatives do not purport to exercise the power in the same way, the power is treated as not exercised. *Votes of corporate representative of shares*

**Voting Restrictions**

67. If a Member is of unsound mind or is a person whose person or estate is liable to be dealt with in any way under the law relating to mental health, the relevant committee or trustee or such other person as properly appointed under the applicable law to manage his estate may exercise any rights of the Member in relation to a meeting of the Company's Members as if the committee, trustee or other person were the Member. *Member is of unsound mind*
68. No member is entitled to attend and vote at any General Meeting unless all calls or other sums presently payable by the Member in respect of shares in the Company have been paid. *Calls unpaid*

**Objection to Votes**

69. (1) An objection may be raised to the qualification of a voter only at the General Meeting or adjourned General Meeting at which the vote objected to is given or tendered. *Objection to qualification of a voter*
- (2) Any such objection made in due time shall be referred to the chairperson of the General Meeting, whose decision is final and conclusive. *Any objection shall be referred to the chairperson*
- (3) A vote not disallowed pursuant to an objection at the General Meeting is valid for all purposes. *Vote not disallowed*

**PROXIES / REPRESENTATIVES OF MEMBERS**

**General**

70. (1) A Member of the Company may appoint a proxy and/or Representative of Member to exercise his rights to attend, participate, speak and vote for the Member at a General Meeting. A proxy may but need not be a Member of the Company. *Proxy / Representative of Member*
- (2) Subject to the Act and this Constitution, a proxy or Representative of Member is only entitled to vote: *Entitlement to vote*
- (a) if the Member is entitled to vote;
  - (b) if the Member is not personally present at the General Meeting;
  - (c) if the Member has complied with the requirements set out in this Constitution to properly appoint a proxy or Representative of Member and to give notice of such appointment to the Company;
  - (d) if the Member has conferred a right to vote on the proxy or Representative of Member; and
  - (e) the appointment of proxy or Representative of Member was not revoked by the Member by a notice of revocation forty-eight (48) hours before the time of holding of the General Meeting or adjourned General Meeting or such other time that may be determined by the Directors and the said revocation must be deposited at the Office or such other place in Malaysia as is specified in the notice convening the General Meeting.
- (3) A proxy or Representative of Member may vote, whether on a show of hands or on a poll, on any question at any General Meeting and to the extent permitted under the instrument of proxy or certificate of appointment of corporate representative or power of attorney. *May vote by a show of hands or on a poll*

**Proxies**

71. (1) An instrument appointing a proxy: *Manner of execution of instrument appointing a proxy*
- (a) must be in writing and executed by or on behalf of the appointing Member in substantially the form and in the manner as specified in "Appendix A" annexed hereto or in such other permitted form (including the electronic proxy appointment and voting manner) as the Board of Directors may determine from time to time;
  - (b) will not be invalid merely because it omits any particulars of the proxy and the appointing Member; and

- (c) will be deemed to have appointed the Chairperson of the General Meeting as the proxy of the appointing Member where no other person has been named to act as proxy.
- (2) An instrument appointing a proxy may:
- (a) specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote in the resolution except as specified in the instrument;
  - (b) specify the proportion or number of votes that the proxy may exercise; and/or
  - (c) be a specific appointment for a particular meeting.
- (3) An instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority:
- (a) shall be deemed to confer authority to demand or join in demanding a poll; *Confer authority to demand a poll*
  - (b) shall be deposited at the Office or at such other place in Malaysia as is specified in the notice convening the General Meeting or adjourned General Meeting, at which the person named in the instrument proposes to vote: *Time limit to deposit instrument appointing a proxy*
    - (i) not less than forty-eight (48) hours before the time for holding the General Meeting or adjourned General Meeting; or
    - (ii) in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll; and
  - (c) may be accepted if it is: *Execution by electronic or digital signature or authentication of an appointment by electronic means*
    - (i) transmitted to the Company by any technology purporting to include a signature and/or an electronic or digital signature by the Member; or
    - (ii) authenticated in any document given to the Company by electronic means which shows the validity of the appointment of a proxy.

- (4) In Clause 71(3), documents relating to proxies include: *Documents relating to proxies*
- (a) the appointment of a proxy in relation to a General Meeting;
  - (b) any document necessary to show the validity of, or otherwise relating to, the appointment of a proxy; and
  - (c) notice of the revocation of the authority of a proxy.
- (5) For the purposes of Clause 71(3), delivery may be effected by: *Manner of delivery*
- (a) physical delivery of the document;
  - (b) delivery by facsimile transmission;
  - (c) delivery by email transmission; or
  - (d) lodging electronic document,
- to the place, facsimile number, electronic address or the designated website link or address (where applicable) as specified in the notice of General Meeting.
- (6) The proceedings at a General Meeting shall not be invalidated where an appointment of proxy in respect of that General Meeting is sent in electronic form, but cannot be read by the Company due to technical problems or other reasons.
- (7) If a Member is entitled to cast two (2) or more votes at a General Meeting, the Member: *Member with two (2) or more votes*
- (a) may appoint up to two (2) proxies; and
  - (b) must specify the proportion or number of the Member's votes each proxy may execute.
- (8) (a) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. *Appointment of multiple proxies*
- (b) An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

(9) Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

*Appointment of proxy by authorised nominee*

(10) When two (2) or more valid but differing appointments of a proxy are received by the Company in respect of the same share for use at the same General Meeting, the one which is last received (regardless of its date or of the date of its execution or submission) shall be treated as replacing and revoking the other as regards that share. If the Company is unable to determine which appointment was last received, none of them shall be treated as valid in respect of that share.

*Differing appointment of proxy*

(11) For the avoidance of doubt, the appointment of a proxy shall not preclude a Member from attending and voting in person at a General Meeting.

72. (1) Subject to Clause 72(2), a vote given in accordance with the terms of an instrument of proxy is valid despite:

*Validity of a vote*

- (a) the previous death or unsound mind of the appointing Member;
- (b) the revocation of the instrument or of the authority under which the instrument was executed; or
- (c) the transfer of the share in respect of which the instrument or power is given.

(2) Clause 72(1) does not apply if an instrument in writing of such:

- (a) death, unsound mind or transfer has been received by the Company before the commencement of the General Meeting or adjourned General Meeting at which the instrument is used; or
- (b) revocation by the Member was not received by the Company forty-eight (48) hours before the time of holding of the General Meeting or adjourned General Meeting or such other time that may be determined by the Directors, and

the said notification must be deposited at the Office or such other place in Malaysia as is specified in the notice convening the General Meeting.

### Attorneys

73. (1) A person purporting to be the attorney of a Member shall be required to produce the original Power of Attorney to the Company. *Power of attorney*
- (2) A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdictions in which it is executed.

### Corporate Representatives

74. (1) A corporate Member may appoint an individual as its corporate representative to exercise all or any of the powers the corporate Member may exercise. *Appointment of corporate representative*
- (2) The appointment may be a standing appointment until notice of revocation is received by the Company.
- (3) The instrument of appointment may set out restrictions on the powers of the corporate representative.
- (4) A corporate Member may appoint more than one (1) corporate representative. However, it shall observe the voting entitlement set out in Clause 66.

## DIRECTORS

### Number of Directors

75. (1) The Company may from time to time by an ordinary resolution passed at a General Meeting fix the number of Directors (excluding Alternate Director) but the number so fixed shall not be less than two (2) nor more than eleven (11). *May fix the number of Directors*
- (2) The shareholding qualification for Directors may be fixed by the Company in General Meeting and until so fixed no shareholding qualification for Director shall be required. *Shareholding qualification for Directors*

### Retirement of Directors

76. (1) An election of Directors shall take place each year. *Election*
- (2) At the first Annual General Meeting of the Company, all the Directors shall retire from office at the conclusion of the Annual General Meeting. *Retirement at Annual General Meeting*
- (3) At the Annual General Meeting in every subsequent year, one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office at the conclusion of the Annual General Meeting in every year provided always that all Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election. *Retirement at Annual General Meeting in every subsequent year*

- (4) The Directors to retire in every year shall be the Directors who have been longest in office since the Directors' last election, but as between persons who became Directors on the same day, the Directors to retire shall be determined by lot, unless they otherwise agreed among themselves. *Directors to retire*
- (5) A retiring Director shall be eligible for re-election at the Annual General Meeting. *Eligible for re-election*
- (6) The Company may appoint any person who is not disqualified under the Act to fill in vacancy at the Annual General Meeting at which a Director so retires, and if no appointment was made to fill the vacancy, the retiring Director shall, if he offers himself for re-election, be deemed to have been re-elected, unless:
  - (a) at that meeting, the Company expressly resolved not to fill the vacated office; or
  - (b) a resolution for the re-election of the Directors is put to the meeting and lost.*Fill in vacancy at the Annual General Meeting*

**Appointment of Directors**

- 77. The Directors shall have power from time to time to appoint any person: *Appointment by Directors*
  - (1) to be a Director to fill a casual vacancy; and
  - (2) to be an addition to the existing Directors,subject to the total number of Directors shall not exceed the maximum number fixed in Clause 75(1).
- 78. Any Director so appointed under Clause 77 shall hold office only until the next Annual General Meeting, and shall then be eligible for re-election. *Hold office until next Annual General Meeting*
- 79. The Members may, at any time and from time to time by an ordinary resolution, appoint any person: *Appointment by Members*
  - (1) to be a Director to fill a casual vacancy; and
  - (2) to be an addition to the existing Directors,subject to the total number of Directors shall not exceed the maximum number fixed in Clause 75(1).

80. Subject to Clause 75(1), no person, not being a retiring Director, shall be eligible for election to the office of Director at any General Meeting unless a Member intending to propose him for election has, at least eleven (11) clear days before the meeting, left at the Office of the Company a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office, or the intention of such member to propose him for election, provided that in the case of a person recommended by the Directors for election, nine (9) clear days' notice only shall be necessary, and notice of each and every candidature for election to the Board shall be served on the Members at least seven (7) days before the meeting at which the election is to take place.

*Notice of  
intention to  
appoint  
Director*

#### **Proceedings in case of Vacancies**

81. The remaining Director may continue to act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the minimum number fixed by or pursuant to this Constitution, the remaining Director may, except in an emergency, act only for the purpose of increasing the number of Directors to such minimum number, or to summon a General Meeting.

*Proceedings in  
case of  
vacancies*

#### **Defects in Appointment of Directors**

82. The acts of a Director shall be valid notwithstanding any defect that is discovered after his appointment or in his qualifications.

*Validity of acts  
of Directors*

#### **Appointment of Managing and Executive Directors**

83. (1) The Board of Directors may from time to time appoint one (1) or more of its body to the office of Managing Director (which term shall be deemed to include the chief executive or other such designation of the Company's chief executive officer) for such period and on such terms as they think fit and, subject to the terms of any agreement entered into in any particular case, may revoke any such appointment.
- (2) A Director (other than a Managing Director) holding any such other office or employment is herein referred to as an "Executive Director".
- (3) Any such appointment of a Managing Director automatically terminates if the appointee ceases from cause to be a Director.
- (4) The Board of Directors may appoint a chief executive officer as the business of the Company may require, for a term of office not exceeding three (3) years with powers to the Directors to re-appoint thereafter, on such terms as the Board thinks fit and subject to the terms of agreement entered into in any particular case, revoke such appointment. The Board of Directors may have the power to appoint the chief executive officer as a Director pursuant to Clause 77.

*Managing and  
Executive  
Directors*

*Executive  
Director*

*Cessation of  
office of  
Managing  
Director*

*Chief executive  
officer*

84. A Managing Director or an Executive Director shall, subject to the terms of any agreement entered into in any particular case, receive such remuneration (whether by way of salary, bonus, commission, or participation in profits, or partly in one way and partly in another and other benefits) as the Board of Directors may determine. *Remuneration*

85. (1) The Board of Directors may, upon such terms and conditions and with such restrictions as it may think fit, entrust to and confer upon a Managing Director or an Executive Director any of the powers exercisable by them. A Managing Director or an Executive Director shall be subject to the control of the Board of Directors. *Directors may confer powers to Managing Director or Executive Director*

(2) Any powers so conferred may be collateral with, or be to the exclusion of, the powers of the Board of Directors.

(3) The Board of Directors may at any time, and from time to time, revoke, withdraw, alter or vary all or any of the powers so conferred on a Managing Director or an Executive Director.

**Appointment of Alternate Director**

86. (1) Any Director (called in this Clause the "Appointer") may, with the approval of a majority of the other members of the Board of Directors, appoint one (1) or more persons to be his Alternate Director in the Appointer's place for any period as the Appointer thinks fit provided that: *Appointment of Alternate Director*

(a) such person is not a Director of the Company; and

(b) such person does not act as an Alternate Director for more than one (1) Director of the Company.

(2) An appointment or removal of an Alternate Director must be in writing under the Appointer's hand. The original notification of appointment or removal must be provided by the Appointer to the Board. *Appointment or removal must be in writing*

(3) An Alternate Director may resign from office by notice in writing to the Appointer and the Board. *Resignation*

(4) An Alternate Director must vacate office if the Appointer vacates office as a Director or removes the appointee from office. *Vacate office*

87. An Alternate Director is entitled to receive notice of Board Meetings and, if the Appointer is not present at such a meeting, is entitled to attend and vote in his stead. *Entitled to receive notice of Board Meetings*

88. (1) An Alternate Director may exercise any powers that the Appointer may exercise and the exercise of any such power by the Alternate Director shall be deemed to be the exercise of the power by the Appointer. *Exercise of power*
- (2) The exercise of any power by an Alternate Director shall be an agent of the Company and not as an agent of the Appointer.
89. An Alternate Director:
- (1) has no entitlement to receive remuneration from the Company and any fee paid by the Company to the Alternate Director shall be deducted from the Appointer's remuneration; and *Not entitled to receive remuneration*
- (2) is entitled to be reimbursed for all the travelling and other expenses properly incurred by him in attending the Board Meetings on behalf of the Appointer from the Company. *May be paid travelling and other expenses*

#### **Appointment of Associate Director**

90. (1) The Board may from time to time appoint any person to be an associate director and may from time to time revoke any such appointment. *Appointment or revocation*
- (2) The Board may fix, determine and vary the powers, duties and remuneration of any person appointed as an associate director. *Board to fix the terms*
- (3) A person appointed as an associate director does not have any right to attend or vote at any Board Meetings except by the invitation and with the consent of the Board. *May attend Board Meetings by invitation*

#### **Removal of Director**

91. Subject to the Act, the Company may by an ordinary resolution remove any Director and may by an ordinary resolution appoint another person in place of the removed Director provided that the total number of Directors should not at any time fall below the minimum or exceed the maximum set out in Clause 75(1) of this Constitution. *May remove and appoint a Director by ordinary resolution*

#### **Vacation of Office of Director**

92. The office of Director shall become vacant if the Director: *Vacation of office*
- (a) resigns from his office by giving a written notice to the Company at its Office;
- (b) is removed from office in accordance with Clause 91 of this Constitution;

- (c) becomes disqualified from being a Director under Section 198 or Section 199 of the Act;
- (d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the Mental Health Act 2001;
- (e) dies or has passed away;
- (f) has been convicted by a court of law of an offence under the securities laws; or
- (g) otherwise vacates his office in accordance with this Constitution.

**Remuneration of Directors**

93. (1) The Company may from time to time by an ordinary resolution passed at a General Meeting, approve the remuneration of the Directors, who hold non-executive office with the Company, for their services as non-executive Directors. *Non-executive Directors' remuneration*
- (2) Subject to Clause 84, the fees of the Directors and any benefits payable to the Directors shall be subject to annual shareholders' approval at a General Meeting. *Fee*
- (3) If the fee of each such non-executive Director is not specifically fixed by the Members, then the quantum of fees to be paid to each non-executive Director within the overall limits fixed by the Members, shall be decided by resolution of the Board. In default of any decision being made in this respect by the Board, the fees payable to the non-executive Directors shall be divided equally amongst themselves and such a Director holding office for only part of a year shall be entitled to a proportionate part of a full year's fees. The non-executive Directors shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.
- (4) The following expenses shall be determined by the Directors: *Expenses*
- (a) Traveling, hotel and other expenses properly incurred by the Directors in attending and returning from meetings of the Directors or any committee of the Directors or General Meetings of the Company or in connection with the business of the Company; and
  - (b) Other expenses properly incurred by the Directors arising from the requirements imposed by the authorities to enable the Directors to effectively discharge their duties.
- (5) Executive Directors of the Company shall be remunerated in the manner referred to in Clause 84 but such remuneration shall not include a commission on or percentage of turnover. *Executive Directors' remuneration*

**Powers of Directors**

94. (1) The business and affairs of the Company shall be managed by or under the direction and supervision of the Directors who may pay all expenses incurred in promoting and registering the Company. *Directors shall manage the business and affairs of the Company*
- (2) The Directors may exercise all the powers necessary for managing and for directing and supervising the management of the business and affairs of the Company except any power that the Act or by this Constitution requires the Company to exercise in General Meeting, but no regulation made by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made. *Validity of acts of Directors*
- (3) Where an oral contract is made by a Director acting under authority, express or implied, the contract is to be reduced to writing within fourteen (14) days and may be subject to ratification by the Board (if required). If there is any non-compliance with the above requirement of reduction to writing and proper ratification by the Board, the Director entering into such oral contract shall assume personal responsibility for the same and shall indemnify the Company fully in all respects in relation to such contract. *Oral contract shall be reduced to writing and Board's ratification*
- (4) (a) The Directors may procure the establishment and maintenance of any non-contributory or contributory pension or superannuation fund or life assurance scheme for the benefit of, and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or emoluments to any persons who are or shall have been at any time in the employment or service of the Company or any subsidiary company or to any persons who are or have been a Director or other officer of and holds or has held salaried employment in the Company or any subsidiary company, or the wives, widows, families or dependents of any such persons. *Establishment and maintenance of fund*
- (b) The Directors may also procure the establishment and subsidy of or subscription and support to any institutions, association, clubs, funds or trusts calculated to be for the benefit of any such persons as aforesaid or of its members and payment for or towards the insurance of any such persons as aforesaid, and subscriptions or guarantees of money for charitable or benevolent objects or for any exhibitions or for any public, general or useful object.
95. Without limiting the generality of Clause 94(1) and (2), the Directors may, subject to the Act and the Listing Requirements, exercise all the powers of the Company to do all or any of the following for any debt, liability, or obligation of the Company or of any third party:
- (1) borrow money; *Borrowing*
- (2) mortgage or charge its undertaking, property, and uncalled capital, or any part of the undertaking, property and uncalled capital; *Mortgage*

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| (3) | issue debentures and other Securities whether outright or as security; and/or   | <i>Issue debentures</i>                            |
| (4) | <p>(a) lend and advance money or give credit to any person or company;</p> <p>(b) guarantee and give guarantees or indemnities for the payment of money or the performance of contracts or obligations by any person or company;</p> <p>(c) secure or undertake in any way the repayment of moneys lent or advanced to or the liabilities incurred by any person or company;</p> <p>and otherwise to assist any person or company.</p>  | <i>Lend or advance money</i>                       |
| 96. | All cheques, promissory notes, drafts, bills of exchange, and other negotiable instruments, and all receipts for money paid to the Company, must be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by any two (2) Directors or in such other manner as the Directors may from time to time determine.  | <i>Operation of cheques, promissory notes etc.</i> |
| 97. | <p>(1) The Directors may from time to time by power of attorney appoint any corporation, firm, or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for the purposes and with the powers, authorities, and discretions (not exceeding those vested in or exercisable by the Directors under this Constitution) and for a period and subject to any conditions as the Directors may think fit.</p> <p>(2) Any powers of attorney granted under Clause 97(1) may contain provisions for the protection and convenience of persons dealing with the attorney as the Directors think fit and may also authorise the attorney to delegate all or any of the powers, authorities, and discretions vested in the attorney.</p>  | <i>Power of attorney</i>                           |
| 98. | Subject always to the Act and the Listing Requirements, a Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Board of Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established. | <i>Director may hold other office</i>              |

## Delegation of Powers

99. Subject to the applicable laws and/or the Listing Requirements:
- (1) the Directors may delegate any of their powers to a committee or committees consisting of such their number as they think fit; *Directors may delegate powers to committee*
  - (2) any committee formed under Clause 99(1) shall exercise the powers delegated in accordance with any directions of the Directors and a power so exercised shall be deemed to have been exercised by the Directors; and *Committee shall exercise powers as per Board's direction*
  - (3) the Board shall, subject to the Listing Requirements and upon the committee's recommendation (where applicable), appoint a chairperson of the committee and determine the period for which he is to hold office. *Chairperson of committee*
100. The Company may pass a resolution of the committee either by way of a written resolution or at a meeting of the committee. *Passing a Committee's Resolution*
- 101.
- (1) The Company may pass a resolution of the committee by way of a written resolution by the committee's members recording the resolution and signing the record. *Passing of resolution by committee's members*
  - (2) The record of decisions made by the committee is valid and effective as if it were a resolution duly passed at a meeting of the committee. *Record of decision*
  - (3) Any such resolution may consist of several documents in like form, each signed by one or more of the committee's members, and shall be as valid and effectual as if it were a resolution duly passed at a meeting of the committee. *Resolution may consist of several documents*
  - (4) Any such document may be accepted as sufficiently signed by a member of the committee if transmitted to the Company by any technology purporting to include a signature and/or an electronic or digital signature by the said member. *Agreement to written resolution by electronic means*
- 102.
- (1) A committee may, whenever it thinks fit, convene a meeting of the committee, and may adjourn the meeting as it thinks proper. *Convening of meeting of the committee*
  - (2) The committee may hold a committee meeting at two (2) or more venues within or outside Malaysia using any technology that gives the committee members as a whole a reasonable opportunity to participate. *Committee meeting may hold at two or more venues*

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| (3) | The virtual meeting of the Directors set out in Clause 120 shall apply to the meeting of the committee.  | <i>Virtual meeting of committee</i> |
| (4) | Where a meeting of committee is held and:  | <i>Chairperson of meeting</i>       |
|     | (a) a chairperson has not been appointed as provided by Clause 99(3);  |                                     |
|     | (b) the person so appointed is not present within fifteen (15) minutes after the time appointed for holding the meeting; or  |                                     |
|     | (c) the person so appointed is unable or unwilling to act as the chairperson of the meeting,   |                                     |
|     | the members present may, subject to the Listing Requirements, choose one of their number to be chairperson of the meeting.   |                                     |
| (5) | No business is to be transacted at any meeting unless a quorum of members is present at the time when the meeting proceeds to business.  | <i>Quorum</i>                       |
| (6) | Subject to the Listing Requirements, two (2) members personally present at a meeting shall constitute a quorum.  | <i>Quorum</i>                       |
| (7) | Questions arising at any meeting of the committee must be determined by a majority of votes of the members present, and in the case of an equality of votes, the chairperson has a second or casting vote, except where two (2) members form a quorum, the chairperson of a meeting at which only such a quorum is present, or at which only two (2) members are competent to vote on the question at issue shall not have a casting vote. | <i>Votes</i>                        |

**Duties of Directors**

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| 103. | A Director shall at all times exercise his powers in accordance with the Act, for a proper purpose and in good faith in the best interest of the Company.   | <i>Duties</i>                     |
| 104. | Where a Director acts by virtue of his position as an employee of the Company, or who was appointed by or as a board representative of Member, employer or debenture holder, that Director shall be taken to have acted in the best interest of the Company, and in the event of any conflict between his duty to act in the best interest of the Company and his duty to his nominator, he shall not subordinate his duty to act in the best interest of the Company to his nominator. | <i>Duties of nominee Director</i> |

**Directors' Interest in Contracts**

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| 105. | (a) A Director shall not vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest. | <i>Directors' interest in contracts</i> |
|------|---|---|

- (b) Every Director shall observe the provisions of Sections 221 and 222 of the Act relating to the disclosure of the interest of the Directors in contracts or proposed contracts with the Company or of any office or property held by the Directors which might create duties or interest in conflict with their duties or interest as Directors and participation in discussion and voting. Such disclosure of material personal interest by the Directors shall be in the form of a notice. Such notice shall be in the form and manner prescribed under Section 221 of the Act.

### PASSING OF RESOLUTIONS OF DIRECTORS

#### Passing of Resolutions of Directors

- 106. The Company may pass a resolution of the Directors either by way of a written resolution or at a meeting of the Directors. *Passing a Directors' Resolution*

### DIRECTORS' WRITTEN RESOLUTION

#### Passing of resolution by the Directors

- 107. (1) A resolution in writing, signed or assented to by all the Directors for the time being entitled to receive notice of a meeting of the Directors, shall be valid and effectual as if it had been passed at a meeting of Directors duly convened and held. *Passing of resolution by all Directors*
- (2) Any such resolution may consist of several documents in like form, each signed by one (1) or more of the Directors, and shall be as valid and effectual as if it were a resolution duly passed at a Board Meeting. *Resolution may consist of several documents*

#### Agreement to written resolution by electronic means

- 108. (1) Any such document may be accepted as sufficiently signed by a Director if transmitted to the Company by any technology purporting to include a signature and/or an electronic or digital signature by the Director. *Agreement to written resolution by electronic means*
- (2) For the purposes of Clause 108(1), delivery may be effected by: *Manner of delivery*
  - (a) physical delivery of the document;
  - (b) delivery by facsimile transmission; or
  - (c) delivery by email transmission,

to the place, facsimile number or electronic address as specified by the Director or Secretary of the Company.

## MEETINGS OF DIRECTORS

### Frequency of Board Meetings

109. The Board may meet together for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. *Frequency of Board Meetings*

### Convening Board Meetings

110. A Director may at any time, and the Secretary shall on the requisition of a Director to do so, convene a Board Meeting by giving notice in accordance with Clause 111. *Secretary or Director may convene a Board Meeting*

### Notice of Board Meetings

111. (1) A notice of a Board Meeting must specify the following: *Contents of Notice of Board Meeting*
- (a) the place, date and time of the Board Meeting;
  - (b) the general nature of the business (including matters to be discussed) of the Board Meeting; and
  - (c) where the Directors think fit, the text of any proposed resolution and other information.
- (2) If the Board Meeting is to be held in two (2) or more places, the notice of the Board Meeting shall specify the technology that will be used to facilitate the Board Meeting. *Board Meeting held at two (2) or more venues*
- (3) The main venue of the Board Meeting shall be the place where the chairperson is present at the Board Meeting. *Main venue*
112. Reasonable notice in the circumstances must be given of all Board Meetings. *Notice period*
113. Notice of every Board Meeting shall be given to all Directors in accordance with the manner specified in Clause 127. *Directors entitled to receive notice*

### Quorum for Board Meetings

114. (1) No business is to be transacted at any Board Meeting unless a quorum of Directors is present at the time when the meeting proceeds to business. *Quorum*

- (2) Two (2) Directors personally present at a meeting shall constitute a quorum. *More than one Director*
- (3) In this clause, “Director” includes Alternate Director. *Meaning of Director*

#### **No Quorum**

115. If a quorum is not present within half an hour after the time appointed for a Board Meeting: *Quorum is not present*
- (1) the Board Meeting shall stand adjourned to another day and at another time and place as the Directors may determine; or *Adjournment of Board Meeting*
- (2) if no determination is made by the Directors, the Board Meeting shall stand adjourned to the same day in the next week at the same time and place or if that day falls on a public holiday then to the next business day following that public holiday; and
- (3) if at the adjourned Board Meeting, a quorum is not present within half an hour from the time appointed for the meeting, then any Director present shall form a quorum. *Adjourned Board Meeting*

#### **Chairperson of Board Meetings**

116. (1) The Directors shall appoint one of their number as Chairperson and may also appoint another of their number as Deputy Chairperson of the Company. *Chairperson and Deputy Chairman*
- (2) The Directors shall determine the period for which such Chairperson or Deputy Chairperson is to hold office. *Office period*
- (3) The Chairperson or Deputy Chairperson (in the absence of the Chairperson) shall be the Chairperson of the Board Meeting. *Chairperson of Board Meetings*
- (4) Where a Board Meeting is held and: *Chairperson of Board Meetings*
- (a) a Chairperson or Deputy Chairperson has not been appointed as provided by Clause 116(1); or
- (b) the person so appointed is not present within fifteen (15) minutes after the time appointed for the holding of the Board Meeting or is unable to act for all or part of the meeting;

the Directors present shall elect one of their number to be the chairperson of the Board Meeting.

- (5) For avoidance of doubt, an Alternate Director shall not be elected as the chairperson of the Board Meeting.

#### Adjournment of Board Meetings

117. (1) The chairperson shall adjourn a Board Meeting, at which a quorum is present, from time to time and from place to place if the Directors present with a majority of votes that may be cast at that meeting agree or direct the chairperson to do so. *Directors' consent is required*
- (2) No business is to be transacted at any adjourned Board Meeting other than the business left unfinished at the Board Meeting from which the adjournment took place (referred to as the "Original Board Meeting"). *Only transact the business left unfinished at the Board Meeting*
- (3) There is no need to give any notice of an adjourned Board Meeting or of the business to be transacted at an adjourned Board Meeting unless the adjourned Board Meeting is to be held more than thirty (30) days after the date of the Original Board Meeting. *Notice of adjourned Board Meeting*

#### Voting at Board Meetings

118. (1) Subject to this Constitution, questions arising at a Board Meeting shall be decided by a majority of votes of Directors present and voting and any such decision shall for all purposes be deemed a decision of the Directors. *Directors' decision*
- (2) Each Director is entitled to cast one (1) vote on each matter for determination. *Casting of vote*

#### Casting Vote

119. In the case of an equality of votes, the chairperson of the Board Meeting is entitled to a second or casting vote, except where two (2) Directors form a quorum, the chairperson of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question at issue shall not have a casting vote. *Chairperson shall have a casting vote*

#### Virtual Meetings of Directors

120. (1) The Directors may hold a Board Meeting at two (2) or more venues within or outside Malaysia using any technology that gives the Directors as a whole a reasonable opportunity to participate. *Board Meeting may hold at two (2) or more venues*
- (2) The technology to be used for the purpose of this Clause must be such that each Director taking part in the meeting must be able to communicate simultaneously with each of the other Directors taking part in the meeting and may include telephone, television, video conferencing, or any other audio and/or visual device which permits instantaneous communication. *Technology to be used for virtual meeting*

- (3) A virtual meeting shall be deemed to constitute a Board Meeting and all the provisions of this Constitution as to Board Meetings shall apply to any virtual meeting provided the following conditions are met: *Conditions for virtual meeting*
- (a) All the Directors for the time being entitled to receive notice of the Board Meeting (including any Alternate Director) shall be entitled to receive notice of a virtual meeting. Notice of any such meeting shall be given by an appropriate form of technology (or in such other manner) as permitted by this Constitution; and
  - (b) A Director may not leave a virtual meeting by disconnecting from the technology used unless he has previously expressly notified the chairperson of the meeting of his intention to leave the meeting and a Director shall be conclusively presumed to have been present and to have formed part of the quorum at all times during such a meeting until such notified time of his leaving the meeting.
- (4) A minute of the proceedings of meetings including virtual meetings shall be sufficient evidence of such proceeding and of the observance of all necessary formalities if certified as a correct minute by the chairperson of the meeting or the next succeeding meeting. *Minutes*

#### SECRETARY

##### Appointment of Secretary

121. The Secretary shall in accordance with the Act be appointed by the Board for such terms, at such remuneration, and upon such terms and conditions as the Board may think fit. *Appointment*

##### Casual Vacancy of Secretary

122. (1) Any Secretary so appointed under Clause 121 may be removed by the Directors, in accordance with the terms and conditions of its appointment. *Removal*
- (2) The office of a Secretary may or will become vacant if the Secretary: *Vacation of office*
- (a) resigns from office by notice in writing to the Board, the Secretary shall cease to act as Secretary upon the expiry of thirty (30) days from the date of the notice to the Board or from the effective date as specified in his notice or the terms of appointment; or
  - (b) is unable to communicate with the Directors at the last known residential address, the Secretary may, notify the Registrar of that fact and of his intention to resign from the office, and he shall cease to act as the Secretary on the expiry of thirty (30) days from the date of the notice to the Registrar.
- (3) The Board shall fill the vacancy of the Secretary within thirty (30) days after the occurrence of any event under Clause 122(1) or (2). *Fill the casual vacancy of Secretary*

### INSURANCE AND INDEMNITY OF APPLICABLE PERSONS

#### Applicable Persons

123. The provisions of Clauses 124 to 126 shall apply to the following persons (“Applicable Persons”): *Applicable persons*
- (1) every person who is or has been an Officer;
  - (2) Auditors; and
  - (3) any other officers as defined in the Act.

#### Indemnity

124. The Company does not exempt an Applicable Person from a liability which by law would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust, of which he may be guilty in relation to the Company incurred in his capacity as an Applicable Person. *No indemnity*
125. (1) The Company may indemnify an Applicable Person out of the Company’s assets for any costs incurred by him or the Company in respect of any proceedings: *Indemnity may be allowed*
- (a) that relates to his liability for any act or omission in his capacity as an Applicable Person; and
  - (b) in which judgment is given in favour of the Applicable Person or in which the Applicable Person is acquitted or in which the Applicable Person is granted relief under the Act, or where proceedings are discontinued or not pursued.
- (2) The Company may also indemnify an Applicable Person in respect of an application for relief under the Act.
- (3) The Company may indemnify an Applicable Person in respect of: *Exception*
- (a) any liability to any person, other than the Company, for any act or omission in his capacity as an Officer or Auditors; and
  - (b) costs incurred by that Applicable Person in defending or settling any claim or proceedings relating to any such liability except:
    - (i) any liability of the Director to pay:
      - (aa) a fine imposed in criminal proceedings; or
      - (bb) a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature, however arising; or

- (ii) any liability incurred by the Director:
  - (aa) in defending criminal proceedings in which he is convicted; or
  - (bb) in defending civil proceedings brought by the Company, or an associated company, in which judgment is given against him.

- (4) Where the costs and expenses incurred by an Applicable Person under Clause 125(1) and (2) are recovered by the Company under an insurance policy taken out or paid for by the Company pursuant to Clause 126, the extent of the indemnification of an Applicable Person shall be reduced accordingly.

**Insurance**

126. (1) The Company may, with the prior approval of the Board, purchase and maintain insurance, at the expense of the Company, for an Applicable Person, against: *Insurance*
- (a) civil liability, for any act or omission in his capacity as a Director or Officer or Auditors; and
  - (b) costs incurred by that Officer or Auditors in defending or settling any claim or proceeding relating to any such liability; or
  - (c) costs incurred by that Officer or Auditors in defending any proceedings that have been brought against that person in relation to any act or omission in that person's capacity as an Officer or Auditors:
    - (i) in which that person is acquitted;
    - (ii) in which that person is granted relief under the Act; or
    - (iii) where proceedings are discontinued or not pursued.
- (2) In the case of a Director, Clauses 125(2) and (3) and 126(1)(a) and (b) shall not apply to any civil and criminal liability in respect of a breach of the duties of the Directors as specified in Section 213 of the Act.

**ADMINISTRATION**

**Notices, Documents and Other Publication**

127. Any Company’s Documents may be given by the Company to the persons mentioned below in the following manner: *Notice*
- (1) In respect of a Member and person entitled to a Security in consequence of an Event of Transmission (“Persons”): *Members*
- (a) The Company’s Documents shall be in writing and shall be given to the aforesaid Persons either:
- (i) in hard copy, which shall be sent to the Persons either personally or by post to his last known address; *Hard copy*
  - (ii) in electronic form, which shall be either: *Electronic form*
    - (aa) transmitted to the last known electronic address provided by the Persons to the Company;
    - (bb) transmitted to the last known contact details as recorded in the Register of Members or Record of Depositors provided by the Persons to the Company or Depository respectively;
    - (cc) by publishing on a website;
    - (dd) transmitted by the Company to the Persons using any appropriate electronic communication platform established by the Company or third parties, or
  - (iii) partly in hard copy and partly in electronic form. *Both of the above*
- (b) If a notice of General Meeting is published on the website, the Company must notify the Persons in writing in hard copy or electronic form stating the following: *Website*
- (i) it concerns a General Meeting;
  - (ii) the place, date and time of the General Meeting; and
  - (iii) the designated website link or address where a copy of the notice may be downloaded,
- and the notice must be published on the Company’s website throughout the period starting from the date of notification until the conclusion of the General Meeting. *Period of publication on website*

- (c) If the Company publishes its documents (other than a notice of General Meeting) (“Company’s Publication”) on its Company’s website or any other appropriate electronic communication platform, the Company must notify the Persons in writing in hard copy or electronic form stating the following: *Publication on Website*

  - (i) brief description of the Company’s Publication; and
  - (ii) the designated website link or address where a copy of the Company’s Publication may be downloaded.
- (d) In the event of a delivery failure, the Company must immediately send the Company’s Documents to the affected Members by other appropriate means as permitted under Clause 127(1)(a). *Delivery failure*
- (e) The Persons may request for a hard copy of the Company’s Documents from the Company if they are sent by electronic means. *Request for hard copy*
- (2) In respect of a Director, the Company’s Documents shall be in writing and shall be given to the Director either: *Directors*

  - (a) in the manner(s) set out in Clause 127(1) (except for publishing on a website); or
  - (b) to the Director’s last known service address.
- (3) In respect of the Auditors, the Company’s Documents shall be in writing and shall be given to the Auditors either: *Auditors*

  - (a) in the manner(s) set out in Clause 127(1) (except for publishing on a website); or
  - (b) to the Auditors’ last known address.
- (4) In respect of a holder of Debt Securities, the Company’s Documents shall be in writing and shall be given to the holder of Debt Securities:

  - (a) in the manner(s) set out in Clause 127(1); or.
  - (b) to the holder of Debt Securities’ last known address provided by the said holder to the Company or Depository.
- (5) For the purpose of Clause 127(1), the Board of Directors may, at its discretion, determine the appropriate mode of communication with the persons mentioned above. *Directors’ discretion*

128. Where the Company's Documents are: *Service of notice*
- (1) served by post, service of the notice shall be deemed to be effective by properly addressing, prepaying and posting a letter containing the notice, and to have been effected, in the case of a notice of the Persons, on the day after the date of its posting; *Post*
  - (2) sent by facsimile transmission, service of the notice shall be deemed to be effected at the time when the notice is transmitted, unless the Company receives notification that the transmission was not successful; *Facsimile transmission*
  - (3) sent by electronic transmission, service of the notice shall be deemed to be effected at the time when the notice is transmitted electronically, unless the Company receives notification that the transmission was not successful; *Electronic transmission*
  - (4) published on the Company's website or any appropriate electronic communication platform, service of the notice shall be deemed to be effected on the day on which the notice first appears on the Company's website to which the relevant person may have access or the day on which the notice of publication is deemed to have been served or delivered to such person under Clause 127, whichever is later; or *Website*
  - (5) served or delivered in person, service of the notice shall be deemed effected at the time the relevant Company's Documents are delivered, received or left at the address of such person. *Personal delivery*
129. The Company's Documents may be given by the Company to Joint Holders by giving the notice to the Joint Holder first named in the Register of Members. *Joint Holder*
130. Any Company's Documents delivered or sent to any Member in such manner as provided in Clause 127(1) shall, if such Member be then deceased, and whether or not the Company has notice of his death, be deemed to have been duly served on his legal personal representative or survivor.

**Written Resolutions and Minutes**

131. The Directors must cause: *Written resolutions and minutes*
- (1) all Directors' and committees' written resolutions;
  - (2) all proceedings and resolutions of Board Meetings and committee meetings; and
  - (3) all proceedings and resolutions of General Meetings,
- to be duly entered into the books kept for that purposes in accordance with the Act.

132. The records of resolutions passed by way of Directors' and committees' written resolutions or at the Board Meetings, committee meetings and General Meetings and signed in accordance with the Act and this Constitution are evidence of the proceedings, resolutions or declaration to which they relate, unless the contrary is proved.

**Execution of Documents**

133. (1) The Company shall adopt a Seal, known as the common seal, on which its name and registration number and the words "Common Seal" are engraved in legible romanised characters. *Seal*
- (2) The Directors shall provide for the safe custody of the Seal. *Custody*
- (3) The Seal shall only be used by the authority of the Board of Directors or of a committee of the Board of Directors authorised by the Directors on their behalf. *Authority of the Directors*
- (4) The Company may execute a document by affixing the Seal to the document where the affixing of the Seal is witnessed by: *Affixing the Seal*
- (a) two (2) Directors;
- (b) one (1) Director and one (1) Secretary; or
- (c) one (1) Director and another person appointed by the Directors for that purpose.
- (5) (a) Any Director or the Secretary or any person so appointed by the Directors shall have power to authenticate any documents affecting this Constitution and any resolutions passed by the Company or the Directors or any committee, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts; and where any books, records, documents or accounts are elsewhere than at the Office the local manager or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Directors as aforesaid. *Authentication of documents*
- (b) A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting of the Company or the written resolutions or minutes of a meeting of the Directors or any committee which is certified as aforesaid shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that any minute or written resolution so extracted is a true and accurate record of the resolutions or proceedings at a duly constituted meeting to which it relates.
134. (1) The Company may have an official Seal, on which its name and registration number and the words "Common Seal" and the place where it is to be used are engraved in legible romanised characters. *Official seal for use abroad*
- (2) The Directors shall provide for the safe custody of the official Seal. *Custody*

- (3) The Directors may exercise all the powers of the Company in relation to any official Seal for use outside Malaysia and in relation to branch registers of debenture holders kept in any place outside Malaysia. *Authority of the Directors*
- (4) The Company may execute a document by affixing the official Seal to the document where the affixing of the official Seal is witnessed by: *Affixing the official Seal*
- (a) two (2) Directors;
  - (b) one (1) Director and one (1) Secretary;
  - (c) one (1) Director and another person appointed by the Directors for that purpose; or
  - (d) two (2) persons appointed by the Directors for that purpose, and
- the person affixing official Seal shall certify in writing on the deed or document to which the official Seal is affixed the date and place it is affixed.
- (5) The Company may have an official Seal to seal: *Official seal for Securities*
- (a) Securities issued by the Company; or
  - (b) documents creating or evidencing Securities so issued,
- on which its name and registration number and the words “Securities” are engraved in legible romanised characters.
- (6) The official Seal for Securities shall be executed in the manner provided in Clause 133(4).

**FINANCIAL MATTERS**

**Financial Statements**

- |      |     |  |   |
|------|-----|--|---|
| 135. | (1) | The Directors must cause proper accounting and other records to be kept in accordance with Section 245 of the Act and such records must be true and complete accounts of the affairs and transactions of the Company and give a true and fair view of the state of the Company's affairs and explain its transactions.   | <i>Accounting and other records</i>                   |
|      | (2) | The Directors shall from time to time, in accordance with the provisions of the Act and the Listing Requirements, cause to be prepared and approved, and to be circulated to the Members, Directors and Auditors and laid before the Company in Annual General Meeting such financial statements and consolidated financial statements (if any) and reports of Directors and Auditors. | <i>Circulation and laying of financial statements</i> |
|      | (3) | No Member (who is not a Director) shall have any right of inspecting any accounting or other records of the Company except where such right is conferred by law.   | <i>Right of inspection</i>                            |

**Audit**

- |      |     |  |   |   |
|------|-----|--|---|---|
| 136. | (1) | (a)  | The Board shall appoint the first Auditors of the Company at any time before the first Annual General Meeting, at such remuneration as the Board thinks fit.                      | <i>First Auditors</i>                   |
|      |     | (b)  | The Auditors appointed under Clause 136(1)(a) shall hold office until the conclusion of the first Annual General Meeting.   |   |
|      | (2) | (a)  | For subsequent years, the Board may, subject to the Act, appoint the Auditors to fill casual vacancy in the office of the Auditors, at such remuneration as the Board thinks fit. | <i>Appointment of Auditors by Board</i> |
|      |     | (b)  | The Auditors appointed under Clause 136(2)(a) shall hold office until the conclusion of the next Annual General Meeting.  |   |
|      | (3) | For subsequent years, the Members may by an ordinary resolution: |   | <i>Change of Auditors by Members</i>    |
|      |     | (a)  | re-appoint the existing Auditors;   |   |
|      |     | (b)  | appoint another person as the Company's Auditors;   |   |
|      |     | (c)  | remove the Auditors; and/or   |   |
|      |     | (d)  | if there is a vacancy in the office of the Auditors, appoint Auditors to fill the vacancy.  |   |

The remuneration of the Auditors appointed under Clause 136(3) shall be fixed by the Members by ordinary resolution or in such manner as the Members may determine.

- (4) The Auditors shall hold office in accordance with the terms of their appointment, provided that: *Term of office of Auditors*
- (a) they do not take office until the previous auditors have ceased to hold office unless they are the first Auditors; and
  - (b) they ceased to hold office at the conclusion of the Annual General Meeting next following their appointment, unless they are re-appointed.
- (5) The powers and duties of the Auditors are as regulated under Sections 266 and 287 of the Act. *Powers and duties*
- (6) The Auditors shall attend every Annual General Meeting where the financial statements and consolidated financial statements (where applicable) of the Company for a financial year (“Financial Statements”) are to be laid, so as to respond according to their knowledge and ability to any question relevant to the audit of the Financial Statements. *Attendance of Auditors*
- (7) The Auditors may cease to act as Auditors of the Company by:
- (a) giving a notice of resignation in writing to the Company at the Office and their term of office shall end after twenty-one (21) days from the date of the notice to the Company or from the effective date as specified in their notice; or *Resignation of Auditors*
  - (b) giving a notice in writing to the Company at the Office indicating that they do not wish to seek re-appointment at the forthcoming Annual General Meeting. *Retirement of Auditors*

**Dividends**

137. (1) A dividend may be declared by: *Declaration of dividend*
- (a) the Directors; or
  - (b) the Members on the recommendation of the Board of Directors as it thinks appropriate.
- (2) The payment of a dividend is to those holders of such class of shares as the Directors have determined in accordance with and subject to any conditions upon which the shares have been issued. *Payment of dividend*
- (3) A dividend shall not exceed the amount recommended by the Directors. *Directors to recommend amount*

138. The Directors may authorise a distribution of dividends in accordance with Section 132 of the Act, and any dividend so authorised must be out of profits of the Company available for distribution and provided the Company is solvent. The Directors may authorise a distribution at any time and for such amounts as the Directors shall consider appropriate so long as the Directors are satisfied that the Company will be solvent for a period of twelve (12) months after the distribution is made. *Distribution only if Company is solvent*
139. (1) A dividend may be classified as:
- (a) an interim dividend if it is declared and distributed by the Company to its Members prior to the determination of final profit position of the Company for the financial year; *Interim dividend*
  - (b) a final dividend if it is the last dividend distributed by the Company to its Members after the financial statements for the financial year have been prepared and approved by the Board; and *Final dividend*
  - (c) a special dividend if it is a non-recurring distribution of the Company's assets, where the amount is larger compared to normal dividend paid out by the Company or other circumstances that the Directors think fit. *Special dividend*
- (2) The Directors may, at their discretion, declare dividend pursuant to either Clause 137(1)(a) or (1)(b). *At Directors' discretion*
140. No dividend is to bear interest against the Company. *No interest bearing*
141. (1) The Directors may, before recommending any dividend: *Before recommending dividend*
- (a) set aside out of the profits of the Company such sums as they think proper as reserves; or
  - (b) carry forward any profits which they may think prudent not to divide, without placing the profits to reserve.
- (2) The reserves set aside under Clause 141(1)(a): *Reserves that set aside*
- (a) are, at the discretion of the Directors, to be applied for any purpose to which the profits of the Company may be properly applied; and
  - (b) may, pending any application under Clause 141(2)(a) and at the discretion of the Directors, be employed in the business of the Company or be invested in any investments (other than shares in the Company) as the Directors may from time to time think fit.
142. (1) Subject to the rights of persons (if any) entitled to shares with special rights or conditions as to dividend entitlement or to any provisions in this Constitution, all dividends must be declared and paid according to the amounts paid or credited as paid on the shares in respect of which the dividend is paid. *Dividends must be declared and paid according to the amounts paid*

- (2) An amount paid or credited as paid on a share in advance of a call shall not be taken for the purposes of this Clause to be paid or credited as paid on the share and shall not, whilst carrying interest, confer a right to participate in profits. *Amount paid on a share in advance of a call*
- (3) All dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid. *Dividend must be paid proportionately*
- (4) If any share is issued on terms providing that it ranks for dividend as from a particular date that share ranks for dividend accordingly. *Share ranks for dividend*
143. The Directors may deduct from any dividend payable to a Member all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company. *Deduct dividend from calls*
144. (1) When declaring a dividend, the Directors or Members on the recommendation of the Directors may by ordinary resolution, direct payment of the dividend wholly or partly by the distribution of specific assets, including: *Distribution of specific assets*
- (a) paid-up shares of the Company or any other corporation;
  - (b) debentures or debenture stock of the Company or any other corporation;
  - (c) assets of the Company which the Directors think appropriate; or
  - (d) any combination of any specific assets, and
- the Directors may do all acts and things considered necessary or expedient to give effect to such a resolution.
- (2) Where a difficulty arises with regard to such a distribution directed under Clause 144(1), the Directors may, subject to the Act and the Listing Requirements, do all or any of the following:
- (a) settle the distribution as they think expedient;
  - (b) fix the value for distribution of the specific assets or any part of the specific assets;
  - (c) determine that cash payments be made to any Member on the basis of the value so fixed by the Directors in order to adjust the rights of all parties; and/or
  - (d) vest any specific assets in trustees as the Directors think expedient.

145. (1) Any dividend, interest or other money payable in cash in respect of shares may be paid in such manner as may be determined by the Directors from time to time including: *Payment*
- (a) in respect of Listed Deposited Security, direct crediting the payment into the bank account of the Member as provided by the Member to the Depository from time to time; or
  - (b) in respect of Security other than Listed Deposited Security:
    - (i) by direct crediting the payment into the bank account of the Member as provided by the Member to the Company or Depository from time to time; or
    - (ii) by cheque sent through the post directed to :
      - (aa) the address of the Member as shown in the Register of Members, or in the case of Joint Holders, to the address shown in the Register of Members as the address of the Joint Holder first named in the Register of Members; or
      - (bb) such other address as the holder or Joint Holders in writing directs or direct.
- (2) Every direct transfer or cheque made under Clause 145(1) must be made payable to the order of the person to whom it is sent.
- (3) Any one (1) of two (2) or more Joint Holders may give effectual receipts for any dividends, interest or other money payable in respect of the shares held by them as Joint Holders.

**Capitalisation of Profits**

146. (1) The Directors may, before declaring or recommending any dividend, set aside out of the profits of the Company such sums as they think proper as reserves, to be applied, at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied. *Application of profits*
- (2) Pending any such application, the reserves may, at the discretion of the Directors, be used in the business of the Company or be invested in such investments as the Directors think fit. *Utilisation of reserves*
- (3) The Directors may carry forward such amount of the profits remaining as they consider ought not to be distributed as dividends without transferring those profits to reserves. *Dividends*

147. (1) Subject to Clause 147(2), the Company may, upon a recommendation of the Directors and in General Meeting, resolve that it is desirable to capitalise any sum, being the whole or a part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution to Members, and that such sum be applied, in any of the manners mentioned in Clause 147(3), for the benefit of the Members in the proportions to which those Members would have been entitled in a distribution of that sum by way of dividend. *Members' approval*
- (2) The Directors may, subject to the Act and the Listing Requirements, capitalise any sum, being the whole or a part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution to the Members. *Exemption*
- (3) The amount capitalised under Clause 147(1) is set free for distribution amongst the Members who would have been entitled to the amount had it been distributed by way of dividend and in the same proportions subject to the following conditions: *Capitalised amount*
- (a) the capitalised amount must not be paid in cash;
  - (b) the capitalised amount must be applied in or towards either or both of the following:
    - (i) paying up any amounts for the time being unpaid on any shares held by the Members;
    - (ii) paying up in full unissued shares or debentures of the Company to be allotted, distributed and credited as fully paid up to and amongst such Members in the same proportions.
148. The Directors shall do all things necessary to give effect to the resolution and, in particular, to the extent necessary to adjust the rights of the Members among themselves, may: *To give effect to the resolution*
- (1) issue fractional certificates or make cash payments in cases where shares or debentures becoming distributable in fractions; and
  - (2) authorise any person to enter, on behalf of all the Members entitled to the distribution into an agreement with the Company, providing:
    - (a) for the allotment to the Members respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon the capitalisation; or
    - (b) for the payment up by the Company on the Members' behalf of the amounts or any part of the amounts remaining unpaid on their existing shares by the application of their respective proportions of the profits resolved to be capitalised, and
- any agreement made under such authority referred to in Clause 147(3)(b) is effective and binding on all the Members entitled to the distribution.

## DISSOLUTION

### Winding Up

149. Subject to the Act, the Company may be dissolved by a special resolution in a General Meeting. If such a resolution is passed, the Members shall also be required to appoint a liquidator or liquidators for the purpose of winding up the affairs and distributing the property of the Company. *Passing of special resolution*
150. (1) If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company: *Power of liquidator*
- (a) divide amongst the Members in kind the whole or any part of the property, if any, of the Company, whether they consist of property of the same kind or not;
  - (b) set a value as the liquidator considers fair upon the property, if any referred to in Clause 150(1)(a);
  - (c) determine how the division of property, if any is to be carried out as between the Members or different classes of Members; and
  - (d) vest the whole or any part of the property, if any, of the Company in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit.
- (2) No Member is compelled to accept any shares or other Securities on which there is any liability.

## SECRECY

151. Save as may be expressly provided by the Act, no Member shall be entitled to enter into or upon or inspect any premises or property of the Company nor to require discovery of any information in respect of any detail of the Company's business or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process which may relate to the business and/or conduct of the business of the Company and which, in the opinion of the Directors, it would be inexpedient in the interests of the Member of the Company to communicate to the public.

## EFFECTS OF THE LISTING REQUIREMENTS

### Effects of the Listing Requirements

152. (1) Notwithstanding anything contained in this Constitution, if the Listing Requirements prohibit an act being done, the act shall not be done. *Effects of the Listing Requirements*
- (2) Nothing contained in this Constitution prevents an act being done that the Listing Requirements require to be done.
- (3) If the Listing Requirements require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be).
- (4) If the Listing Requirements require this Constitution to contain a provision and it does not contain such a provision, this Constitution is deemed to contain that provision.
- (5) If the Listing Requirements require this Constitution not to contain a provision and it contains such a provision, this Constitution is deemed not to contain that provision.
- (6) If any provision of this Constitution is or becomes inconsistent with the Listing Requirements, this Constitution is deemed not to contain that provision to the extent of the inconsistency.

**KUMPULAN PERANGSANG SELANGOR BERHAD (23737-K)**  
(Incorporated in Malaysia)

**PROXY FORM**

CDS Account No.

No. of shares held

I/We \_\_\_\_\_ Tel: \_\_\_\_\_  
*[Full name in block, NRIC/Passport/Company No.]*  
 of \_\_\_\_\_

being member(s) of **Kumpulan Perangsang Selangor Berhad**, hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or\* (\*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairperson of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the General Meeting of the Company to be held at **(Venue)** on **(Date)**, **(Day)** at **(Time)** or any adjournment thereof, and to vote as indicated below:

Description of Resolution	Resolution	For	Against

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this \_\_\_\_\_ day of \_\_\_\_\_

\_\_\_\_\_  
Signature\*  
**Member**

\* Manner of execution:  
 (a) If you are an individual member, please sign where indicated.  
 (b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.

- (c) *If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:*
- (i) *at least two (2) authorised officers, of whom one shall be a director; or*
  - (ii) *any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.*

**Notes:**

1. *For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at (date). Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.*
  2. *A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.*
  3. *A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.*
  4. *If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.*
  5. *Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
  6. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 (“Central Depositories Act”) which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*
  7. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
  8. *The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:*
    - (i) *In hard copy form*  
*In the case of an appointment made in hard copy form, this proxy form must be deposited at the registered office of the Company situated at (address).*
    - (ii) *By electronic means via facsimile*  
*In the case of an appointment made by facsimile transmission, this proxy form must be received via facsimile at (facsimile no.).*
    - (iii) *By electronic means via email*  
*In the case of an appointment made via email transmission, this proxy form must be received via email at (email address).*
- For options (ii) and (iii), the Company may request any member to deposit original executed proxy form to its registered office before or on the day of meeting for verification purpose.*
- (iv) *Online*  
*In the case of an appointment made via online lodgement facility, please login to the link website using the holding details as shown below:*  
*(Holding details)*
  - (v) *By mobile device*  
*In the case of an appointment made by mobile device, please follow the instruction provided below:*  
*(Details)*

9. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the registered office of the Company situated at (address) not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*
10. *Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.*
11. *Last date and time for lodging this proxy form is (time), (date) and (day).*
12. *Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:*
  - a. *Identity card (NRIC) (Malaysian), or*
  - b. *Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or*
  - c. *Passport (Foreigner).*
13. *For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in this proxy form if this has not been lodged at the Company's registered office earlier.*

# PROXY FORM

**KUMPULAN PERANGSANG SELANGOR BERHAD** (23737-K)

(Incorporated in Malaysia)

No. of Ordinary Shares Held

Proxy Form for the 42<sup>nd</sup> AGM

I/We ..... NRIC/Passport No./Company No. ....  
(Full name in capital letters)

of .....  
(Full address)

being a member/members of Kumpulan Perangsang Selangor Berhad ("the Company"), hereby appoint

Name/NRIC No.	No. of Shares	Percentage (%)	
Proxy 1 .....	.....	.....	and/or failing him/her
Proxy 2 .....	.....	.....	or failing him/her

the Chairman of the Meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the 42<sup>nd</sup> AGM of the Company to be held at the **Shah Alam 2, SACC Convec, No. 4, Jalan Perbadanan 14/9 40000 Shah Alam, Selangor Darul Ehsan on Thursday, 23 May 2019 at 10.00 a.m.** and at any adjournment thereof.

My/Our proxy is to vote as indicated below

Resolution	Agenda	For	Against
Ordinary Resolution 1	To approve a single tier final dividend of 4.25 sen per share in respect of the financial year ended 31 December 2018.		
Ordinary Resolution 2	To re-elect the following Directors who retire pursuant to Article 90 of the Company's Constitution and who being eligible offer themselves for re-election: a. Encik Koay Li Onn (Leon)		
Ordinary Resolution 3	b. Encik Ahmad Fariz bin Hassan		
Ordinary Resolution 4	To re-elect the following Directors who retire by rotation pursuant to Article 84 of the Company's Constitution and who being eligible offer themselves for re-election: a. Encik Suhaimi bin Kamaralzaman		
Ordinary Resolution 5	b. YBhg Dato' Mohamed Ross bin Mohd Din		
Ordinary Resolution 6	c. YBhg Dato' Idris bin Md Tahir		
Ordinary Resolution 7	To approve the payment of Directors' remuneration to the Directors up to an amount of RM2,608,683 from the 42 <sup>nd</sup> AGM until the next AGM of the Company.		
Ordinary Resolution 8	To re-appoint Messrs BDO as Auditors of the Company and to authorise the Directors to fix their remuneration		
Ordinary Resolution 9	Proposed Renewal of Existing Shareholders' Mandate and New Shareholders' Mandates for Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature		
Special Resolution	Proposed Alterations of the Constitution of the Company		

(Please indicate with an "X" in the spaces provided how you wish your vote to be casted. If you do not do so, the proxy will vote or abstain voting at his/her discretion)

Dated this ..... day of ..... 2019

Signature/Common Seal of Shareholder

## NOTES:-

- For the purpose of determining a member who shall be entitled to attend this 42<sup>nd</sup> AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 50(b) of the Company's Constitution and Section 34(l) of the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") to issue a General Meeting Record of Depositors as at 16 May 2019. Only a depositor whose name appears on the Record of Depositors as at 16 May 2019 shall be entitled to attend the said meeting and to speak or vote thereat.
- The proxy need not be a Member. There shall be no restriction as to the qualification of the proxy.
- A Member of the Company, who is entitled to attend and vote at a meeting of the Company, or at a meeting of any class of Members of the Company, may appoint more than one (1) proxy to attend and vote instead of the Member at the meeting.
- Where a Member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint more than one (1) proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Where a Member or the authorised nominee appoints more than one (1) proxy, or where an exempt authorised nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- If the appointer is a corporation, the proxy form must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.
- If the name is not inserted in the space for the name of your proxy, the Chairman of the meeting will act as your proxy.
- The proxy form must be deposited at the Registrar's Office of Boardroom Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time of holding the AGM or any adjournment thereof.
- The lodging of a form of proxy does not preclude a member from attending and voting in person at the meeting, should the member subsequently decide to do so.

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**BOARDROOM SHARE REGISTRARS SDN BHD**

(formerly known as Symphony Share Registrars Sdn Bhd)

Level 6, Symphony House

Pusat Dagangan Dana 1

Jalan PJU 1A/46

47301 Petaling Jaya

Selangor Darul Ehsan

Tel : 03 7849 0777 Fax : 03 7841 8151 / 8152

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**Kumpulan Perangsang Selangor Berhad** (23737-K)

16<sup>th</sup> Floor  
Plaza Perangsang  
Persiaran Perbandaran  
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Selangor Darul Ehsan  
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